**8775. What is an LLP? How is an LLP taxed?**

Many state laws now provide for so-called limited liability partnerships (LLP), a form of partnership which is particularly well-suited for professional partnerships (such as partnerships of attorneys or doctors). To organize as an LLP, the partnership must file a statement of qualification with the relevant state agency.[[1]](#footnote-1)

The LLP form is particularly useful to professional partners because, as the name suggests, it limits the liability of the partners. Traditional partnerships involve unlimited liability of all general partners personally for the obligations and liabilities of the partnership. In a professional partnership of attorneys, for example, this would potentially subject partner A to personal liability for malpractice even though the malpractice is committed by partner B. It is important to understand that while this structure does provide some protection, it does not provide protection from a partner’s own malpractice.

If the state in which the partnership operates has an LLP statute, the partnership may choose to register as a LLP in order to eliminate the liability of the general partners for acts or omissions of the other partners, though the general partners will remain liable for their own wrongful acts. [[2]](#footnote-2)

LLPs are taxed in the same manner as a traditional partnership, in that the partners are taxed at the individual level, rather than at the entity level.

Another variation of the LLP is the limited liability limited partnership (LLLP), which provides the typical limited liability to the limited partners, but also limits the liability of the general partners in the same manner (meaning that the assets of those partners are not reachable by creditors of the partnership). However, only certain states authorize creation of the LLLP.[[3]](#footnote-3)

1. . Revised Uniform Partnership Act (“RUPA”), Secs.101(5), 1001. [↑](#footnote-ref-1)
2. . RUPA, Sec. 306(c). [↑](#footnote-ref-2)
3. . See, for example, Del. Code Ann., Title 6, §17-1105. [↑](#footnote-ref-3)