

Factsheet concerning the general partnership (open-partnership) (Art. 689 to Art. 732 of the Liechtenstein Persons and Companies Act (“PGR”))

1. Terminology and legal nature

The general partnership is an association of two or more partners for an economic or non-economic purpose, whereby each partner has unlimited personal and joint and several liability. As a so-called partnership, the general partnership is not a legal entity, but it does have legal capacity and the capacity to sue and be sued.¹

It is mandatory for the general partnership to be entered in the Commercial Register.

2. Setting up the general partnership

A general partnership is formed when two or more natural persons or legal entities operate a business in the sense that each partner has unlimited personal and joint and several liability, and the company is recorded in the Commercial Register.²

3. Organisation of the general partnership

As a partnership, the general partnership does not have any managing bodies.

Any partner authorised to represent the company may, with certain exceptions provided for by law, carry out in the name of the company all types of legal acts and transactions that the object of the company may entail.³

4. Partnership agreement

The partners agree in a partnership agreement to pursue a common purpose with collective means. The partnership agreement, inter alia, also regulates the legal relationships between the respective partners.

¹ Art. 649 Para. 4 PGR

² Art. 689 Para. 1 PGR

³ Art. 698 Para. 1 PGR

5. Registered domicile of the general partnership

The registered domicile of the general partnership is located in the political municipality in which the business operations are located.

6. Purpose of the general partnership

The purpose of the general partnership may be both an economic and a non-economic one and may take any form permitted by law (e.g. trade in goods, acquisition of participations, financing, real estate management, etc.).

7. Liability and responsibility

Each partner is liable personally, without restriction as well as jointly and severally.

A newly joining shareholder is also jointly and severally liable for the liabilities entered into before he joined.⁴

The individual partner can only be personally prosecuted for due company debts, however, if the company is dissolved as a result of bankruptcy or for any other reason, or if execution has been unsuccessfully attempted, or if the partner himself becomes insolvent, or if composition proceedings have been initiated against him.⁵

8. Account rendering, bookkeeping and disclosure obligations

General partnerships that engage in activities of a commercial nature are obliged to keep **proper accounts**.

General partnerships that do not engage in activities of a commercial nature and are not general partnerships pursuant to Art. 1063 Para. 2 PGR must, taking into account the principles of proper accounting, keep records appropriate to the financial circumstances and retain documents from which the course of business and the development of the assets can be traced.⁶

General partnerships whose partners are all corporations are obliged to **keep proper accounts** as well as being subject to a duty of **disclosure**, irrespective of whether or not they engage in activities of a commercial nature.⁷

The legal representatives of general partnerships whose partners are all corporations must submit the duly approved annual financial statements and the audit report to the **Office of Justice** before the end of the twelfth month following the balance sheet reporting date.⁸

Under certain conditions, general partnerships whose partners are all corporations may, instead of filing the duly approved annual financial statements and the audit report to the Office of Justice, make the duly approved annual accounts and the audit report available for public inspection at the registered domicile of the partnership.⁹

⁴ Art. 708 Para. 1 PGR

⁵ Art. 704 Para. 2 PGR

⁶ Art. 1045 Para. 3 PGR

⁷ Art. 1045 Para. 2 PGR; Art. 1063 Para. 2 PGR

⁸ Art. 1122 Para. 1 PGR

⁹ Art. 1122 Para. 3 PGR

9. Audit and review obligations¹⁰

General partnerships whose partners are all corporations and that engage in activities of a commercial nature and are not classified as small or micro partnerships are subject to audit obligations pursuant to Art. 1058 Para. 1 of the Liechtenstein Persons and Companies Act ("PGR").

In the case of general partnerships whose partners are all corporations and that engage in activities of a commercial nature and are classified as small or micro partnerships, the audit authority must conduct a review.

General partnerships whose partners are all corporations and that engage in activities of a commercial nature and are classified as micro-partnerships may waive the audit review¹¹ (for further details, see *Guidelines for the New Registration of a General Partnership*).

10. Legal principles

- *Persons and Companies Act (Personen- und Gesellschaftsrecht – "PGR") of 20 January 1926 (Liechtenstein Law Gazette ("LGBI") (1926 No. 4))*
- *Commercial Register Ordinance (Handelsregisterverordnung – "HRV") of 11 February 2003 (LGBI. 2003 No. 66)*
- *Persons and Companies Ordinance of 19 December 2000 (Verordnung vom 19. Dezember 2000 zum Personen- und Gesellschaftsrecht); (LGBI. 2000 No. 281)*
- *Ordinance of 11 February 2003 concerning Land Register and Commercial Register Fees (Verordnung vom 11. Februar 2003 über die Grundbuch- und Handelsregistergebühren) (LGBI. 2003 No. 67)*

¹⁰ Art. 1058 PGR

¹¹ Art. 1058a PGR