

LIMITED LIABILITY PARTNERSHIPS

Principles of an LLP

An LLP is a corporate body with its own legal personality. The “partners” of an LLP would be called the “members”. The liability of an LLP is limited to the assets of the LLP and does not extend to the personal assets of the individual members. However, a member could face unlimited personal liability as a result of his unauthorised acts by way of a claim brought against him by his fellow members under the membership agreement or as a result of his personal negligence by way of a claim brought against him by a third party.

Use of LLP Structure by GPs

There has generally been little interest on the part of GPs to utilise the LLP structure for the following reasons:

- 1** The structure does not benefit GPs to the same extent as other non-GP partnerships because at present GPs seem to be able to buy indemnity insurance or membership of medical defence organisations without limitation at relatively low cost.
- 2** If the partners did form an LLP they would have to comply with the formalities of running this type of corporate body, for example, the need to comply with the requirements of Companies House (see below).
- 3** Details of the LLP and the members would be held on the public record. The requirement for greater disclosure would mean that a member of the public could obtain information such as the name and address of each of the members, a copy of the annual accounts and details of the earnings of the highest remunerated member.

Tax Consequences

Although an LLP is a corporate body and has its own legal personality, the LLP itself is not taxed but the members are taxed individually in the same way as if they were partners in a conventional partnership.

Companies House Requirements

Setting up as an LLP brings many obligations. An LLP must file the following at Companies House:-

- 1** Annual Accounts
- 2** Information regarding changes of members must be notified to Companies House within 14 days on the appropriate Companies House forms
- 3** Details of a change of a member’s personal details must be notified to Companies House within 21 days on the appropriate Companies House form.

- 4 Details of any mortgage or charge created by the LLP must be notified to Companies House within 21 days.
- 5 An annual return must be delivered to Companies House at least once every 12 months. An LLP has 28 days from the date to which the return is made up to do this.
- 6 At least two members must be appointed as designated members and Companies House need to be notified of who the designated members are. The LLP may decide all members will be designated members.

If the LLP accounts are delivered late to Companies House there is an automatic civil penalty for late filing of between £100 and £1000. In addition, designated members may be prosecuted for not filing certain documents and if convicted will have a criminal record and be liable for a fine of up to £5000 for each offence.