

KEY FACTS

LIMITED PARTNERSHIPS

NEW ZEALAND, A NON-BLACKLISTED OECD MEMBER, OFFERS FISCALLY TRANSPARENT STRUCTURES THROUGH ITS LIMITED PARTNERSHIP.

LIMITED PARTNERSHIP FORMATION REQUIREMENTS

Formation of a limited partnership in New Zealand is straightforward and governed by the Limited Partnerships Act 2008. The salient features of limited partnership law include:

- > New Zealand limited partnerships must have:
 - > a name; and
 - > one or more limited partners; and
 - > one or more general partners who may not be a limited partner; at least one must:
 - > live in New Zealand; or
 - > live in Australia and be a director of a company that is incorporated in Australia; or
 - > be a limited partnership that has one or more general partners who are:
 - > natural persons living in New Zealand; or
 - > natural persons living in Australia and who are directors of a company that is incorporated in Australia; or
 - > be a New Zealand company; and
 - > a written Partnership Agreement.
- > Limited partners may be corporate bodies or natural persons, and may be resident or non-resident.
- > A limited partnership comes into existence upon registration with the New Zealand Companies Office.

KEY FEATURES

- > Limited partnerships are separate legal entities.
- > General partners are responsible for the management and the reporting obligations of the partnership.¹
- > Only general partners may legally contract on behalf of a partnership.
- > Partners can change their status, i.e., general partners can become limited partners and vice versa.
- > General partners' information is publicly available on the Companies Office website (www.businessregisters.govt.nz), but limited partners' information is not.
- > Limited partnership statutory management has recently migrated to be almost entirely electronic. No participation certificates or formal certificates of registration are issued.²

CAPITAL REQUIREMENTS AND LIABILITIES

- > General partners may, but are not required to, make capital contributions to a limited partnership.
- > Capital contributions may take any form, including promissory notes, contracts for future services, and real or personal property, but loans do not qualify.
- > General partners' liability for partnership debts only arise if the partnership itself is unable to satisfy its liabilities.

¹ For this reason, if Trident Trust Company (NZ) Limited is to provide general partner services, bank accounts must be operated according to their signing authority requirements.

² Purely for the purpose of the limited partner's records a participation certificate can be issued by the general partner but it has no legal standing.

- > Limited partners must not take part in the management of the limited partnership and, if this condition is breached, their limitation of liability disappears.
- > Schedule 1 of the Limited Partnerships Act 2008 sets out the activities that do not constitute taking part in the management of a limited partnership.
- > Distributions must be authorised by general partners in writing and may only be authorised if the limited partnership is solvent.

RECORDS AND REPORTING

Limited partnerships are required to maintain records at the registered office in New Zealand. These include partnership agreements, minutes of meetings and resolutions of decisions.

STATUTORY ADMINISTRATION

Limited partnerships are required to file annual returns with the Companies Office in a month allocated at registration.

New Zealand's tax and accounting year end is 31 March.

TAX

- > Limited partnerships are deemed transparent for tax purposes.
- > Annual full disclosure tax returns are required but *only* New Zealand sourced income is subject to New Zealand tax.
- > Non-resident partners are not taxable in New Zealand if no New Zealand sourced income is earned.
- > *However*, an obligation to declare their entitlement to the limited partnership's income in their jurisdiction of tax residency exists.
- > All income, tax credits, rebates, gains, expenditures and losses attributable to individual partners will be calculated in accordance with their participation in the partnership.
- > Losses may be attributed to partners regardless of whether those partners were members of the partnership at the time the losses were incurred.
- > New Zealand is a participant in both the FATCA and CRS regimes and, depending on circumstances, reporting may be required under these regimes.

ACCOUNTING

- > Only "large" limited partnerships are required to prepare GAAP financial statements.³
- > Once that threshold is breached financial statements must be audited *unless* 95% of the capital contributors opt out.
- > Financial statements must be available at the registered office within five months of balance date.
- > Financial statements are *not* publicly filed.

³ "Large" is defined as (a) at the balance date of each of the two preceding accounting periods, the total assets of the entity and its subsidiaries (if any) exceeded NZD60 million or (b) in each of the two preceding accounting periods, the total revenue of the entity and its subsidiaries (if any) exceeded NZD30 million.

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