

United Kingdom Llp

July 2003

Introduction

A Limited Liability Partnership (LLP) is a new form of legal business entity with limited liability. The main difference between an LLP and a company is that an LLP has the organisational flexibility of a partnership and is taxed as a partnership. In other respects it is very similar to a company. All limited liability partnerships names must end with the words "Limited Liability Partnership". Application has to be made to the Companies House for obtaining approval of the name before completing the incorporation document.

The advantage of using an LLP is that if there is no trading in the UK or source of income in the UK UK resident member then the LLP can be structured to avoid UK taxation.

Basic characteristics

Status	Limited Liability Partnership
Corporate requirements	
Minimum Contribution	Zero
Minimum Number of Designated Members	Two
Minimum Number of Directors	An LLP is controlled by its Members and not a Board of Directors but it may appoint a Manager to deal with administrative matters
Bearer Shares Allowed	No shares issued
Company Secretary Mandatory	No but recommended
Shelf Companies Available	No
Local requirements	
Registered Office	Yes
Local Directors	An LLP is controlled by its Members and not a Board of Directors but it may appoint a Manager to deal with administrative matters
Local Secretary	As above
Government Register of Charges and Debentures	Yes
Government Register of Members	Yes
Annual Requirements	
Annual Return	Yes
Submit Annual Accounts	Yes
Taxation	Taxed as a transparent vehicle i.e. profits, losses, gains are directly attributable to the partners. There is no UK tax where trading takes place outside the UK and the members are non UK residents
Minimum Annual Tax	Nil
Minimum Annual Licence Fee	Nil

Time to incorporate	3-4 weeks
Shelf companies	Not available
Documents necessary for the Incorporation	Details of the members including copy of passport, bank reference letter and utility bill

NOTES:

The above is intended to provide a brief guide only. It is essential that appropriate professional advice is obtained. Our company will be glad to assist you in this respect. Please do not hesitate to contact us.