

Exempted Limited Partnerships

For more information

Should you require specific advice on **Limited Exempted Partnerships**, contact one of the following members of our Commercial Group:

Surinder Deal (chair)
sdeal@higgsjohnson.com

Zarina Fitzgerald
zfitzgerald@higgsjohnson.com

Michael F L Allen
mallen@higgsjohnson.com

Christel Sands-Feaste
csands-feaste@higgsjohnson.com

Higgs & Johnson
Ocean Centre
Montagu Foreshore
East Bay Street
P O Box N 3247
Nassau, BAHAMAS
Tel: 242 502 5200
Fax: 242 502 5250
E-mail: info@higgsjohnson.com
Web: www.higgsjohnson.com

The information contained in this memorandum is provided for the general interest of our readers, but is not intended to constitute legal advice. Clients and the general public are encouraged to seek specific advice on matters of concern. This guide can in no way serve as a substitute in such cases.

Exempted Limited Partnerships (“ELP”) were introduced in the Bahamas by virtue of the Exempted Limited Partnerships Act, 1995 (“the Act”) which came into force on the 31st May 1995.

NATURE OF THE ELP

The ELP is a limited partnership consisting of one or more partners with limited liability (“the limited partners”) and one or more partners with unlimited liability for the debts of the partnership (“the general partners”). A body corporate with or without limited liability, or a partnership, may be a general or limited partner.

REQUIREMENTS

At least one general partner must be resident in The Bahamas if that partner is an individual. Alternatively, one general partner may be a foreign company registered in The Bahamas pursuant to Part VI of The Companies Act, or a company incorporated under the International Business Companies Act or the Companies Act.

An ELP is also required to have a registered office in The Bahamas for the service upon it of process and notices and to have the words “Limited Partnership” or the letters “L.P.” included in its name. A register of the partnership and details of their contributions must be kept there together with a register of all mortgages describing any charges granted

by a limited partner over his limited partnership, which register determines priority. This information is open to public inspection but is not filed with any governmental authority.

FORMATION

The process of establishing an ELP is fairly quick and easy. The process involves filing with the Registrar a statement providing:

- the partnership’s name,
- nature of business,
- period of duration or if of unlimited duration, then a statement to that effect,
- the address of the registered office,
- the names and addresses of its general partners and
- a declaration that the ELP has not been in business with the public in The Bahamas.

The ELP is also required to file notice of any changes in its registration statement. As soon as the registration of the statement has been effected, a certificate of registration is issued under the Registrar’s hand and seal of office.

ITS BUSINESS

The partnership business may be conducted from within or outside The Bahamas but the ELP is not permitted to “undertake business

with the public in The Bahamas". This restriction does not extend to business with an International Business Company nor to business that is necessarily ancillary to the ELP's business, which is exterior to The Bahamas.

THE PARTNERS

The general partners, who have the ability to initiate its dissolution and can sue and be sued in matters concerning the ELP, only conduct the business of the ELP. In the event that the assets of the ELP are inadequate, the general partner shall be liable for all debts and obligations of the ELP. The limited partners are not liable for the debts and obligations of the ELP. However, if a limited partner takes part in the conduct of the business of the ELP in its dealings with third parties, he runs the risk of being liable as a general partner. Provision is also made for partners to lend funds to the ELP.

DISSOLUTION

Events that would lead to the termination of a

traditional partnership (eg. any changes in the limited or general partners, the death or bankruptcy of a limited or general partner) will not terminate an ELP unless there are express or implied terms of the partnership agreement to the contrary.

An ELP will not be dissolved by an act of the partners until a notice of dissolution signed by the general partner has been filed with the Registrar.

FEES

Government fees for the registration of an ELP are \$850.00 and \$475.00 for the filing of an Annual Return. There is also a \$25.00 fee payable to the Registrar for a certified copy of the certificate or registration, a certificate of good standing a copy of or extract from any registered statement filed in relation to an ELP.

The ELP is exempt for a fifty (50) year period from its date of establishment from all local taxation, business fees and stamp duties but it is required to pay an annual fee of \$850.00.