CompanyFormationWiki
The free encyclopedia of company formation
companyformationwiki.com

Partnership

From CompanyFormationWiki, the free encyclopedia of company formation · Last updated 25 November 2026

Partnership	
Owners	Two or more partners
Variants	General, limited, LLP
Liability	Unlimited for general partners
Key document	Partnership agreement

A **partnership** is an arrangement in which two or more people share ownership of a business and its profits. In a **general partnership** every partner can bind the firm and is personally liable for its debts.

Types

- **General partnership** – all partners manage and share unlimited liability.
- **Limited partnership** – at least one general partner with unlimited liability, plus limited partners whose risk is capped at their investment.
- **Limited liability partnership (LLP)** – partners have limited liability; common for professional firms.

A written partnership agreement setting out shares, duties and exit terms is strongly recommended.

Frequently asked questions

Is a partnership a separate legal person?

It depends on the country. In England and Wales a general partnership is not a separate legal person, while a Scottish partnership is. LLPs are separate legal persons.

Do we need a written partnership agreement?

It is not always legally required, but it is strongly recommended. Without one, default rules decide how profits are shared and what happens when a partner leaves.

How is a partnership taxed?

Usually it is tax-transparent: the partnership files a return, but each partner pays tax on their share of the profit.

References

1. A guide to legal forms for business . GOV.UK. Accessed November 2026.
2. Choose a business structure . U.S. Small Business Administration. Accessed November 2026.
3. Business structures . Internal Revenue Service. Accessed November 2026.

Source: https://companyformationwiki.com/partnership/
Version: last updated 25 November 2026. Check the online version for later changes.

© 2026 CompanyFormationWiki. CompanyFormationWiki is a free encyclopedia of company formation, business structures and international tax across 222 jurisdictions. General information, not legal or tax advice. Confirm with the official registry, the tax authority or a qualified adviser before acting.