

British Virgin Islands Limited Partnerships

Formation

Under the Limited Partnerships Act, a BVI Limited Partnership is formed by the filing of an application with the Registrar by the Resident Agent. When the application is accepted, the Registrar will file and register the partnership in the Register of Limited Partnerships, and issue a Certificate of Registration.

Legal Personality

A BVI Limited Partnership has legal personality, unless its General Partner elects for it to be registered without legal personality. Although BVI LPs may have "legal personality", they are not "body corporates." Legal personality rights include the capacity to transact business, bring suits in the name of the LP, and create and register charges against LPs.

Partnership Agreement

A Limited Partnership formed under the Act must have a Limited Partnership agreement. As a default mechanism, if no partnership agreement is signed, the BVI Model Agreement will be deemed as adopted at formation.

Partners and Management

The General Partner of a Limited Partnership is responsible for the management of the Limited Partnership. The General Partner is liable for all of the unpaid debts and liabilities of the partnership, to the extent that the Limited Partnership itself cannot pay those debts and liabilities.

Limited Partners are prohibited from taking part in the management of the Limited Partnership and, are not liable for the debts and liabilities of the Limited Partnership beyond the amount of their contribution or unpaid commitment.

Books and Records

The General Partner must maintain the Books and records of the partnership, including a register of General Partners and a Register of Limited Partners, including the particulars of the partnership interest, and be kept at the office of the Registered Agent. The financial records of the Limited Partnership must be kept at the office of the Registered Agent, and maintained for at least 5 years.

Admission of New Partners, etc.

The Act greatly facilitates the admission of new investors as Limited Partners, the transferability of interests, and return of contributions on withdrawal. Under the Act, subject to the LP agreement, the consent of the General Partner is required but not the consent of the other Limited Partners.

Registration of Charges

A BVI LP is required to keep a Register of Charges. Charges against a Limited Partnerships may also be registered on the Public Register, and the Act provides that a registered charge has priority over a subsequently registered charge or an unregistered charge, where the Limited Partnership has legal personality.

Mergers and Migrations

Limited Partnerships can be migrated from another jurisdiction to the BVI, and from the BVI to another jurisdiction. The law also allows LPs to merge with other LPs including foreign LPs.

Liquidation

A Limited Partnership may be "terminated" by its partners. If it has no assets or liabilities it may apply to be "deregistered," which is a streamlined procedure. If solvent and with assets, its affairs are "wound-up" by the general partner or a liquidator, and thereafter, the Limited Partnership may deregister by way of application for strike off.