

# Partnerships

A partnership enables you to start a business with people with relevant skills and knowledge that are different to yours. It allows you to focus on what you do best.

For example, you may be very talented in producing a product or a service that uses your skills but have no hands-on experience of running a business. If so, you may want to work with someone who has business and management skills who can look after things like financial planning and recruitment.

A partnership can involve several partners.

## In a business partnership:

- you and your business partner (or partners) personally share responsibility for your business.
- you share all your business's profits.
- you share all the risks.
- you share the costs for stock and equipment.
- each partner pays tax on their share of the profits.
- the partners share any losses the business makes.

# Tax responsibilities

## The partnership must:

- choose a name.
- choose a 'nominated partner' to be responsible for managing the partnership's tax returns and keeping business records.
- register with HM Revenue and Customs (HMRC).
- send a partnership Self Assessment tax return every year.
- include all the partners' names and business name on official paperwork, e.g. invoices and letters.

## All the partners must:

- send a personal Self Assessment tax return every year.
- pay Income Tax on their share of the partnership's profits.
- pay National Insurance.

The partnership will also have to register for VAT if you expect its takings to be more than £82,000 a year.

You can set up a limited partnership or limited liability partnership if partners don't want to be personally responsible for a business' losses.

A partner doesn't have to be an actual person. For example, a limited company counts as a 'legal person,' and can also be a partner in a partnership.

# Registering your partnership

The nominated partner must inform HM Revenue and Customs (HMRC) of the business partnership and register for Self Assessment tax returns and Class 2 National Insurance for all partners at the same time.

Allow 10 working days to complete the registration process because HMRC needs to post you an activation code. You'll be prompted for this when you first log in to your online account (also known as a Government Gateway account).

## Useful links:

[Growth Hub providers](#) - help with setting up a business partnership.

[Gov.uk](#) - details on how to register your business partnership.

[Gov.uk](#) - register for VAT.

## Contact us:

Growth Hub engagement officers can offer you up to 12 hours free advice and assistance. If you would like to contact the Growth Hub team or arrange a call back to discuss registering as a business partnership [click here](#).