

Time to get rid of the Scottish Limited Partnership

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Oxfam [has been making some appropriate noise](#) over the last few days on the international tax abuses that are being hidden from view behind Scottish Limited Partnerships. As they have noted:

Scottish Limited Partnerships (SLPs) are a complex way of structuring a business. Not all of them are being used for illegitimate purposes. However, they have rapidly grown in number and we are concerned by media reports suggesting they are being explicitly promoted overseas as 'Scottish zero per cent tax companies'. We are particularly alarmed that it can be hard to know who really owns SLPs.

To summarise the law on Scottish Limited Partnerships, they are legal entities that are separate from their members that are not taxable in the UK if none of their members are UK resident. What is more, they do not have to file their accounts on public record in this country unless the so called general partner responsible for managing its affairs is a UK limited company. Having a general partner registered in a place like the British Virgin Islands does permit the exemption from filing accounts.

The result is that Scottish law is allowing the creation of entities that can be used for tax avoidance and evasion behind a veil of near total secrecy that are as likely to be effective for these purposes as anything available in most more widely recognised tax havens.

Whatever use these Limited Partnerships might have once had in Scottish law has now gone: for commercial purposes limited liability partnerships that are available throughout the UK have supplanted their purpose. Their remaining use, which has grown rapidly over the last few years, is then almost solely related to the secrecy and / or the opportunities for tax abuse that they provide.

The Scottish government cannot get rid of these corporate structures; they do not have the right to do so within current devolved powers and as such there is nothing the SNP government can do to prevent this abuse going on: it is down to Westminster to end it.

The time for Westminster to do so has arrived. Theresa May says she wants to end tax abuse. This is her test: a clause to require the publication of the beneficial ownership and accounts of these Scottish Limited Partnerships (and their English equivalents, which Tony Blair has used to achieve a fair degree of secrecy) could be included in the next Finance Act, if nowhere else, and another of the tax haven opportunities that the UK provides could be closed as a result.

The question is, will Theresa May walk her talk? She has the chance to prove it: there is no time like the present for her to confirm her intentions.