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## **THE PARTNERSHIP ACT 1909**

### **Arrangement of Sections**

1. Short title.
2. Interpretation of terms.
3. Saving for rules of equity and common law.

#### PART I

##### NATURE OF PARTNERSHIP

4. Definition of 'Partnership'.
5. Rules for determining existence of partnership.
6. Postponement of rights of person lending or selling in consideration of share of profits in case of insolvency.

##### RELATIONS OF PARTNERS TO PERSONS DEALING WITH THEM

7. Power of partner to bind the firm.
8. Partners bound by acts on behalf of firm.
9. Partner using credit of firm for private purposes.
10. Effect of notice that firm will not be bound by acts of partner.
11. Liability of partners.
12. Misapplication of money or property received for or in custody of the firm.
13. Liability of the firm for wrongs.
14. Liability for wrongs joint and several.
15. Improper employment of trust property for partnership purposes.
16. Persons liable by 'holding out'.
17. Admissions and representations of partners.
18. Notice to acting partner to be notice to the firm.
19. Liabilities of incoming and outgoing partners.
20. Revocation of continuing guaranty by change in firm.

##### RELATIONS OF PARTNERS TO ONE ANOTHER

21. Variation by consent of terms of partnership.
22. Partnership property.
23. Property bought with partnership money.
24. Conversion into personal estate of land held as partnership property.
25. Procedure against partnership property for a partner's separate judgment debt.
26. Rules as to interests and duties of partners subject to special arrangement.
27. Expulsion of partner.
28. Retirement from partnership at will.
29. Where partnership for term is continued over, continuance on old terms presumed.
30. Duty of partners to render account, etc.
31. Accountability of partners for private profits.
32. Duty of partner not to compete with firm.
33. Rights of assignee of share in partnership.

##### DISSOLUTION OF PARTNERSHIP, AND ITS CONSEQUENCES

34. Dissolution by expiration or by notice.
35. Dissolution by bankruptcy, death or charge.
36. Dissolution by illegality of partnership.
37. Dissolution by the court.
38. Rights of persons dealing with firm against apparent members of firm.
39. Right of partners to notify dissolution.
40. Continuing authority of partners for purposes of winding up.

41. Rights of partners as to application of partnership property.
42. Apportionment of premium where partnership prematurely dissolved.
43. Rights where partnership dissolved for fraud or misrepresentation.
44. Right of outgoing partner, in certain cases, to share profits made after dissolution.
45. Retiring or deceased partner's share to be a debt.
46. Rule for distribution of assets on final settlement of accounts.

PART II  
LIMITED PARTNERSHIPS

47. Definition and constitution of limited partnership.
48. Registration of limited partnership required.
- 48A. Place of business and address for documents.
49. Modifications of general law in case of limited partnerships.
- 49A. Withdrawal of capital.
50. Manner and particulars of registration.
- 50A. Use of undesirable names.
51. Registration of changes in partnerships.
- 51A. Financial Supervision Commission may strike off defunct limited partnership.
52. Advertisement in newspapers of statement of general partner becoming a limited partner.
53. .....
54. Making false returns to be misdemeanour.
55. Financial Supervision Commission to file statement and issue certificate of registration.
56. Register and index to be kept.
57. Office for registration of limited partnerships.
58. Inspection of statements registered.
59. Power of Financial Supervision Commission to make rules.
60. Power to make orders as to the disposal of valueless documents.

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**GENERAL NOTE: References to hard labour are to be construed in accordance with the Custody Act 1995 Sch 3 para 1.**

**AN ACT  
to declare and amend the Law of Partnership.**

**1 Short title**

This Act may be cited as 'The Partnership Act 1909'.

**2 Interpretation of terms**

In this Act, if not inconsistent with the context, the following terms shall have the meanings hereby respectively assigned to them, that is to say:-

**'Court'** includes every court and judge having jurisdiction in the case:

**'Court of summary jurisdiction'** means a high-bailiff or two justices of the peace:

**'Business'** includes every trade, occupation, or profession:

**'A firm'** includes persons who have entered into partnership with one another:

**'The firm-name'** is the name in which the business is carried on:

**'General partner'** shall mean any partner who is not a limited partner as defined by this Act:

**'The registrar'** .....

[Definition of 'the registrar' repealed by Companies (Transfer of Functions) Act 2000 Schs 1 and 3.]

### **3 Saving for rules of equity and common law**

The rules of equity and of common law applicable to partnership shall continue in force except so far as they are inconsistent with the express provisions of this Act.

## **PART I NATURE OF PARTNERSHIP**

### **4 Definition of 'Partnership'**

(1) Partnership is the relationship which subsists between persons carrying on a business in common with a view to profit.

(2) But the relation between members of any company or association which is-

- (a) registered as a company under the Companies Acts or any other Act of Tynwald for the time being in force and relating to the registration of joint-stock companies; or
- (b) formed or incorporated by or in pursuance of any other Act of Tynwald, or letters patent, or Royal Charter;

is not a partnership within the meaning of this Act.

### **5 Rules for determining existence of partnership**

In determining whether a partnership does or does not exist, regard shall be had to the following rules:-

- (1) Joint tenancy, tenancy in common, joint property, common property, or part ownership does not of itself create a partnership as to anything so held or owned, whether the tenants or owners do or do not share any profits made by the use thereof.
- (2) The sharing of gross returns does not of itself create a partnership, whether the persons sharing such returns have or have not a joint or common right or interest in any property from which or from the use of which the returns are derived.
- (3) The receipt by a person of a share of the profits of a business is *prima facie* evidence that he is a partner in the business, but the receipt of such a share, or of a payment contingent on or varying with the profits of a business, does not of itself make him a partner in the business; and in particular-
  - (a) the receipt by a person of a debt or other liquidated amount by instalments or otherwise out of the accruing profits of a business does not of itself make him a partner in the business or liable as such:
  - (b) a contract for the remuneration of a servant or agent of a person engaged in a business by a share of the profits of the business does not of itself make the servant or agent a partner in the business or liable as such:
  - (c) a person being the widow or child of a deceased partner, and receiving by way of annuity a portion of the profits made in the business in which the deceased person was a partner, is not by reason only of such receipt a partner in the business or liable as such:
  - (d) the advance of money by way of loan to a person engaged, or about to engage in any business on a contract with that person that the lender shall receive a rate of interest varying with the profits, or shall receive a share of the profits arising from carrying on the business, does not of itself make the lender a partner with the person or persons carrying on the business or liable as such: Provided that the contract is in writing, and signed by or on behalf of all the parties thereto:
  - (e) a person receiving, by way of annuity or otherwise, a portion of the profits of a business in consideration of the sale by him of the goodwill of the business is not by reason only of such receipt a partner in the business or liable as such.

## **6 Postponement of rights of person lending or selling in consideration of share of profits in case of insolvency**

In the event of any person to whom money has been advanced by way of loan upon such a contract as is mentioned in the last foregoing section, or of any buyer of a goodwill in consideration of a share of the profits of the business, being adjudged a bankrupt, entering into an arrangement to pay his creditors less than twenty shillings in the pound, or dying in insolvent circumstances, the lender of the loan shall not be entitled to recover anything in respect of his loan, and the seller of the goodwill shall not be entitled to recover anything in respect of the share of profits contracted for, until the claims of the other creditors of the borrower or buyer for valuable consideration in money or money's worth have been satisfied.

### RELATIONS OF PARTNERS TO PERSONS DEALING WITH THEM

## **7 Power of partner to bind the firm**

Every partner is an agent of the firm and his other partners for the purpose of the business of the partnership; and the acts of every partner who does any act for carrying on in the usual way business of the kind carried on by the firm of which he is a member bind the firm and his partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom he is dealing either knows that he has no authority, or does not know or believe him to be a partner.

## **8 Partners bound by acts on behalf of firm**

An act or instrument relating to the business of the firm and done or executed in the firm name, or in any other manner showing an intention to bind the firm, by any person thereto authorized, whether a partner or not, is binding on the firm and all the partners.

Provided that this section shall not affect any general rule of law relating to the execution of deeds or negotiable instruments.

## **9 Partner using credit of firm for private purposes**

Where one partner pledges the credit of the firm for a purpose apparently not connected with the firm's ordinary course of business, the firm is not bound, unless he is in fact specially authorized by the other partners; but this section does not affect any personal liability incurred by an individual partner.

## **10 Effect of notice that firm will not be bound by acts of partner**

If it has been agreed between the partners that any restriction shall be placed on the power of any one or more of them to bind the firm, no act done in contravention of the agreement is binding on the firm with respect to persons having notice of the agreement.

## **11 Liability of partners**

Every partner in the firm is liable jointly with the other partners for all debts and obligations of the firm incurred while he is a partner; and after his death his estate is also severally liable in a due course of administration for such debts and obligations, so far as they remain unsatisfied, but subject to the prior payment of his separate debts.

## **12 Misapplication of money or property received for or in custody of the firm**

Where, by any wrongful act or omission of any partner acting in the ordinary course of the business of the firm, or with the authority of his co-partners, loss or injury is caused to any person not being a partner of the firm, or any penalty is incurred, the firm is liable therefor to the same extent as the partner so acting or omitting to act.

### **13 Liability of the firm for wrongs**

In the following cases, namely-

- (a) where one partner acting within the scope of his apparent authority receives the money or property of a third person and misapplies it; and
- (b) where a firm in the course of its business receives money or property of a third person, and the money or property so received is misapplied by one or more of the partners while it is in the custody of the firm,

the firm is liable to make good the loss.

### **14 Liability for wrongs joint and several**

Every partner is liable jointly with his co-partners and also severally for everything for which the firm while he is a partner therein becomes liable under either of the two last preceding sections.

### **15 Improper employment of trust property for partnership purposes**

If a partner, being a trustee, improperly employs trust-property in the business or on the account of the partnership, no other partner is liable for the trust-property to the persons beneficially interested therein:

Provided as follows:-

- (1) This section shall not affect any liability incurred by any partner by reason of his having notice of a breach of trust; and
- (2) Nothing in this section shall prevent trust money from being followed and recovered from the firm if still in its possession or under its control.

### **16 Persons liable by 'holding out'**

(1) Every one who by words spoken or written, or by conduct represents himself, or who knowingly suffers himself to be represented, as a partner in a particular firm, is liable as a partner to any one who has on the faith of any such representation given credit to the firm, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made.

(2) Provided that where after a partner's death the partnership business is continued in the old firm name, the continued use of that name or of the deceased partner's name as part thereof shall not of itself make his executors or administrators estate or effects liable for any partnership debts contracted after his death.

### **17 Admissions and representations of partners**

An admission or representation made by any partner concerning the partnership affairs, and in the ordinary course of its business, is evidence against the firm.

### **18 Notice to acting partner to be notice to the firm**

Notice to any partner who habitually acts in the partnership business of any matter relating to partnership affairs operates as notice to the firm, except in the case of a fraud on the firm committed by or with the consent of that partner.

### **19 Liabilities of incoming and outgoing partners**

(1) A person who is admitted as a partner into an existing firm does not thereby become liable to the creditors of the firm for anything done before he became a partner.

(2) A partner who retires from a firm does not thereby cease to be liable for partnership debts or obligations incurred before his retirement.

(3) A retiring partner may be discharged from any existing liabilities, by an agreement to that effect between himself and the members of the firm as newly constituted and the creditors, and this agreement may be either express or inferred as a fact from the course of dealing between the creditors and the firm as newly constituted.

## **20 Revocation of continuing guaranty by change in firm**

A continuing guaranty given either to a firm or to a third person in respect of the transactions of a firm is, in the absence of agreement to the contrary, revoked as to future transactions by any change in the constitution of the firm to which, or of the firm in respect of the transactions of which, the guaranty was given.

### RELATIONS OF PARTNERS TO ONE ANOTHER

## **21 Variation by consent of terms of partnership**

The mutual rights and duties of partners, whether ascertained by agreement or defined by this Act, may be varied by the consent of all the partners, and such consent may be either express or inferred from a course of dealing.

## **22 Partnership property**

(1) All property and rights and interests in property originally brought into the partnership stock or acquired, whether by purchase or otherwise, on account of the firm or for the purposes and in the course of the partnership business are called in this Act 'partnership property', and must be held and applied by the partners exclusively for the purpose of the partnership and in accordance with the partnership agreement.

(2) Provided that the legal estate or interest in any land which belongs to the partnership shall devolve according to the nature and tenure thereof, and the general rules of law thereto applicable, but in trust, so far as necessary, for the persons beneficially interested in the land under this section.

(3) Where co-owners of an estate or interest in any land not being itself partnership property, are partners as to profits made by the use of that land or estate, and purchase other land or estate out of the profits to be used in like manner, the land or estate so purchased belongs to them, in the absence of an agreement to the contrary, not as partners, but as co-owners for the same respective estates and interests as are held by them in the land or estate first mentioned at the date of the purchase.

## **23 Property bought with partnership money**

Unless the contrary intention appears, property bought with money belonging to the firm is deemed to have been bought on account of the firm.

## **24 Conversion into personal estate of land held as partnership property**

Where real estate or any interest therein has become partnership property, it shall, unless the contrary intention appears, be treated as between the partners (including the representatives of a deceased partner), and also as between the heirs of a deceased partner and his executors or administrators, as personal and not real estate.

## **25 Procedure against partnership property for a partner's separate judgment debt**

(1) No judgment or execution shall be enforced against any partnership property unless such judgment or execution has been granted against the firm.

(2) The court may, on the petition of any judgment or execution creditor of a partner, make an order charging that partner's interest in the partnership property and profits with payment of the amount of such execution and interest thereon, and may by the same or a subsequent order appoint a receiver of that partner's share of profits (whether already declared or accruing), and of any other money which may be coming to him in respect of the partnership, and direct all accounts and inquiries, and give all other orders and directions which might have been directed or given if the charge had been made in favour of the judgment creditor by the partner, or which the circumstances of the case may require.

(3) The other partner or partners shall be at liberty at any time to redeem the interest charged, or in case of a sale being directed, to purchase the same.

## **26 Rules as to interests and duties of partners subject to special arrangement**

The interests of partners in the partnership property and their rights and duties in relation to the partnership shall be determined, subject to any agreement express or implied between the partners, by the following rules:-

- (1) All the partners are entitled to share equally in the capital and profits of the business, and must contribute equally towards the losses whether of capital or otherwise sustained by the firm.
- (2) The firm must indemnify every partner in respect of payments made and personal liabilities incurred by him-
  - (a) in ordinary and proper conduct of the business of the firm; or,
  - (b) in or about anything necessarily done for the preservation of the business or property of the firm.
- (3) A partner making, for the purpose of the partnership, any actual payment or advance beyond the amount of capital which he has agreed to subscribe, is entitled to interest at the rate of five per cent. per annum from the date of the payment or advance.
- (4) A partner is not entitled, before the ascertainment of profits, to interest on the capital subscribed by him.
- (5) Every partner may take part in the management of the partnership business.
- (6) No partner shall be entitled to remuneration for acting in the partnership business.
- (7) No person may be introduced as a partner without the consent of all existing partners.
- (8) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners, but no change may be made in the nature of the partnership business without the consent of all existing partners.
- (9) The partnership books are to be kept at the place of business of the partnership (or the principal place, if there is more than one), and every partner may, when he thinks fit, have access to and inspect and copy any of them.

## **27 Expulsion of partner**

No majority of the partners can expel any partner unless a power to do so has been conferred by express agreement between the partners.

## **28 Retirement from partnership at will**

(1) Where no fixed term has been agreed upon for the duration of the partnership, any partner may determine the partnership at any time on giving notice of his intention so to do to all the other partners.

(2) Where the partnership has originally been constituted by writing, a notice in writing signed by the partner giving it, shall be required for this purpose.

## **29 Where partnership for term is continued over, continuance on old terms presumed**

(1) Where a partnership entered into for a fixed term is continued after the term has expired, and without any express new agreement, the rights and duties of the partners remain the same as they were at the expiration of the term, so far as is consistent with the incidents of a partnership at will.

(2) A continuance of the business by the partners or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is presumed to be a continuance of the partnership.

## **30 Duty of partners to render accounts, etc**

Partners are bound to render true accounts and full information of all things affecting the partnership to any partner or his legal representatives.

### **31 Accountability of partners for private profits**

(1) Every partner must account to the firm for any benefit derived by him without the consent of the other partners from any transaction concerning the partnership, or from any use by him of the partnership property, name, or business connection.

(2) This section also applies to transactions undertaken after a partnership has been dissolved by the death of a partner, and before the affairs thereof have been completely wound up, either by any surviving partner or by the representatives of the deceased partner.

### **32 Duty of partner not to compete with firm**

If a partner, without the consent of the other partners, carries on any business of the same nature as and competing with that of the firm, he must account for and pay over to the firm all profits made by him in that business.

### **33 Rights of assignee of share in partnership**

(1) An assignment by any partner of his share in the partnership, either absolute or by way of mortgage or redeemable charge, does not, as against the other partners, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require any accounts of the partnership transactions, or to inspect the partnership books, but entitles the assignee only to receive the share of the profits to which the assigning partner would otherwise be entitled, and the assignee must accept the account of profits agreed to by the partners.

(2) In case of a dissolution of the partnership, whether as respects all the partners or as respects the assigning partner, the assignee is entitled to receive the share of the partnership assets to which the assigning partner is entitled as between himself and the other partners, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

## **DISSOLUTION OF PARTNERSHIP, AND ITS CONSEQUENCES**

### **34 Dissolution by expiration or by notice**

Subject to any agreement between the partners, a partnership is dissolved-

- (a) if entered into for a fixed term, by the expiration of that term:
- (b) if entered into for a single adventure or undertaking, by the termination of that adventure or undertaking:
- (c) if entered into for an undefined time, by any partner giving notice to the other or others of his intention to dissolve the partnership.

In the last-mentioned case the partnership is dissolved as from the date mentioned in the notice as the date of dissolution, or, if no date is mentioned, as from the date of the communication of the notice.

### **35 Dissolution by bankruptcy, death or charge**

(1) Subject to any agreement between the partners, every partnership is dissolved as regards all the partners by death or bankruptcy of any partner.

**[Subs (1) amended by Statute Law Revision Act 1982 Sch 1.]**

(2) A partnership may, at the option of the other partners, be dissolved if any partner suffers his share of the partnership property to be charged under this Act for his separate debt.

### **36 Dissolution by illegality of partnership**

A partnership is in every case dissolved by the happening of any event which makes it unlawful for the business of the firm to be carried on or for the members of the firm to carry it on in partnership.

### **37 Dissolution by the court**

On application by a partner the court may decree a dissolution of the partnership in any of the following cases:-

(a) .....

[Para (a) repealed by Mental Health Act 1974 Sch 5.]

- (b) When a partner, other than the partner suing, becomes in any other way permanently incapable of performing his part of the partnership contract:
- (c) When a partner, other than the partner suing, has been guilty of such conduct as, in the opinion of the court, regard being had to the nature of the business, is calculated to prejudicially affect the carrying on of the business:
- (d) When a partner, other than the partner suing, wilfully or persistently commits a breach of the partnership agreement, or otherwise so conducts himself in matters relating to the partnership business that it is not reasonably practicable for the other partner or partners to carry on the business in partnership with him:
- (e) When the business of the partnership can only be carried on at a loss:
- (f) Whenever in any case circumstances have arisen which, in the opinion of the court, render it just and equitable that the partnership be dissolved.

### **38 Rights of persons dealing with firm against apparent members of firm**

(1) Where a person deals with a firm after a change in its constitution he is entitled to treat all apparent members of the old firm as still being members of the firm until he has notice of the change.

(2) An advertisement in two newspapers regularly published in this Isle shall be notice as to persons who had not dealings with the firm before the date of the dissolution or change so advertised.

(3) The estate of a partner who dies, or who becomes bankrupt, or of a partner who, not having been known to the person dealing with the firm to be a partner, retires from the firm, is not liable for partnership debts contracted after the date of the death, bankruptcy, or retirement respectively.

### **39 Right of partners to notify dissolution**

On the dissolution of a partnership or retirement of a partner any partner may publicly notify the same, and may require the other partner or partners to concur for that purpose in all necessary or proper acts, if any, which cannot be done without his or their concurrence.

### **40 Continuing authority of partners for purposes of winding up**

After the dissolution of a partnership the authority of each partner to bind the firm, and the other rights and obligations of the partners, continue notwithstanding the dissolution so far as may be necessary to wind up the affairs of the partnership, and to complete transactions begun but unfinished at the time of the dissolution, but not otherwise.

Provided that the firm is in no case bound by the acts of a partner who has become bankrupt; but this proviso does not affect the liability of any person who has after the bankruptcy represented himself or knowingly suffered himself to be represented as a partner of the bankrupt.

### **41 Rights of partners as to application of partnership property**

On the dissolution of a partnership every partner is entitled, as against the other partners in the firm, and all persons claiming through them in respect of their interests as partners, to have the property of the partnership applied in payment of the debts and liabilities of the firm, and to have the surplus assets after such payment applied in payment of what may be due to the partners respectively after deducting what may be due from them as partners of the firm; and for that purpose any partner or his representatives may on the termination of the partnership apply to the court to wind up the business and affairs of the firm.

#### **42 Apportionment of premium where partnership prematurely dissolved**

Where one partner has paid a premium to another on entering into a partnership for a fixed term, and the partnership is dissolved before the expiration of the term otherwise than by the death of a partner, the court may order the repayment of the premium, or of such part thereof as it thinks just, having regard to the terms of the partnership contract and to the length of time during which the partnership has continued; unless

- (a) the dissolution is, in the judgment of the court, wholly or chiefly due to the misconduct of the partner who paid the premium, or
- (b) the partnership has been dissolved by an agreement containing no provision for a return of any part of the premium.

#### **43 Rights where partnership dissolved for fraud or misrepresentation**

Where a partnership contract is rescinded on the ground of the fraud or misrepresentation of one of the parties thereto, the party entitled to rescind is, without prejudice to any other right, entitled:-

- (a) to a lien on, or right of retention of, the surplus of the partnership assets, after satisfying the partnership liabilities, for any sum of money paid by him for the purchase of a share in the partnership and for any capital contributed by him, and
- (b) to stand in the place of the creditors of the firm for any payments made by him in respect of the partnership liabilities, and
- (c) to be indemnified by the person guilty of the fraud or making the representation against all the debts and liabilities of the firm.

#### **44 Right of outgoing partner, in certain cases, to share profits made after dissolution**

(1) When any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with its capital or assets without any final settlement of accounts as between the firm and the outgoing partner or his estate, then, in the absence of any agreement to the contrary, the outgoing partner or his estate is entitled at the option of himself or his representatives to such share of the profits made since the dissolution as the court may find to be attributable to the use of his share of the partnership assets, or to interest at the rate of five per cent. per annum on the amount of his share of the partnership assets.

(2) Provided that where by the partnership contract an option is given to surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner, or the outgoing partner or his estate, as the case may be, is not entitled to any further or other share of profits; but if any partner assuming to act in exercise of the option does not in all material respects comply with the terms thereof, he is liable to account under the foregoing provisions of this section.

#### **45 Retiring or deceased partner's share to be a debt**

Subject to any agreement between the partners, the amount due from surviving or continuing partners to an outgoing partner or the representatives of a deceased partner in respect of the outgoing or deceased partner's share is a debt accruing at the date of the dissolution or death.

#### **46 Rule for distribution of assets on final settlement of accounts**

In settling accounts between the partners after a dissolution of partnership, the following rules shall, subject to any agreement, be observed:

- (a) Losses, including losses and deficiencies of capital, shall be paid first out of profits, next out of capital, and lastly, if necessary, by the partners individually in the proportion in which they were entitled to share profits:
- (b) The assets of the firm including the sums, if any, contributed by the partners to make up losses or deficiencies of capital, shall be applied in the following manner and order:-
  - (1) In paying the debts and liabilities of the firm to persons who are not partners therein:

- (2) In paying to each partner rateably what is due from the firm to him for advances as distinguished from capital:
- (3) In paying to each partner rateably what is due from the firm to him in respect of capital:
- (4) The ultimate residue, if any, shall be divided among the partners in the proportion in which profits are divisible.

## **PART II LIMITED PARTNERSHIPS**

### **47 Definition and constitution of limited partnership**

(1) Limited partnerships may be formed in the manner and subject to the conditions by this Act provided.

(2) A limited partnership shall not consist of more than twenty persons, and must consist of one or more persons called 'general partners', who shall be liable for all debts and obligations of the firm, and one or more persons to be called 'limited partners', who shall at the time of entering into such partnership contribute thereto a sum or sums as capital or property valued at a stated amount, and who shall not be liable for the debts or obligations of the firm beyond the amount so contributed.

**[Subs (2) amended by Companies Act 1986 s 31.]**

(2A) So much of subsection (2) above as provides that a limited partnership shall not consist of more than 20 persons does not apply-

- (a) to a partnership carrying on practice as advocates and consisting of persons each of whom is an advocate;
- (b) to a partnership carrying on practice as accountants and consisting of persons each of whom falls within paragraph (a) of section 14(1) of the Companies Act 1982;
- (c) to a partnership carrying on business as members of a stock exchange and consisting of persons each of whom is a member of that exchange.

**[Subs (2A) inserted by Companies Act 1986 s 31.]**

(2B) The Treasury may by regulations provide that so much of subsection (2) above as provides that a limited partnership shall not consist of more than 20 persons shall not apply to partnerships in general, to any specified class of partnership or to a specified partnership.

**[Subs (2B) inserted by Companies Act 1986 s 31 and amended by International Business Act 1994 Sch 1.]**

(2C) .....

**[Subs (2C) repealed by International Business Act 1994 Sch 1.]**

(3) .....

**[Subs (3) repealed by International Business Act 1994 Sch 1.]**

(4) A body corporate may be a limited partner or a general partner.

**[Subs (4) amended by International Business Act 1994 Sch 1.]**

### **48 Registration of limited partnership required**

(1) Every limited partnership must be registered as such in accordance with the provisions of this Act, or in default thereof it shall be deemed to be a general partnership, and every limited partner shall be deemed to be a general partner.

(2) The registration of Business Names Acts 1918 to 1954 shall not apply in respect of a limited partnership which is registered in accordance with this Act.

**[Subs (2) added by International Business Act 1994 Sch 1.]**

### **48A Place of business and address for documents**

(1) Every limited partnership shall maintain a place of business in the Isle of Man.

(2) Every limited partnership shall appoint one or more persons resident in the Isle of Man who are authorised to accept on behalf of the partnership service of any process or documents which are served on the partnership.

(3) If default is made in compliance with the requirements of this section each of the general partners shall on conviction by a court of summary jurisdiction be liable to a fine not exceeding £5,000.  
[S 48A inserted by International Business Act 1994 Sch 1. Subs (3) amended by Statute Law Revision Act 1997 Sch 1.]

#### **49 Modifications of general law in case of limited partnerships**

(1) A limited partner shall not take part in the management of the partnership business, and shall not have the power to bind the firm:

Provided that a limited partner may by himself or his agent at any time inspect the books of the firm and examine into the state and prospects of the partnership business, and may advise with the partners thereon.

If a limited partner takes part in the management of the partnership business he shall be liable for all debts and obligations of the firm incurred while he so takes part in the management as though he were a general partner.

(1A) A limited partner is not to be treated as taking part in the management of the partnership business within the meaning of subsection (1) above by doing one or more of the following-

- (a) being a contractor for or an agent or employee of the limited partnership or of a general partner;
- (b) consulting with and advising a general partner with respect to the business of the limited partnership;
- (c) investigating, reviewing, approving or being advised as to the accounts or business affairs of the limited partnership;
- (d) acting as surety or guarantor for the limited partnership either generally or in respect of specific obligations;
- (e) approving or disapproving an amendment to the partnership agreement; or
- (f) voting as a limited partner in any matter relating to the affairs of the partnership.

[Subs (1A) inserted by International Business Act 1994 Sch 1.]

(1B) The fact that any power which may be exercised or possessed by a limited partner is not included in subsection (1A) shall not raise an implication that the exercise or possession of that power constitutes the taking part by the limited partner in the management of the partnership.

[Subs (1B) inserted by International Business Act 1994 Sch 1.]

(1C) A limited partner is not to be treated as taking part in the management of the partnership business within the meaning of subsection (1) above in such cases or classes of case as are prescribed for the purposes of this subsection in regulations made by the Treasury with the approval of Tynwald.

[Subs (1C) inserted by Limited Liability Companies Act 1996 s 52.]

(1D) Where any case or class of case is prescribed for the purposes of subsection (1C), a limited partner will have power to bind the firm in such a case.

[Subs (1D) inserted by Limited Liability Companies Act 1996 s 52.]

(2) A limited partnership shall not be dissolved by the death or bankruptcy of a limited partner, and the lunacy of a limited partner shall not be a ground for the dissolution of the partnership by the court unless the lunatic's share cannot be otherwise ascertained and realized.

(3) In the event of the dissolution of a limited partnership its affairs shall be wound up by the general partners unless the court otherwise orders.

(4) Applications to the court to wind up a limited partnership shall be by petition under the Companies Acts, and the provisions of those Acts relating to the winding-up of companies by the court and of the rules made thereunder (including provisions as to fees) shall, subject to such modifications (if any) as the Deemsters may by rules provide, apply to the winding up by the court of limited partnerships, with the substitution of general partners for directors.

[Subs (4) amended by High Court Act 1991 Sch 3.]

(5) Subject to any agreement expressed or implied between the partners-

- (a) any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the general partners:

- (b) a limited partner may, with the consent of the general partners, assign his share in the partnership, and upon such an assignment the assignee shall become a limited partner with all the rights of the assignor:
- (c) the other partners shall not be entitled to dissolve the partnership by reason of any limited partner suffering his share to be charged for his separate debt:
- (d) a person may be introduced as a partner without the consent of the existing limited partners:
- (e) a limited partner shall not be entitled to dissolve the partnership by notice.

#### **49A Withdrawal of capital**

(1) A limited partner may receive out of the capital of the limited partnership a payment representing a return of the whole or part of his contribution to the partnership if, and only if,-

- (a) at the time of and immediately following the payment the limited partnership is solvent and able to pay its debts as they fall due; and
- (b) at or before the time of payment (but in any event not more than 3 days before), the general partner or, where the general partner is a body corporate, a director of the general partner, makes a statutory declaration to that effect.

(2) Subject to subsection (2A), if a limited partner receives a payment representing a return of the whole or part of his contribution to the partnership otherwise than in accordance with this section, he shall be liable for the debts and obligations of the firm up to the amount so received.

**[Subs (2) amended by Limited Liability Companies Act 1996 s 52.]**

(2A) In the case of a limited partnership which is a collective investment scheme within the meaning of section 30 of the Financial Supervision Act 1988, subsection (2) shall apply in respect of a repayment only during the 6 months immediately following the date on which the repayment is made but this subsection shall not apply in the case of fraud.

**[Subs (2A) inserted by Limited Liability Companies Act 1996 s 52.]**

(3) Subject to any agreement expressed or implied between the partners, the receipt under this section of any payment representing a return of contribution by a limited partner shall not be a ground for the dissolution of the partnership.

(4) In this section, 'receive' shall include the release of any obligation forming any part of the capital contribution.

(5) A statutory declaration made under subsection (1)(b) above shall be retained by the general partner for a period of not less than 3 years.

**[S 49A inserted by International Business Act 1994 Sch 1.]**

#### **50 Manner and particulars of registration**

The registration of a limited partnership shall be effected by sending by post or delivering to the Financial Supervision Commission a statement signed by the partners containing the following particulars:-

- (a) The firm name;
- (b) The general nature of the business;
- (c) The principal place of business;
- (d) The full name of each of the partners;
- (e) The term, if any, for which the partnership is entered into, and the date of its commencement;
- (f) A statement that the partnership is limited, and the description of every limited partner as such;
- (ff) the name and address of the person appointed to accept service on behalf of the limited partnership;

**[Para (ff) inserted by Companies, etc. (Amendment) Act 2003 Sch 1.]**

(g) .....

**[Para (g) repealed by Limited Liability Companies Act 1996 s 52.]**

- (h) in respect of such classes of limited partnerships as may be prescribed by regulations made by the Treasury, the sum contributed by each limited partner and whether paid in cash or how otherwise.

**[S 50 amended by Companies (Transfer of Functions) Act 2000 Sch 1. Para (h) added by Statute Law Revision Act 1997 Sch 1.]**

## **50A Use of undesirable names**

(1) The Financial Supervision Commission may-

- (a) refuse to register a limited partnership by a name, or refuse to register a change of a name of a limited partnership, which in its opinion is undesirable; or
- (b) by direction attach conditions to the use of a name by a limited partnership to be registered or registered under this Act to ensure that it is not undesirable; or
- (c) direct that a limited partnership change its name if in its opinion the name by which a limited partnership is registered is undesirable.

(2) For the purposes of this section-

- (a) 'undesirable' means misleading, offensive or in any way likely to be harmful to the public;
- (b) the Financial Supervision Commission may publish guidance notes setting out the criteria which it will apply in determining whether a name is undesirable;
- (c) the Financial Supervision Commission may prescribe forms for use with this section.

(3) A direction given under subsection (1)(b) or (c) must, if not made the subject of an application under subsection (5) be complied with within six weeks of that direction, at the expiry of which the Financial Supervision Commission may, if the direction has not been complied with, change the name of the limited partnership upon the register to a name which is not undesirable, and shall provide notice to the person appointed to accept service on behalf of the limited partnership under section 50(ff) within seven days of the change upon the register.

(4) A copy of a direction given under subsection (1)(c) and any change of name effected by the Financial Supervision Commission under subsection (3) shall be placed upon the public file of the limited partnership held at the office for the registration of companies.

(5) Any person interested, may within three weeks of a refusal to register a limited partnership under subsection (1)(a) or of being given a direction under subsection (1)(b) or (c), apply to the court for the refusal or direction to be set aside, and if the application to set aside a direction fails, the court may specify a period within which the direction shall be complied with, or may order that the Financial Supervision Commission change the name of the limited partnership upon the register to a name which is not undesirable.

**[S 50A inserted by Companies, etc. (Amendment) Act 2003 s 25.]**

## **51 Registration of changes in partnerships**

(1) If during the continuance of a limited partnership any change is made or occurs in-

- (a) the firm name;
- (aa) the general nature of business;  
**[Para (aa) inserted by Companies, etc. (Amendment) Act 2003 Sch 1.]**
- (b) .....  
**[Para (b) repealed by International Business Act 1994 Sch 1.]**
- (c) the principal place of business;
- (cc) the partners or the name of any partner;  
**[Para (cc) inserted by Companies, etc. (Amendment) Act 2003 Sch 1.]**
- (d) .....  
**[Para (d) repealed by International Business Act 1994 Sch 1.]**
- (e) the term or character of the partnership;
- (f) the name and address of the person appointed to accept service on behalf of the limited partnership;

**[Para (f) substituted by International Business Act 1994 Sch 1 and amended by Statute Law Revision Act 1997 Sch 1.]**

(g) the liability of any partner by reason of his becoming a limited instead of a general partner or a general instead of a limited partner, a statement, signed by the firm, specifying the nature of the change shall within 1 month be sent by post or delivered to the Financial Supervision Commission.

**[Subs (1) amended by International Business Act 1994 Sch 1 and by Companies (Transfer of Functions) Act 2000 Sch 1.]**

(1A) During the continuance of a limited partnership, an annual statement shall be made up to the date of each anniversary of the first registration of the partnership and shall, within 1 month of that date, be sent by post or delivered to the Financial Supervision Commission.

**[Subs (1A) inserted by International Business Act 1994 Sch 1 and amended by Companies (Transfer of Functions) Act 2000 Sch 1.]**

(1B) The annual statement must state-

- (a) the firm name;
- (b) the general nature of the business;
- (c) the principal place of business;
- (d) the name and address of each partner;  
**[Para (d) amended by Limited Liability Companies Act 1996 s 52.]**
- (e) the name and address of each person who has ceased to be a partner since the last annual statement or, if there has been no previous statement, since registration of the partnership;  
**[Para (e) amended by Limited Liability Companies Act 1996 s 52.]**
- (f) a description of every limited partner or former limited partner as such;
- (g) in respect of such classes of limited partnerships as may be prescribed by regulations made by the Treasury, the sum contributed by-
  - (i) each limited partner; and
  - (ii) each person who has ceased to be a partner since the last annual statement, or, if there has been no previous statement, since registration of the partnership.

**[Subs (1B) inserted by International Business Act 1994 Sch 1. Para (g) added by Statute Law Revision Act 1997 Sch 1.]**

(1C) The annual statement shall be signed by the general partner or, where the general partner is a body corporate, by a director of the general partner.

**[Subs (1C) inserted by International Business Act 1994 Sch 1.]**

(2) If default is made in compliance with the requirements of this section each of the general partners shall on conviction by a court of summary jurisdiction, be liable to a fine of £5,000.

**[Subs (2) amended by International Business Act 1994 Sch 1 and by Statute Law Revision Act 1997 Sch 1.]**

## **51A Financial Supervision Commission may strike off defunct limited partnership**

(1) Where the Financial Supervision Commission has reasonable cause to believe that a limited partnership is not carrying on business or in operation, it may send to any general partner a letter-

- (a) inquiring whether the limited partnership is carrying on business or in operation; and
- (b) stating that if no answer is received within two months from the date of the letter, a notice will be published with a view to striking the name of the limited partnership off the register.

(2) A letter under subsection (1) of this section shall be sent by recorded delivery.

(3) If the Financial Supervision Commission either receives an answer to the effect that the limited partnership is not carrying on business or in operation, or does not within two months after sending the letter under subsection (1) of this section receive any answer, it will publish and send to the limited partnership by post, a notice that at the expiration of two months from the date of that notice the name of the limited partnership will, unless cause is shown to the contrary, be struck off the register.

(4) If the Financial Supervision Commission has reasonable cause to believe either that no general partner is acting, or that the affairs of the limited partnership are fully wound up, the Financial Supervision Commission shall publish and send to the limited partnership, the general partner and the person appointed to accept on behalf of the partnership service of documents under section 48A(2), a like notice as is provided in the preceding subsection.

(5) At the expiration of the time mentioned in the notice the Financial Supervision Commission may, unless cause to the contrary is previously shown by the limited partnership, strike its name off the register, and shall publish notice thereof; provided that nothing in this subsection shall affect the power of the court to dissolve a limited partnership the name of which has been struck off the register.

(6) If a partner thereof feels aggrieved by the limited partnership having been struck off the register, the court on an application made by a partner before the expiration of 12 years from the publication of the notice aforesaid may, if satisfied that the limited partnership was at the time of the striking off carrying on business or in operation, or otherwise that it is just that the limited partnership be restored to the register, order the name of the limited partnership to be restored to the register upon such terms and conditions and with such directions as it deems fit, and upon an office copy of the order being delivered to the Financial Supervision Commission for registration together with such fee as may be prescribed under section 59 the limited partnership shall be restored to the register.

(7) For the purposes of this section a notice shall be considered published-

- (a) by placing a notice in one edition of a newspaper published and circulating in the Isle of Man; and
- (b) by placing a notice on the Financial Supervision Commission website for one month; and
- (c) by the Financial Supervision Commission maintaining a current list in the prescribed form and with the prescribed particulars, of limited partnerships in respect of which notice has been published and by making such list available for inspection by any person.

[S 51A inserted by Companies, etc. (Amendment) Act 2003 s 26.]

## **52 Advertisement in newspapers of statement of general partner becoming a limited partner**

Notice of any arrangement or transaction under which any person will cease to be a general partner in any firm, and will become a limited partner in that firm, shall be forthwith advertised in two newspapers regularly published in this Isle, and until notice of the arrangement or transaction is so advertised, the arrangement or transaction shall, for the purposes of this Act, be deemed to be of no effect.

[S 52 amended by International Business Act 1994 Sch 1.]

## **53 .....**

[S 53 repealed by Companies Act 1992 Sch 7.]

## **54 Making false returns to be misdemeanour**

Every one commits a misdemeanour, and shall be liable to imprisonment with hard labour for a term not exceeding two years, who makes, signs, sends, or delivers for the purpose of registration under this Act any false statement known by him to be false.

## **55 Financial Supervision Commission to file statement and issue certificate of registration**

On receiving any statement made in pursuance of this Act the Financial Supervision Commission shall cause the same to be filed, and it shall send by post to the firm from whom such statement shall have been received a certificate of the registration thereof.

[S 55 amended by Companies (Transfer of Functions) Act 2000 Sch 1 and by Interpretation Act 1976 s 16A.]

## **56 Register and index to be kept**

The Financial Supervision Commission shall keep, in document or non-document form, a register and an index of all limited partnerships registered as aforesaid, and of all the statements registered in relation to such partnerships.

[S 56 amended by International Business Act 1994 Sch 1 and by Companies (Transfer of Functions) Act 2000 Sch 1.]

## **57 Office for registration of limited partnerships**

(1) The office for the registration of companies shall be the office for the registration of limited partnerships.

(2) Subject to subsection (5) a document shall be deemed not to have been submitted to the Financial Supervision Commission (whether by delivery, filing, production, forwarding, lodging, electronic filing in the prescribed format, or otherwise) until the time when it is accepted for registration or otherwise received by the Financial Supervision Commission.

(3) If in the opinion of the Financial Supervision Commission any document submitted to it under this Act-

- (a) contains any matter contrary to law; or
- (b) does not comply with this Act; or
- (c) has not been duly completed; or
- (d) contains any misdescription or error, or any matter that is not clearly legible; or
- (e) is not furnished in such manner and conforming to such requirements as the Financial Supervision Commission may reasonably require for the purpose of enabling the processing and copying of the document; or
- (f) is not accompanied by the correct fee or duty; or
- (g) is not in the prescribed format;

it may refuse to accept for registration or otherwise receive the document, and it may request either that the document be appropriately amended or completed and submitted to it again or that a fresh document be submitted in its place or that the document be submitted again with the correct fee or duty.

(4) The Financial Supervision Commission may require any person who submits a document to it under this Act to produce to the Financial Supervision Commission such information as the Financial Supervision Commission considers necessary in order to form an opinion whether the Financial Supervision Commission may refuse under subsection (3) to accept for registration or otherwise receive the document.

(5) Without prejudice to section 50A(5) any person who is aggrieved by the refusal of the Financial Supervision Commission to register or receive any document submitted to it under this Act may appeal to a Court of Summary Jurisdiction within 21 days after the date of the refusal or within such further time as the Court may allow.

(6) On hearing the appeal, the Court of Summary Jurisdiction may confirm the refusal or give such directions or make such determination in the matter as the Court thinks fit.

[S 57 substituted by Companies, etc. (Amendment) Act 2003 s 27.]

## **58 Inspection of statements registered**

(1) Any person may inspect the statements filed by the Financial Supervision Commission in the registry office aforesaid, and there shall be paid the sum of 5p for each inspection; and any person may require a certificate of the registration of any limited partnership, or a copy of or extract from any registered statement, to be certified by the Financial Supervision Commission, and there shall be paid for such certificate of registration, certified copy, or extract, a sum not exceeding 3p for each full folio of eighty words, or for part of a folio when less than a full folio.

[Subs (1) amended by Decimal Currency Act 1970 s 9 and by Companies (Transfer of Functions) Act 2000 Sch 1.]

(2) A certificate of registration, or a copy of or extract from any statement registered under this Act, if duly certified to be a true copy by the Financial Supervision Commission (whom it shall not be necessary to prove to be the Financial Supervision Commission) shall, in all legal proceedings, civil or criminal, and in all cases whatsoever be received in evidence.

[Subs (2) amended by Companies (Transfer of Functions) Act 2000 Sch 1.]

## **59 Power of Financial Supervision Commission to make rules**

(1) The Financial Supervision Commission may make rules concerning any of the following matters-

- (a) the fees to be paid to the Commission under this Act;
- (b) the forms to be used for the purposes of this Act;
- (c) the conduct and regulation of registration under this Act and any matters incidental thereto.

[Subs (1) substituted by Companies (Transfer of Functions) Act 2000 Sch 2.]

(1A) The Financial Supervision Commission may by regulations exempt, subject to conditions, any class of limited partnership from such of the provisions of sections 50, 51 and 52 as may be prescribed.

[Subs (1A) inserted by Companies, etc. (Amendment) Act 2003 Sch 1.]

(2) Rules under subsection (1) and regulations under subsection (1A) shall not-

- (a) be made under paragraph (1)(a) except with the concurrence of the Treasury; and  
[Para (a) amended by Treasury Act 1985 Sch 2, by Companies (Transfer of Functions) Act 2000 Sch 2 and by Companies, etc. (Amendment) Act 2003 Sch 1.]

- (b) shall not take effect until they have been approved by Tynwald.

[Subs (2) added by Governor's General Functions (Transfer) Act 1980 Sch 1 and amended by Companies, etc. (Amendment) Act 2003 Sch 1.]

## **60 Power to make orders as to the disposal of valueless documents**

(1) Where a limited partnership has been dissolved under this Act the Financial Supervision Commission after consultation with the Chief Registrar may at any time after the expiration of 12 years (or 2 years where subsection (2) applies) from the date of dissolution order the disposal, by destruction or otherwise, of documents relating to that partnership which are in the registry of companies, the Public Record Office or any repository referred to in section 1(5) of the Public Records Act 1999 and which are not of sufficient public value to justify their preservation.

(2) The Financial Supervision Commission may make an order under subsection (1) at any time after the expiration of 2 years from such dissolution if it is satisfied that it has in its custody a copy of any document disposed of under that subsection.

(3) A copy of any document to which subsection (2) above applies shall for the purposes of this Act, be treated as if it were the original document and if the copy is not kept in a legible form, any duty of the Financial Supervision Commission to allow inspection of, or to furnish a copy of, the document or any part of it is to be treated as a duty to allow inspection of, or to furnish a reproduction of the copy or of the relevant part of it in legible form.

[S 60 added by Companies, etc. (Amendment) Act 2003 s 28.]

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