

**Partnership (Amendment) Bill 2012**  
**Second Reading approved**

3. Mr Braidwood to move:

*That the Partnership (Amendment) Bill 2012 be now read a second time.*

**The President:** We move now to Item 3 on our Order Paper, the Partnership (Amendment) Bill 2012, and I call on Mr Braidwood to move, please.

**Mr Braidwood:** Thank you, Madam President. A Bill which is a little bit more conservative than the Casino (Amendment) Bill.

Madam President, the purpose of the Bill is to insert additional accounting requirements into the Partnership Act 1909 in respect of limited partnerships. This is to ensure that the Island complies with the recommendation of the OECD in respect of limited partnerships and that the accounting records of those partnerships reflect the OECD standard. Care has also been taken to ensure that compliance with the recommendation has not been at the expense of the commercial attractiveness of the Isle of Man.

Madam President, I beg to move the Second Reading of the Partnership (Amendment) Bill 2012.

**Mr Lowey:** I beg to second, Madam President, and reserve my remarks.

**The President:** As no Hon. Member wishes to speak, the motion is that the Bill be read a second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

**Partnership (Amendment) Bill 2012**  
**Clauses considered**

**The President:** We move on to clauses. Perhaps we could take clauses 1 and 2.

**Mr Braidwood:** Thank you, Madam President.

Clause 1 provides the short title of the Bill.

Clause 2 provides for the Act resulting from the Bill to be repealed on the day after its promulgation. At this point, the amendments to the Partnership Act 1909 will have taken effect. The automatic repeal does not affect the continuing operation of any of the amendments to enactments made by this legislation.

Madam President, I beg to move that clauses 1 and 2 stand part of the Bill.

**Mr Lowey:** I beg to second and reserve my remarks.

**The President:** The motion is that clauses 1 and 2 do stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 3.

**Mr Braidwood:** Thank you, Madam President.

Clause 3 amends section 30 of the Partnership Act 1909 by inserting a new subsection (2). New subsection (2) introduces additional accounting requirements for limited partnerships that are registered under the Partnership Act 1909. This is achieved by the insertion of a new section 48E which sets out the additional requirements in detail.

Madam President, I beg to move that clause 3 stand part of the Bill.

**Mr Lowey:** I beg to second and reserve my remarks.

**The President:** The motion is that clause 3 stand part of the Bill. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.

Clause 4.

**Mr Braidwood:** Thank you, Madam President.

A little bit longer than the other clauses. Clause 4 inserts new section 48E, limited partnerships to keep

accounting records. The detail as set out in new section 48E follows.

New subsection (1) makes it clear that the new section 48E does not limit the existing accounting duties under section 30 of the 1909 Act.

New subsection (2) requires accounting records to be kept in respect of limited partnerships that: correctly explain the partnership transactions; ensure that the financial position of a partnership can be determined reasonably accurately at all times; allow for the preparation of financial statements that give a true and fair value of the affairs of a partnership.

New subsection (3) details that records that a partnership must retain as part of the accounting records. This includes invoices, contracts, details of assets and liabilities, sales and purchases.

New subsection (4) stipulates that the general partners must approve the partnership's financial statements. Financial statements must include a written explanation of the transactions, assets and liabilities of the partnership. Explanatory notes must be included where required, to ensure that financial statements can be easily understood.

New subsection (5) clarifies that accounting records must be retained for at least six years after the year to which they relate.

New subsection (6) confirms that accounting records may either be kept at a partnership's principal place of business or elsewhere at the discretion of the partners. Records must be available for inspection by partners during office hours.

New subsection (7) clarifies that where accounting records are held outside the Island, copies must be sent to the Island.

Under new subsection (8), copies sent to the Island must be updated at least once every six months.

New subsection (9) creates the offence of not complying with the provisions of new section 48E.

New subsection (10) sets out the penalties for commission of an offence.

Madam President, I beg to move that clause 4 stand part of the Bill.

**Mr Lowey:** I beg to second, Madam President, and reserve my remarks.

**The President:** Lord Bishop.

**The Lord Bishop:** Thank you, Madam President.

Can I just ask a question on subsection (5) – records being kept for not less than six years. I have no doubt there is an easy answer to this, but I remember, when I was a parish priest in the UK, that we had regulations presented to us about church ordinary parish finances that had to be kept for 50 years under UK regulations, and it just seems six years is such a short period of time. I have experience on the Isle of Man of a number of cases where I would have liked to have gone back beyond six years.

**The President:** The Hon. Member, Mr Crowe.

**Mr Crowe:** Thank you, Madam President.

Yes, I think the six years is the statute of limitation, but I think it is in –

**Mr Lowey:** The UK now.

**Mr Crowe:** – Income Tax legislation which we passed a couple of years ago, where records have to be maintained on Income Tax for a limited period. So I think it is statute for six years, but I would just like to add that a lot of what you are putting into statute is good practice anyway. I would think partnerships will be keeping records, financial records, and will be maintaining those records. I think the important point that we are adding to this is the OECD recommendation that we comply with their broad principles and frameworks. So I think what is probably happening is that people who are in partnerships concurring or adhering to these good practice regulations and accounting regulations, but it is putting it into statute for the OECD purposes.

**The President:** The Hon. Member, Mr Callister.

**Mr Callister:** Yes, just in relation to this same section, this subsection (5) that we are referring to here and this preserving for six years. In the 1909 Act, was it less than six years or was it the same or was there no requirement whatsoever? Is it an actual change?

**Mr Crowe:** You would need to know when the statute of limitations was brought in and I do not know whether it predated the 1909 Act or not.

**The President:** The mover to reply.

**Mr Braidwood:** Thank you, Madam President.

The latter, first. In actual fact, I will check on that, but as I think it has been answered by Mr Crowe the statute of limitation is six years for all tax purposes. VAT is normally kept for six years, but I will check on the 1909 Act to see what time limitation was there. It is a little bit before my time, but I will return.

In regard to the Lord Bishop's comments, I think it is essential, such as parish records, whatever are kept, and probably kept for longer than 50 years –

**The Lord Bishop:** I meant accounting records.

**Mr Braidwood:** I am sorry. Accounting records. Why that is the case, I do not know, Madam President. I would not like to comment on some of the parish records, which have not been kept recently (*Laughter*) in the Island.

I beg to move clause 4.

**The President:** The motion is that clause 4 do stand part of the Bill. Those in favour, please say aye: against, no. The ayes have it. The ayes have it.