

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 50-73.88 of the Code of Virginia, relating to the formation of general*
3 *partnerships.*

4 [H 2209]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 50-73.88 of the Code of Virginia is amended and reenacted as follows:**8 **§ 50-73.88. Formation of partnership.**9 A. Except as otherwise provided in subsection B, the association of two or more persons to carry on
10 as co-owners a business for profit forms a partnership, whether or not the persons intend to form a
11 partnership.12 B. An association formed under a statute other than this chapter, a predecessor statute, or a
13 comparable statute of another jurisdiction is not a partnership under this chapter.

14 C. In determining whether a partnership is formed, the following rules apply:

15 1. Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or
16 part ownership does not by itself establish a partnership, even if the co-owners share profits made by the
17 use of the property.18 2. The sharing of gross returns does not by itself establish a partnership, even if the persons sharing
19 them have a joint or common right or interest in property from which the returns are derived.20 3. A person who receives a share of the profits of a business is presumed to be a partner in the
21 business, unless the profits were received in payment:

22 a. Of a debt by installments or otherwise;

23 b. For services as an independent contractor or of wages or other compensation to an employee;

24 c. Of rent;

25 d. Of an annuity or other retirement benefit to a beneficiary, representative, or designee of a
26 deceased or retired partner;27 e. Of interest or other charge on a loan, even if the amount of payment varies with the profits of the
28 business, including a direct or indirect present or future ownership of the collateral, or rights to income,
29 proceeds, or increase in value derived from the collateral; or

30 f. For the sale of the goodwill of a business or other property by installments or otherwise.

31 *D. Each person to be admitted as a partner to a partnership formed under subsection A may be*
32 *admitted as a partner and may receive a partnership interest in the partnership without making a*
33 *contribution or being obligated to make a contribution to the partnership. Each person to be admitted*
34 *as a partner to a partnership formed under subsection A may be admitted as a partner without*
35 *acquiring a transferable interest in the partnership. Nothing contained in this subsection shall affect a*
36 *partner's liability under § 50-73.96.*

ENROLLED

HB2209ER