



TURKS AND CAICOS ISLANDS

**CHAPTER 16.15**  
**LIMITED PARTNERSHIPS ORDINANCE**  
**and Subsidiary Legislation**

showing the law as at 31 December 2014

This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Revised Edition of the Laws Ordinance.

This edition contains a consolidation of the following laws—

**LIMITED PARTNERSHIPS ORDINANCE**

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Legal Notice 32/1993 .. in force 30 July 1993





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**CHAPTER 16.15**

**LIMITED PARTNERSHIPS ORDINANCE**

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## CHAPTER 16.15

### LIMITED PARTNERSHIPS ORDINANCE

*(Ordinances 17 of 1992, 16 of 2007, 18 of 2011 and Legal Notice 41/1994)*

AN ORDINANCE TO ESTABLISH LIMITED PARTNERSHIPS AND TO REGULATE THE SAME.

#### Commencement

*[31 December 1992]*

#### Short title

1. This Ordinance may be cited as the Limited Partnerships Ordinance.

#### Interpretation

2. (1) In this Ordinance, unless the context otherwise requires—

“Commission” means the Turks and Caicos Financial Services Commission established under the Financial Services Commission Ordinance and preserved and continued under the Financial Services Commission Ordinance; *(Inserted by Ord. 16 of 2007)*

“contribution” means the cash, property or other assets which a partner contributes to the capital of a limited partnership firm, but does not include any monies lent by a limited partner to the firm;

“firm” means the collective entity of persons who have entered into limited partnership with one another under the provisions of this Ordinance;

“firm name” means the name under which a firm is registered in accordance with section 5 and under which its business is carried on;

“general partner” means a person who is named as such in the statement filed pursuant to section 7 and, if more than one, means each such general partner;

“Governor” means—

(a) in relation to exempt limited partnerships referred to in section 16, the Governor acting in his discretion;

(b) in relation to any other matter, the Governor in Cabinet;

*(Inserted by L.N. 41/1994)*

“insolvency”, in relation to a firm, means that the general partner is unable to pay its debts and obligations (other than liabilities to partners on account of their partnership interests) in the ordinary course of business as they fall due out of the assets of the firm, and “solvent” shall be construed accordingly;

“limited partner” means a person who has become a limited partner in accordance with section 4(2) and, if more than one, means each such limited partner;

“partner” means a general partner or a limited partner;

“partnership agreement” means any agreement of the partners which provides for the establishment of and regulates the affairs of a firm;

“partnership interest” means the interest of a partner in a firm in respect of profit, capital and voting or other rights, benefits or obligations to which he is entitled or subject pursuant to the partnership agreement or the provisions of this Ordinance;

“Registrar” means the Registrar of Companies appointed under the provisions of the Companies Ordinance and includes any Assistant Registrar so appointed.

(2) A reference in this Ordinance to any person in the masculine gender shall, unless the context otherwise indicates, include a reference to a partnership or company.

### **Saving of existing laws**

3. The rules of common law and equity applicable to partnerships shall apply to limited partnerships except insofar as they are inconsistent with any of the express provisions of this Ordinance.

### **Constitution of limited partnership**

4. (1) A limited partnership may be formed for any lawful purposes to be carried out and undertaken either in or from within the Islands or elsewhere upon the terms, with the rights and powers, and subject to the conditions, limitations, restrictions and liabilities mentioned in this Ordinance and, subject thereto, as provided in the partnership agreement.

(2) A limited partnership shall consist of one or more persons called general partners who shall, in the event that the assets of the firm are inadequate, be liable for all its debts and obligations, and one or more persons called limited partners who shall at the time of entering into such partnership contribute 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 save as provided in the partnership agreement and to the extent specified in sections 6 and 13:

Provided that the total number of partners in a firm shall not exceed 100:

Provided further that a general partner, without derogation from his status as such, may take in the same firm an interest as a limited partner also.

(3) A general partner shall act at all times in good faith in the interests of the firm.

(4) A body corporate with or without limited liability and a partnership may be a general or a limited partner.



(5) Any one or more of the limited partners of a firm may be resident, domiciled, established, incorporated or registered in or pursuant to the laws of the Islands or outside the Islands, provided that at least one general partner shall at all times—

- (a) if an individual, be resident in the Turks and Caicos Islands;
- (b) if a company be incorporated under, or registered pursuant to, Part XI of the Companies Ordinance;
- (c) if a partnership, have at least one of its partners so resident, incorporated or registered.

### **Name and registered office**

5. (1) Every limited partnership shall have a firm name which shall include the words “Limited Partnership” or the letters “L.P.” and which may include the name of any general partner or limited partner or any derivation thereof:

Provided that no limited partnership shall have a firm name which, because—

- (a) it is identical or similar to the name of any other entity;
- (b) it falsely suggests the patronage of or a connection with some particular person or authority;
- (c) it suggests that the firm is licensed, whether in the Islands or elsewhere, to carry on any particular type or class of business when it is not in fact so licensed; or
- (d) of any other good and sufficient reason,

is calculated to mislead.

(2) Any property of a firm which is conveyed into or vested in or held by or on behalf of any one or more of its general partners or which is conveyed into or held in the firm name shall be held or deemed to be held by the general partner and, if more than one then by the general partners jointly or severally, upon trust as an asset of the firm in accordance with the terms of the partnership agreement.

(3) Any debt or obligation incurred by a general partner in the course or conduct of the business of a firm shall be a debt or obligation of that firm.

(4) Every firm shall have a registered office in the Turks and Caicos Islands for the service of process and to which all notices and communications may be addressed.

### **Modification of existing laws in case of limited partnership**

6. (1) A limited partner shall take no part in the management of the business of a limited partnership and all letters, contracts, deeds, instruments or documents whatsoever shall be entered into by one or more general partners on behalf of the firm concerned.

(2) If a limited partner takes part in the management of the business of a firm in its dealing with persons who are not partners, that limited partner shall be liable in the event of insolvency of the firm, for all its debts and obligations incurred during the period that he so participates in the management of its business, as though he were for such period a general partner, provided that he shall be so liable only to a person who transacted business with the firm under a genuine and reasonable belief that such limited partner was a general partner.

(3) A limited partner does not take part in the management of the business of a firm in terms of this section merely by doing one or more of the following acts—

- (a) being a contractor for or agent or employee of the firm or of a general partner, or acting as a director, officer or shareholder of a corporate general partner;
- (b) consulting with and advising a general partner with respect to the business of the firm;
- (c) investigating, reviewing, approving or being advised as to the accounts or business affairs of the firm or exercising any right conferred upon him by this Ordinance;
- (d) acting as surety or guarantor for the firm 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 accordance with the partnership agreement on one or more of the following matters—
  - (i) the dissolution and winding up of the firm;
  - (ii) the purchase, sale, exchange, lease, mortgage, pledge, or other acquisition or transfer of any asset by or of the firm;
  - (iii) the incurrence or renewal of indebtedness by the firm;
  - (iv) a change in the nature of the firm's business;
  - (v) the admission, removal or withdrawal of a general or limited partner and the continuation of the business of the firm thereafter;
  - (vi) transactions in which one or more of the general partners have an actual or potential conflict of interest with the firm or with one or more of the limited partners.

(4) Subject to any express or implied term of the partnership agreement to the contrary and to section 14(4)—

- (a) a firm shall not be dissolved or its existence terminated by—
  - (i) a change in any one or more of the general partners or the limited partners;
  - (ii) the assignment of the whole or part of the partnership interest of a limited partnership;

- (iii) the death, bankruptcy, dissolution or winding-up of a limited partner;
  - (iv) the incapacity of a limited partner;
  - (v) the granting by any one or more of the limited partners of a mortgage, charge or other form of security over the whole or part of his partnership interest;
  - (vi) the sale, exchange, lease, mortgage, pledge or other transfer of any of the assets of the firm;
- (b) any difference arising as to matters connected with the business of the firm shall be decided by the general partner or, if more than one, by the majority of the general partners;
- (c) a person may with the consent of the general partners assign his partnership interest and, if he does so, the assignee shall become a limited partner with all the rights of the assignor, notwithstanding the absence of consent of the existing limited partner or any of them;
- (d) a limited partner shall not be entitled to dissolve the partnership by notice.

## **Registration**

7. (1) The registration of a limited partnership shall be effected on payment to the Registrar of a registration fee of such amount as shall be prescribed by rules made under section 18 and by filing with the Registrar a statement signed, subject to subsection (7), by or on behalf of the general partners and containing the following particulars—

- (a) the firm's name;
- (b) the general nature of the firm's business;
- (c) the address in the Turks and Caicos Islands of its registered office;
- (d) the term, if any, for which the limited partnership is entered into or, if for an unlimited duration, a statement to that effect and the date of its commencement;
- (e) the full name and address of each general partner specifying each of them as a general partner.

(2) If any of the general partners is a corporate general partner, the statement filed under subsection (1) shall be accompanied by a certificate of its incorporation or by a certificate of its registration under Part XI of the Companies Ordinance.

(3) The Registrar shall maintain a record of each firm registered under this Ordinance and of all the statements filed in relation to it, and such records and statements shall be open to inspection by members of the public during all usual office hours.

(4) The Registrar shall issue a certificate of registration under his hand and official seal as soon as the registration of the statement has been effected in accordance with this section.

(5) No limited partner shall have the benefit of limited liability until the date indicated upon the certificate of registration issued under subsection (4).

(6) A certificate issued under subsection (4) shall be conclusive evidence of compliance with all the requirements of this Ordinance with respect to the formation and registration of a limited partnership.

(7) If a person who is required by subsection (1), or by section 8, to execute and file a statement fails to do so, any other partner or any assignee of a partnership interest in the firm in question, who is or may be affected by such failure, may petition the Supreme Court to direct such person as the Court sees fit to sign the statement and to file the same on behalf of the person in default; and the Court may make such order in the circumstances as appears to it to be just, including an order as to costs.

(8) Notwithstanding any other provision of this section, the Registrar may refuse to accept the registration of a limited partnership and refuse to issue a certificate of registration in any case where in his opinion the name of the proposed firm is in contravention of section 5(1).

### **Changes in registered particulars**

**8.** (1) Without prejudice to the operation of subsection (2), if during the continuance of any limited partnership any change is made or occurs in any matter specified in section 7(1), a further statement signed, subject to section 7(7), by a general partner specifying the nature of that change shall within 15 days thereof be filed with the Registrar.

(2) A statement signed in accordance with subsection (1) in respect of any arrangement or transaction consequent upon which any person will cease to be a general partner in any firm shall, within seven days thereof be filed with the Registrar and, until such statement is so filed, the arrangement or transaction shall for the purposes of this Ordinance and of the partnership agreement, be deemed to be of no effect.

(3) Save with the written consent of any person thereby affected, no arrangement or transaction shall take effect to the extent that it purports to relieve or discharge any general partner from the obligations of a general partner with regard to any debt or obligation of the firm to any person incurred before the making of such arrangement or transaction.

(4) If default is made in compliance with subsections (1) (2) or (3), each general partner in default shall incur a penalty of \$25 for each day or part of a day during which such default continues, which penalty shall be recoverable civilly by the Commission in any court of competent jurisdiction, and such general partner shall indemnify any person who thereby suffers any loss.  
*(Amended by Ord. 16 of 2007)*

(5) The name of any limited partnership shall not be changed so as to contravene section 5(1), and the Registrar may refuse to accept a statement filed under this section which in his opinion seeks to effect such a change.

### **Register of limited partnership interests**

**9.** (1) The general partners shall maintain or cause to be maintained at the registered office of the firm a register in writing on one or more sheets (whether bound or not) and such register shall contain the name and address, amount and date of contribution or contributions of each partner and the amount and date of any payment representing a return of any part of the contribution of any partner.

(2) The register described in subsection (1) shall—

- (a) be updated within 21 business days of any change in the particulars required to be entered therein;
- (b) be open to inspection by any member of the public during usual business hours; and
- (c) constitute *prima facie* evidence of the matters which by subsection (1) are directed to be entered therein.

(3) If default is made in compliance with this section, each general partner in default commits an offence and is liable on summary conviction to a fine of \$500 and, in the case of a continuing offence, to a further fine of \$50 for each day or part of a day during which such default continues and each such general partner shall indemnify any person who thereby suffers any loss.

### **Right to an account**

**10.** Subject to any express or implied term of the partnership agreement to the contrary, each limited partner may demand and shall receive from a general partner true and full information regarding the state of the business and financial condition of the firm.

### **Accounts**

**11.** (1) A general partner shall keep or cause to be kept proper books of accounts, including day books of accounts and underlying documentation including contracts and invoices, with respect to—

- (a) all sums of money received and expended by the partnership and the matter in respect of which the receipt and expenditure take place;
- (b) all sales and purchases of goods by the partnership; and
- (c) the assets and liabilities of the partnership.

(2) For the purpose of subsection (1) proper books of accounts shall not be deemed to be kept with respect to the matters aforesaid if there are not kept such books as are necessary to give a true and fair view of the state of the partnership's affairs and to explain its transactions.

(3) A general partner shall cause all books of accounts required to be kept under subsection (1) to be retained for a minimum period of 5 years from the date on which they are prepared.

(4) A partner who contravenes subsection (1) or (3) commits an offence and is liable on summary conviction to a fine of \$50,000.

*(Inserted by Ord. 18 of 2011)*

### Proceedings

**12.** (1) Subject to subsection (2), legal proceedings by or against any firm may be instituted by or against any one or more of the general partners only and no limited partner shall be a party to or be named in such proceedings, provided nevertheless that, if the court deems it just and equitable, a general partner or other person may be permitted to institute proceedings against one or more of the limited partners who may be liable pursuant to section 6(2), or to enforce the return of any contribution repayable in accordance with section 13(2).

(2) A limited partner may bring an action on behalf of the firm if one or more of the general partners with authority to do so have without good and sufficient cause refused to institute such proceedings, but in any such case that limited partner shall indemnify the firm against any costs incurred by it or for which it may be liable in those proceedings.

### Return of contributions

**13.** (1) A limited partner shall not, on dissolution or otherwise, receive out of the capital of the firm a payment representing a return of any part of his contribution to the limited partnership unless at the time of such payment the firm is solvent.

(2) Without prejudice to the requirements of subsection (1), any sum received by a limited partner as representing the return of any part of his contribution to the capital of the firm shall, in the event of the insolvency of the firm at any time within the next following period of six months, be repayable by such limited partner with simple interest at the rate of 5 *per centum per annum* to the extent that such contribution or part thereof is necessary to discharge a debt or obligation of the firm incurred during the period that it represented an asset of the firm.

(3) In this section “receive” includes the release of any obligation forming part of the capital contribution and, in that context, liability to make repayment pursuant to subsection (2) includes the due performance of any such obligation.

### Dissolution

**14.** (1) In the event of dissolution of a limited partnership, the affairs of the firm shall be wound up by the general partners unless the business of the firm is assumed and continued in accordance with the proviso to subsection (4).

(2) A firm shall not be dissolved by an act of the partners until a notice of dissolution signed by a general partner has been filed with the Registrar.

(3) On application by a partner or a creditor the Supreme Court may order dissolution of any limited partnership; and such application shall be by way of petition under section 125 of the Companies Ordinance and the provisions of that Ordinance relating to the winding-up of companies by the Court and the rules made thereunder shall, subject to such modifications, if any, as may be made by rules under this Ordinance, apply to the winding-up of limited partnerships with the substitution of references to general partners for references to directors.

(4) Notwithstanding subsection (2) and notwithstanding any express or implied term of the partnership agreement to the contrary, the death, insanity, retirement, bankruptcy, commencement of liquidation proceedings, resignation, insolvency or dissolution of the sole or last remaining general partner shall cause the immediate dissolution of the limited partnership, which shall forthwith be wound up in accordance with the provisions of the partnership agreement or such orders as the Supreme Court may make pursuant to subsection (3):

Provided that, if within 90 days of such date of dissolution the limited partners unanimously elect one or more new general partners, and if at the date of such election the firm is solvent, the provisions of this subsection shall not operate to require the firm to be wound up and the limited partnership may be assumed and continued as may be provided for in the partnership agreement or in any new partnership agreement.

### **Inspection and copies of certificates**

**15.** (1) Any person may, on payment of the fee prescribed by rules made under section 18—

- (a) inspect any certificate of registration issued or any statement filed under this Ordinance;
- (b) require there to be issued—
  - (i) a certified copy of the certificate of registration of any firm; or
  - (ii) a certified copy of or extract from any statement filed under this Ordinance.

(2) A certificate of registration or extract from any statement filed under this Ordinance, if purporting to be duly certified as a true copy under the hand and official seal of the Registrar, shall in all legal proceedings, civil or criminal, and in all cases whatsoever, be receivable in evidence in proof of the matters which it states.

### **Exempt limited partnerships**

**16.** (1) An exempt limited partnership is a limited partnership registered under section 7 in respect of which the statement filed under subsection (1) of that section contains (in addition to the particulars required by that subsection to be included therein) a declaration that the firm shall not undertake business with any person, corporate or unincorporate, resident in the Turks and Caicos Islands other than—

- (a) an exempted company registered under Part VIII of the Companies Ordinance;
- (b) a foreign company registered as such under Part XI of that Ordinance; or
- (c) any such company acting as the general partner of another exempted limited partnership or a director or officer of any such company acting in that capacity;

other than insofar as may be necessary for the carrying on of the business of that firm exterior to the Islands.

(2) An exempt limited partnership shall, before the end of the year in which it registers and thereafter on or before every anniversary of its registration, file with the Registrar a return signed by or on behalf of the general partners certifying that the firm has, during the previous year complied with section 8(1) and that there has been no breach of the declaration made in accordance with subsection (1); and the firm shall pay to the Registrar such annual fee as is prescribed by rules made under section 18.

(3) If default is made in compliance with the requirements of subsection (2) in respect of any firm to which subsection (1) applies, each general partner in default shall incur a penalty of \$25 for each day or part of a day during which such default continues, which penalty shall be recoverable civilly by the Commission in any court of competent jurisdiction. *(Amended by Ord. 16 of 2007)*

(4) The Governor may, on application by the general partners of a firm registered as an exempt limited partnership under this section, give an undertaking that no Ordinance which is hereafter enacted in the Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to such firm or to any partner thereof in respect of the operations or assets of such firm or the partnership interest of any partner therein.

(5) An undertaking given under subsection (4) may—

- (a) provide in addition that the taxes mentioned in that subsection and any tax in the nature of an estate duty or inheritance tax shall not be payable in respect of the obligations of the firm or the interests of the partners therein;
- (b) extend for a period not exceeding 50 years from the date of the approval of the application; and
- (c) take such form as the Governor shall determine.

### **Transactions by partners with limited partnership**

**17.** Subject to any express or implied term of the partnership agreement to the contrary and to the duty imposed upon a general partner by section 4(3), a partner may lend money to, borrow from and transact any other business in his personal capacity with, the firm (so that an asset, debt or obligation of the firm is thereby created) and with or without interest or security as the general partners shall determine, and shall have the same rights and obligations in respect thereof as a person who is not a partner, provided that the obligations of the firm to



repay debts to a general partner shall at all times be subordinated to the claims of secured and unsecured creditors of the firm.

### **Rules**

**18.** The Governor may make rules in relation to limited partnerships prescribing—

- (a) the duties to be performed by the Registrar for the purposes of this Ordinance;
- (b) the forms to be used for those purposes;
- (c) the fees to be paid to the Registrar in respect of acts to be performed and matters to be attended to in accordance with the provisions of this Ordinance; and
- (d) generally for the better carrying into effect of the provisions of this Ordinance.

### **Licences not required**

**19.** For the avoidance of doubt, it is hereby declared that a person who acts as a general partner of a firm shall not by virtue solely of so acting be required to be licensed under the Business Licensing Ordinance or the Trustees (Licensing) Ordinance.



**LIMITED PARTNERSHIPS RULES – SECTION 18**

*(Legal Notice 32/1993)*

**Commencement**

*[30 July 1993]*

**Short title**

1. These Rules may be cited as the Limited Partnership Rules.

**Fees**

2. The following fees are payable to the Registrar—
  - (a) for the registration of a limited partnership under section 7(1) of the Ordinance ..... \$500
  - (b) for a certified true copy of—
    - (i) a certificate of registration; or
    - (ii) a copy of or extract from any statement filed under section 7(1) of the Ordinance ..... \$25
  - (c) upon the filing of an annual return under section 16(2) of the Ordinance ..... \$300

**Forms**

3. The form to be used—
    - (a) for certifying the registration of a limited partnership under section 7(1) of the Ordinance is prescribed in Schedule 1;
    - (b) for the grant of an undertaking under section 16(4) of the Ordinance is prescribed in Schedule 2.
-

**SCHEDULE 1**

*(Rule 3(a))*

**LIMITED PARTNERSHIPS ORDINANCE  
CERTIFICATE OF REGISTRATION**

This is to certify that ..... operating from  
..... in the Turks and Caicos  
Islands is registered as a limited partnership/exempt limited partnership under section  
7(1) of the Limited Partnerships Ordinance.

REGISTRAR OF COMPANIES

Certificate No. ....  
\_\_\_\_\_

**SCHEDULE 2**

*(Rule 3(b))*

**LIMITED PARTNERSHIPS ORDINANCE  
UNDERTAKING UNDER SECTION 16(4) AS TO TAX CONCESSION**

In accordance with the provisions of section 16(4) of the Limited Partnerships  
Ordinance, the following undertaking is hereby given to

\_\_\_\_\_ being a limited partnership certified by the Registrar of Companies to be an exempt  
limited partnership under section 16 of the Limited Partnerships Ordinance, that

- (1) No Ordinance which is hereafter enacted in the Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the aforesaid exempt limited partnership or to any partnership thereof in respect of the operations or assets of the said exempt limited partnership or the partnership interest of any partner therein; and
- (2) The aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the aforesaid exempt limited partnership or the interests of the partners therein.

This undertaking shall be for a period of ..... years from the .....  
day of ..... 20 .....

