

[AS PASSED BY THE SENATE]

A

BILL

to amend the Limited Liability Partnership Act, 2017

WHEREAS It is expedient to amend the Limited Liability Partnership Act, 2017 (XV of 2017), for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title and commencement.- (1) This Act shall be called the Limited Liability Partnership (Amendment) Act, 2020.

(2) It shall come into force at once.

2. Amendment of section 8, Act XV of 2017.- In the Limited Liability Partnership Act, 2017 (XV of 2017), in section 8,-

(a) in sub-section (2), for full stop at the end, a colon shall be substituted and thereafter the following proviso and explanation shall be added, namely:-

"Provided that a limited liability partnership shall obtain, maintain and timely update particulars of ultimate beneficial owner, including any change therein, of any person who is a partner in limited liability partnership in such form, manner and submit such declaration to the registrar as may be specified.

Explanation.- For the purpose of this section the term 'ultimate beneficial owner' means a natural person who ultimately and effectively owns or controls a limited liability partnership through direct or indirect rights or who shares at least one fourth of the net profits and losses of the partnership." and

- (b) after sub-section (2), amended as aforesaid, the following new sub-section (3) shall be added, namely:-

“(3) Any contravention or default in complying with requirement of this section shall be an offence liable in case of,-

- (a) a partner, designated partner or officer, to a fine which may extend to one million rupees; and
- (b) the limited liability partnership, to a fine which may extend to ten million rupees.”.

STATEMENT OF OBJECTS AND REASONS

The Limited Liability Partnership (Amendment) Bill, 2020 has suggested various amendments to Limited Liability Partnership Act, 2017 (XV of 2017) to ensure compliance with the recommendations on anti-money laundering and countering the financing of terrorism issued by the Financial Action Task Force (FATF). Pakistan’s 2019 Mutual Evaluation Report (MER) on FATF recommendations issued by the Asia Pacific Group on Money Laundering (APG) highlighted lack of obligations for limited liability partnerships (LLPs) to hold ultimate beneficial ownership information. The report also highlighted lack of penalties for breach of AML / CFT requirements by LLPs.

Accordingly, the proposed amendments are being made to ensure compliance with FATF’s recommendation aimed at enhancing the transparency of legal persons, to fulfill the recommended actions in MER, and to enhance the country’s ranking against the aforesaid standards. These are also aimed to conform to the action plan approved by the National Executive Committee on AML / CFT for compliance with the FATF recommendations.

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