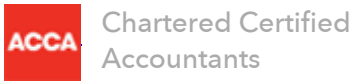


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Ordinary (General) Partnership and Limited Liability Partnership (LLP)

Setting up and registering an ordinary (general) partnership

Partnership agreement (Deed of partnership)

Registration and formalities

Running a partnership

Accounting and Taxation

Construction Industry Scheme (CIS)

Partnership types: Ordinary (General) Partnership and Limited Liability Partnership (LLP)

A partnership is the easiest and quickest way for two or more individuals and/or companies to establish and carry on a business together with a view of profit. Partners in a partnerships share the risks, costs and responsibilities of doing business.

There are two types of partnership, namely:

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(Ltd) and/or limited liability partnerships (LLP). Unlike a limited company (Ltd), an ordinary partnership is not a legal entity. It means that each partner is fully liable - also with his private property - for the debts of the partnership as a whole.

A general partnership is not subject to income tax. Partnership profits are shared among partners in accordance with a partnership agreement. Consequently, partners being self-employed or companies must pay their income tax or corporation tax on the income derived from a partnership.

2. Limited liability partnership (LLP), which is a corporate body with limited liability, set up by two or more individuals who must be self-employed, and/or companies (Ltd) and/or limited liability partnerships (LLP). In contrast to an ordinary (general) partnership, the liability of the partners establishing a limited liability partnership is limited to the amount of the money or the guarantee they invested in their joint business. A limited liability partnership (LLP) has a legal existence independent of its partners. Similar to limited companies (Ltd), a limited liability partnership (LLP) must be incorporated at Companies House and meet its formal requirements.

[Learn more about the incorporation at Companies House](#) and [about the formal requirements of Companies House](#).

Like an ordinary partnership, a limited liability partnership (LLP) is not subject to income tax. Partnership profits are shared among partners, who are liable for paying income tax on it.

The LLP structure is frequently used by solicitors, accountants and other businesses which are not legally permitted to operate as a limited company (Ltd).

The defining characteristics of both types of a partnership are as follows:

	(general) partnership	Partnership (LLP)
Partners (members) of a partnership	Self-employed persons, companies (Ltd, plc) and other limited liability partnerships	Self-employed persons, companies (Ltd, plc) and other limited liability partnerships
Legal entity independent of its partners?	No	Yes
Partners' liability for the partnership's debts	Unrestricted, private assets included	Restricted to the amount of the money invested or to the guarantee given
Incorporation at Companies House?	No	Yes
To meet Companies House formal requirements?	No	Yes, similar to limited companies (Ltd)
Registration with HM Revenue & Customs	Yes	Yes
Tax return self- assessment for HMRC required?	Yes	Yes
Subject to income tax?	No	No
Partners paying income tax or	Yes	Yes

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partnership income?		
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If you are not sure which type of partnership best suits your business goals, you can contact **Capital Business Links Ltd** for expert advice. We are available on the telephone number **0208 567 99 44** or at our e-mail address.

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