

**Partnership Act
(CHAPTER 391)**

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Legislative History

PARTNERSHIP ACT

(CHAPTER 391)

(Original Enactment: 53 & 54 Vict., c. 39)

REVISED EDITION 1994

(20th May 1994)

An Act to declare and amend the Law of Partnership.

[12th November 1993*]

* Date when this Act was made applicable by the Application of English Law Act (Cap. 7A).

Nature of Partnership

Definition of partnership

1.—(1) Partnership is the relation which subsists between persons carrying on a business in common with a view of profit.

(2) But the relation between members of any company or association which is —

(a) registered as a company under the Companies Act [Cap. 50] or under any previous corresponding law; or

(b) formed or incorporated by or in pursuance of any other Act of Parliament,

is not a partnership within the meaning of this Act.

Rules for determining existence of partnership

2. In determining whether a partnership does or does not exist, regard shall be had to

the following rules:

(1) Joint tenancy, tenancy in common, joint property, common property, or part ownership does not of itself create a partnership as to anything so held or owned, whether the tenants or owners do or do not share any profits made by the use thereof.

(2) The sharing of gross returns does not of itself create a partnership, whether the persons sharing such returns have or have not a joint or common right or interest in any property from which or from the use of which the returns are derived.

(3) The receipt by a person of a share of the profits of a business is prima facie evidence that he is a partner in the business, but the receipt of such a share, or of a payment contingent on or varying with the profits of a business, does not of itself make him a partner in the business; and in particular —

- (a) the receipt by a person of a debt or other liquidated amount by instalments or otherwise out of the accruing profits of a business does not of itself make him a partner in the business or liable as such;
- (b) a contract for the remuneration of a servant or agent of a person engaged in a business by a share of the profits of the business does not of itself make the servant or agent a partner in the business or liable as such;
- (c) a person being the widow or child of a deceased partner, and receiving by way of annuity a portion of the profits made in the business in which the deceased person was a partner, is not by reason only of such receipt a partner in the business or liable as such;
- (d) the advance of money by way of loan to a person engaged or about to engage in any business on a contract with that person that the lender shall receive a rate of interest varying with the profits, or shall receive a share of the profits arising from carrying on the business, does not of itself make the lender a partner with the person or persons carrying on the business or liable as such:

Provided that the contract is in writing, and signed by or on behalf of all the parties thereto;

- (e) a person receiving by way of annuity or otherwise a portion of the profits of a business in consideration of the sale by him of the goodwill of the business is not by reason only of such receipt a partner in the business or liable as such.

Postponement of rights of person lending or selling in consideration of share of profits in case of insolvency

3. In the event of any person to whom money has been advanced by way of loan upon