

Limited Partnership Formation Fact Sheet

A limited partnership (LP) consists of at least 1 general partner and 1 or more limited partners. General partners provide money to the business, manage its day-to-day operations, receive profits in proportion to their ownership share, and are *personally liable* for all debts of the partnership. Limited partners, on the other hand, infuse capital into the business; since they can limit their liability to the extent of their investment by remaining passive investors, they typically stay out of day-to-day operations. Partnerships are pass-through entities, so profits and losses are reported directly on each partner's personal tax return.

Below is a general overview of the process to set up an LP in New York State:

Enter into the Partnership Agreement

- The agreement identifies who the general and limited partners are as well as their individual rights and duties regarding the business, including its funding, management, profit and loss sharing
- Some common issues addressed in LP Agreements include:
 - Name and purpose of partnership and date of creation
 - Contributions (cash/property/work) of each partner
 - Each partner's share of profits and losses
 - Each partner's management powers and duties
 - Provisions for taking profits out of the company
 - How to add or remove a partner
 - How to resolve disputes among partners
 - How to wind down the partnership

TIP: Check whether your business name is available **before** signing the Agreement by searching here: http://www.dos.ny.gov/corps/bus_entity_search.html

File the Certificate of Limited Partnership with the New York Department of State

- Includes name of the LP (which must include the words "Limited Partnership" or "L.P."), county of formation, identity and addresses of the general partners, business address of the LP, address for serving any legal papers, and the LP's expected dissolution date
- How to file
 - By mail or in person to the address on the form at: <https://www.dos.ny.gov/forms/corporations/1391-f.pdf>
 - By fax to the Division of Corporations at (518) 474-1418
- The filing fee for Certificate of Limited Partnership is \$200.

Comply with the Publication Requirement

- New York law requires LPs to file a copy of the Certificate of Limited Partnership or a notice regarding the LP's formation in two newspapers, assigned by the county clerk of the county in which the LP's principal office is located, for 6 consecutive weeks. Newspapers will provide affidavits of publication.
 - Total fees charged by newspapers could range from \$750 - \$2000+.
- Mail the affidavits of publication and a Certificate of Publication to the Department of State within 120 days of filing the LLC's Articles of Organization. Here's a link to the Certificate of Publication:
 - <https://www.dos.ny.gov/forms/corporations/1711-f.pdf>
 - The filing fee is \$50.

Obtain an EIN

- EIN stands for Employer Identification Number. You don't need employees to get an EIN; it's just a number the government uses to identify your business, much like your social security number is used to identify you.
- An EIN will allow you to open a business bank account and apply for business licenses, among other things.
- How to get an EIN:
 - Apply online (to get EIN immediately): <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
 - File IRS Form SS-4 (can take up to two weeks to get an EIN): <https://www.irs.gov/pub/irs-pdf/fss4.pdf>

This resource is provided for informational purposes only and does not cover all of the issues that could arise when setting up a limited partnership. For more information, contact an attorney.