

## NATIONAL ASSEMBLY SECRETARIAT

### REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE AND ECONOMIC AFFAIRS ON THE LIMITED LIABILITY PARTNERSHIP (AMENDMENT) BILL, 2020

I, the Acting Chairman of Standing Committee on Finance, Revenue and Economic Affairs have the honor to present this report on the Bill further to amend the Limited Liability Partnership Act, 2017 (XV of 2017) [The Limited Liability Partnership (Amendment) Bill, 2020] [Government Bill], referred to the Committee on 27<sup>th</sup> July, 2020.

2. The Committee comprises the following:-

1).	<b>Mr. Faiz Ullah</b>	<b>Chairman</b>
2).	Mr. Jawad Hussain	Member
3).	Mr. Raza Nasrullah	Member
4).	Mr. Aamir Mehmood Kiani	Member
5).	Makhdoom Syed Sami-ul-Hassan Gillani	Member
6).	Sardar Nasrullah Khan Dreshak	Member
7).	Mr. Jamil Ahmed Khan	Member
8).	Mr. Faheem Khan	Member
9).	Mr. Aftab Hussain Siddique	Member
10).	Dr. Ramesh Kumar Vankwani	Member
11).	Mr. Muhammad Israr Tareen	Member
12).	Mr. Ahsan Iqbal Chaudhary	Member
13).	Mr. Qaiser Ahmed Sheikh	Member
14).	Chaudhary Khalid Javed	Member
15).	Mr. Ali Pervaiz	Member
16).	Dr. Aisha Ghaus Pasha	Member
17).	Dr. Nafisa Shah	Member
18).	Syed Naveed Qamar	Member
19).	Ms. Hina Rabbani Khar	Member
20).	Mr. Abdul Wasay	Member
21).	Minister In-charge	Ex-officio Member

3. The Committee considered the Bill as introduced in the National Assembly placed at **Annexure-‘A’**, in its meetings held on 28<sup>th</sup> July, 2020 and 7<sup>th</sup> August, 2020. The Committee recommends that the Bill as introduced may be passed by the National Assembly.

4. Syed Naveed Qamar and Dr. Nafisa Shah, MNAs, raised objection over urgency in the passage of the Bill.

**Sd/-**  
**( TAHIR HUSSAIN )**  
Secretary  
Islamabad, the 7<sup>th</sup> August, 2020

**Sd/-**  
**( JAMIL AHMED KHAN )**  
Acting Chairman



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;

**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 in 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 owns or controls a limited liability partnership through direct or indirect rights or controlling interest of such percentage as may be specified, in any form of contribution as provided for in section 18 or the underlying rights to share the profits and losses of the partnership and receive distributions accordingly as laid down in the limited liability partnership agreement, or by exercising effective control in that limited liability partnership through such other means as may be specified.”; 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

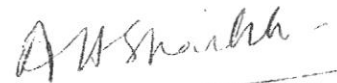
(b) the limited liability partnership, to a fine which may extend to ten million rupees.”.

## **STATEMENT OF OBJECT AND REASONS**

### **THE LIMITED LIABILITY PARTNERSHIP (AMENDMENT) BILL 2020 – FATF RELATED**

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.



**(Dr. Abdul-Hafeez Shaikh)**  
Advisor to PM on Finance & Revenue