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THE LEGAL INSTITUTE OF THE LIMITED PARTNERSHIP: IS ITNEW FOR THE LEGISLATION OF THE REPUBLIC OF UZBEKISTAN?

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ABSTRACT

This research paper carefully analyzes the necessity of introducing a new legal institute as a limited partnership into the legislation of the Republic of Uzbekistan. The aim of this research is to determine whether the limited partnership is a new legal institute for the national legislation, and it should be introduced to solve the current problems related to the investment activity or there are analogues of the limited partnership in the national legislation, and it is sufficient to reform the existing forms of the partnership to meet all the requirements to develop the investment potential of the Republic of Uzbekistan. The research methods are the retrospective method, the analysis and synthesis and the comparative analysis. The research results show that our national legislation consists of the analogues of the limited partnership, reforming of which may be considered sufficient to eliminate the deficiencies related to the investment activities. As a research conclusion it is suggested reforming the kommandit partnership and introducing changes into the Law on business partnerships instead of introducing a new legal institute into the legislation of the Republic of Uzbekistan.

KEYWORDS: *A Limited Partnership, Business Partnerships, A Kommandit Partnership, A Simple Partnership, Decree No.5583, Investment Activity, A Legal Entity.*

INTRODUCTION

The need to enhance the investment potential of the Republic of Uzbekistanreveals a list of issues existing in the national legislation, the solution of which could lead not only to the development of the investment activity in our country but also to the reforming of several spheres of the national legislation.

Nowadays the Republic of Uzbekistan has determined the course of enhancing the level of economic and social development of the country by means of encouraging the attraction of investment capital and enhancing the role of innovations. Having considerably investigated the foreign experience, it should be admittedthat foremost activities that should be carried out to comprise the expansion of existing mechanisms and sources of innovative financing, development of market institutions for the commercialization of innovative products and services, encouragement of private sector participation in the financing of the scientific and technological development, particularly the attraction of a wide range of private national and foreign investors to finance innovative projects and etc.

According to the Decree of the President of the Republic of Uzbekistan “On additional measures on improvement of mechanisms of financing projects in the field of entrepreneurship and innovation” No.5583 of November 24, 2018(https://lex.uz/docs/4076954)(hereinafter referred as Decree), currently, there are several negative factors hindering the effective development of financing mechanisms for promising projects in the field of entrepreneurship and innovation, in

particular:

1) The existing organizational and legal forms of legal entities in the civil legislation of the Republic of Uzbekistan provide for the most complex procedures for conducting joint business. As a result, some investors direct or pool their available funds in a single Deposit based on an oral contract or loan agreement without creating a new legal entity.

2) There is no legal framework and organizational platform to attract actively potential investors, especially foreign ones, who are not going to create business structures and offer their own funds for doing business.

3) In contrast to the developed foreign countries, in the Republic of Uzbekistan doing business is carried out mainly on the terms of concentration of risks, that is, the same persons are engaged in the accumulation of funds and their management. The absence of risk sharing mechanisms and professional managers of investment assets adversely affects the decision-making of foreign investors on the implementation of investment projects in the Republic of Uzbekistan.

4) Excessive regulation of relations between business entities hinders the development of partnerships between them, because of which modern principles of doing business and attracting investment are unreasonably slowly being introduced into practice.

It is significant to admit that the fulfilment of the abovementioned tasks and the realization of priority areas is considerably hard to achieve without the reforming of the mechanism of partnerships. With the aim of introducing the new legal institute, paragraph 2 of clause 7 of the Decree provided the task to draft the Law on Partnerships.Following, the Capital markets development agency of the Republic of Uzbekistan published the Draft law of the Republic of Uzbekistan “On partnerships” on the official website for Discussion of draft laws and regulations of the Republic of Uzbekistan on June 12, 2020(https://regulation.gov.uz/ru/document/18793) (hereinafter referred as Draft law). However, the Draft law has not been adopted yet. To our point of view, one the reason why this Draft law has not been adopted till nowadays is that it contains a number of provisions that need to be amended in accordance with positive foreign experience such as the legal status of a general partner, the legal nature of a limited partnership, the liability issues of the partners, the sphere of the activity should be carried out by a limited partnership, the order of management and general conduct of an activity in a limited partnership and others.

Nevertheless, the deadline for drafting the Law on Partnershipshas been prolonged till January 1, 2023, whichemphasizes the need of reforming the institute of partnerships for the development of the investment potential of our country.

This paper aims at determining the necessity to introduce a new legal institute such as the “partnership” as it is impliedin the Decree considering that it is given a task to draft the Law on Partnerships. The paper also analyzes the types of the partnerships existing in the national legislation with the aim to determine whether it will be sufficient to reform the existing types of partnershipsinstead of introducing a new legal institute to meet the implementation of fundamental tasks indicated in the Decree.

Considering the fact that the task to draft the Law on Partnerships has been given in the Decree tosolve the issues hindering the investment activity in our country, we assume that it is implied to analyze and introduce to our legislation the legal features of the limited partnership, as this form gained a worldwide use among investors all over the world.Therefore, in this paper we will analyze thenecessity to introduce the limited partnership into our national legislation as well as determine whether reforming the legal status of the kommandit partnership or simple partnership may be sufficient to achieve the goals provided in the Decree.

According to Section 102 (11) of the Uniform Limited partnership Act of 2001

(https://www.uniformlaws.org/viewdocument/enactment-kit-67?CommunityKey=d9036976-6c90-4951-ba81-1046c90da035&tab=librarydocuments), a limited partnership is defined as "a partnership formed by two or more persons under the laws of a State and having one or more general partners and one or more limited partners". Section 105 of Uniform Limited partnership Act states that a limited partnership has the powers to do all things necessary or convenient to carry on its activities, including the power to sue, be sued, and defend in its name and to maintain an action against a partner for harm caused to the limited partnership by a breach of the partnership agreement or violation of a duty to the partnership.

As we have studied, the limited partnership is based on the agreementbetween the partners concluded by means of making contributions to the mutual property with the aim to carry out business or investment activity.As Uniform Limited Partnership Act does not provide any restriction for the form of a partnership agreement, it may be deduced that a limited partnership agreement may be also concluded in a written or oral form. According to J. Anthony Vanduzer, a limited partnership agreement is a variety of partnership agreements, which in the first place determines the limited liability of limited partners and subsidiary responsibility of the general partner. The author points out that a limited partnership agreement by its legal nature determines the order and terms of establishment and dissolution of a limited partnership, the order of the management and conduct of affairs by the partners as well as the rights and obligations of the partners. Consequently, the author supposes that it may be compared with a Charter of limited liability companyor a joint stock company. The author states that a limited partnership agreement contains the gist of a limited partnership, as actually the whole activity of a limited partnership is based on the terms of the limited partnership agreement [1, p.68].

Dave De ruysscher notices that during the evolution of the institute of limited partnerships, they have become one of the most used business instruments by entrepreneurs. It is a striking fact that during the Industrial Revolution and in the first decades of the nineteenth century, in many European countries and the United States, general and ordinary partnerships were regularly chosen as vehicles for business ventures. They were often more popular than limited companies and corporations [2, p.247].Moreover, the author Lin Lin notices that in China, the limited partnership has been the most popular business vehicle among private equity funds since the Partnership Enterprise Law of the People's Republic of China (PEL) adopted it in 2007 [3, p.186]. Agreeing with the authors' point of view, we may assume that the limited partnership is an institute widely used for the investment purposes where limited partners and\or general partners make their contributions, and the general partner carries out investment activity on behalf of all the limited partners representing the limited partnership in business relationships.

Here it must also be taken into consideration that even though the limited partnership is not formed as a legal entity, it must be registered according to the State Statute and the procedure of dissolution tends to be close to the process of dissolution of legal entities, which is also one more special attribute, characterizing this form of doing business. Moreover, even though it is not a legal entity, a limited partnership is authorized to sue, be sued, and defend its interests in its name, which is peculiar to legal entities. Therefore, it can be determined that even though a limited partnership does not have a separate legal personality, it can act in judicial and other governmental bodies in its name, which is also to my point of view one more specific feature of the limited partnership.

So, we studied that the limited partnership is not a legal entity and establishedbased on the partnership agreement concluded between the general partners and limited partners which determines general rules of conducting the activity of the limited partnership. We found out that there are two categories of partners in the limited partnership as it is mentioned above.According to Section 102 of Uniform Limited Partnership Act, persons who form a limited partnership mean

an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government; governmental subdivision, agency, or instrumentality; public corporation, or any other legal or commercial entity. This Section also defines "Partner", which means a limited partner or general partner. Here we can deduct that there are no restrictions regarding who can be a partner of the limited partnership, which means that individuals without any financial knowledge or commercial background,provided they have some savings and intention to make an investment, can join the limited partnership agreement. However, based on our experience gained during the internship in Germany and interviews with the local lawyers, we can say that in most cases legal entities rather than physical entities become the general partner in the limited partnership. We assume that such a practice is justified because according to Section 402 of Uniform Limited Partnership Act, each general partner is an agent of the limited partnership for the purposes of its activities. An act of a general partner, including the signing of a record in the partnership's name, for apparently carrying on in the ordinary course the limited partnership's activities or activities of the kind carried on by the limited partnership binds the limited partnership.As Charles Wild notices in his work, general partners manage the day-to-day operations of the business. They act as the core management team for the business and obligated to keep the limited partners informed about the condition and performance of the business. They can incur debt or obligations on behalf of the partnership [4, p.243-269]. As an agent of the limited partnership, the general partner accumulated all the contributions and conduct the investment activity as well as distributes the profits to the limited partners and fulfill the tax obligations on behalf of the limited partners and the limited partnership (if any), all of which requires the general partner to have a separate bank account and a well-qualified accounting and investment team.In comparison with this, according to Section 302 of Uniform Limited Partnership Act, a limited partner does not have the right or the power as a limited partner to act for or bind the limited partnership.

So, we found out that any person can be a partner of the limited partnership and the role of the partner's differsto the extent of the scope of the authorities each partner has in the limited partnership. Provided the legal status of the general partners differs from the one of limited partners, we assume that they should also own different positions in the management of the partnership and distribution of the liabilities. According to Section 406 of Uniform Limited Partnership Act, all management issues and conduct of general affairs of the partnership are governed by general partners.According to Section 302 of Uniform Limited Partnership Act, limited partners have barely no management rights and fiduciary duties. However, Section 406 defines that the consent of each partner is necessary to: amend the partnership agreement; amend the certificate of limited partnership to add or delete a statement that the limited partnership is a limited liability limited partnership; and sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited partnership's property, with or without the good will, other than in the usual and regular course of the limited partnership's activities.As per the liability issues, according to Limited Partnership Act of 1907, it can be stated the general partners have unlimited liability, while limited partners have limited liability. It means that, as it is stated in Article 4 of this Act; general partners are liable for all debts and obligations of the partnerships, while limited partners are liable for the debts or obligations of the partnership to the extent of the amount contributed to the partnership while entering as a partner.

Moreover, it should be also mentioned that a limited partnership is not taxable in its own right and in case of distribution of profits, profits are taxed at partners' personal income tax rates provided they are individuals, and corporate tax rate provided all the partners are legal entities [5].As we have studied, the general partner acting as an agent of the limited partnership does not withhold the tax upon distribution of the profits to the limited partners in accordance with the amounts of their contributions andfollowing the limited partners upon receiving their profits should

independently fulfill their tax obligations. We assume that this is one of the beneficial features of the limited partnership, because in comparison with it, the limited liability companies are taxable entities themselves, and they also withhold the tax upon the distribution of profits to their shareholders.

Having studied the legal status of the limited partnership, we can deduct that:

- It is not a legal entity;
- It is established based on the agreement between the partners;
- There are two categories of partners: general and limited partners;
- Any person can be a partner;
- In most cases legal entities act as general partners;
- Doing business or investment activity of the limited partnership is conducted by means of joining efforts and assets of general and limited partners;
- General partners act as an agent of the limited partnership and conduct all the management issues of the limited partnership;
- Limited partners do not participate in the management and conduct of business of the limited partnershipexcept the cases provided in the legislation;
- General partners have unlimited liability, while the liability of the limited partners is limited to the extent of the amounts of the contributions they made to the joint property of the limited partnership.
- It is not a taxable entity, and the partners are taxable on their share of the partnership's profits and gains.

There is also one legal institute namely “kommandit partnership”, which is also used as mechanism of joining efforts by the partners to carry out the entrepreneurial activity. This institute in distinction from the limited partnership iscommon to mainly continental law countriessuch as Germany, France, the Russian Federation, and the Republic of Uzbekistan.

According to Sukhanov E.A., a kommandit partnership for collective investment (KommanditgesellschaftfürkollektiveKapitalanlagen, KkK) formally corresponds to the traditional model of a limited partnership. The difference is that such a limited company is created exclusively for collective investment and has a special subject composition: only joint-stock companies can become its complementaries (full partners) (whereas, as a general rule, only individuals can be unlimited participants in the Swiss limited company), and only “qualified” (large) investors-pension and insurance funds and similar organizations – can become depositors (limited partners), and the law provides for special rules for admission to and exit from such a kommandit partnership. For such an investment kommandit partnership, along with the charter, a written foundation agreement (Gesellschaftsvertrag) is required, which specifies information about the contributions of participants who make up the “risk capital”, as well as specific areas and restrictions on their use, which are then specified in a mandatory prospectus. All this significantly distinguishes the kommandit partnership of collective investment from the ordinary kommandit partnership, turning it into a new organizational and legal form of corporations - a kind of analog of the British-American limited partnership [6, p.107].Studying the author’s point of view,it can be considered that a kommandit partnership in its original form with its original purpose of the creation does not reflect fully the nature of a limited partnership common to the legislation of the United Kingdom or the USA. The characteristics as a “collective investment activity”, “a requirement to conclude a partnership agreement” and specific requirements for the legal status of the partners have turned an initial kommandit partnership into the analog of a limited partnership. However, it may lead to significant misunderstanding if we state that a kommandit partnership has become a full analogue of a limited partnership.

According to Article 61 of the Civil Code of the Republic of Uzbekistan

(https://lex.uz/docs/111181),a kommandit partnership is established as a legal entity by the agreement of the parties, some of whom (full partners) are directly engaged in the entrepreneurial activity of the partnership, while the other partners (depositors or kommandit partners) do not participate in the daily activity of the partnership. Here we can see that the legislator indicates the kommandit partnership as a legal entity, which means that the general rules of the establishment, amendments and the liquidation of the legal entities apply to the kommandit partnership. We can conclude that the requirement for the kommandit partnerships to be established in the form of a legal entity may be considered as the first difference from the limited partnerships mentioned previously in this research paper.

However, it should not be understood that all the kommandit partnerships provided in the other legislations are established in the form of a legal entity. For example, swisskommandit partnerships are not recognized as legal entities, but are subject to registration in the commercial register, since the law traditionally assumes that they are created exclusively by individuals for the joint implementation of business activities under a common firm [7, p.32].In French corporate doctrine, kommandit partnerships are sometimes called “hybrid societies” (sociétés hybrids), and in Italian law, they are recognized as having "the ability to bear their legal capacity", although they are not ordinary legal entities [8, p.61-62].Here we can see that even though the swiss partnerships are named as “kommandit partnerships”, the criteria of not being established as a legal entity but at the same time the necessity to be registered in the state register of business entities makes swisskommanditpartnerships similar to the limited partnerships which we studied previously in this research paper.

Moreover, we can see that Uzbek legislator determines that there should be an agreement between the partners for the establishment of the kommandit partnership, which should be executed by way of concluding a founding agreement which is considered as a founding document of the kommandit partnership as it is indicated in Article 4 of Law of the Republic of Uzbekistan №380-II of 2001 “On business partnerships” (https://lex.uz/docs/2457) (hereinafter referred as “Law on business partnerships”).Here we can see that both kommandit partnerships and limited partnerships are established by way of a concluding the agreement among the partners and although this agreement is named as a limited partnership agreement in a limited partnership and as a founding agreement in a kommandit partnership, both agreements constitute the founding document of the partnerships accordingly. It means that this agreement consists of the general rules regulating the relationship between the partners, the order of conduct of business and the management issues of the partnership, the order of making contributions and distribution of profits among the partners and other issues related to the formation and carrying out the activity of the partnership. So, we can conclude that this can be considered as a common feature uniting the kommandit partnership and the limited partnership.

Moreover, Articles 61 of Civil Code and 28 of Law on business partnerships determine the legal status of the partners, according to which there are two categories of partners in the kommandit partnership as it is the case in the limited partnership as well. The first category is called full partners.According to Article 5 of Law on business partnerships, only individual entrepreneurs and commercial legal entities can act as full partners in a kommandit partnership, which means that the persons who act as full partners should be directly engaged in the entrepreneurial activity, while in the limited partnership there is no such a requirement for general partners. The second category of the partners is calledkommandit partners. The legislator does not provide any requirements for persons to be a kommandit partner in the kommandit partnership. So, as in the limited partners any person can be a limited partner, in the kommandit partnership any person can be a kommandit partner. Here we can see that the legal status of the partners in a kommandit partnership has two features in common with the legal status of partners in a limited partnership. The first is that both partnerships have two categories of partners: general and limited partners in a limited partnership

andfull and kommandit partners in a kommandit partnership. The second is that any person can be both a limited partner in the limited partnership and a kommandit partner in the kommandit partnership. However, as we have studied there is one characteristic of the legal status of partners in a kommandit partnership differing from the legal status of the partners in a limited partnership. This is that only individual entrepreneurs and commercial legal entities can act as full partners in a kommandit partnership, while any person can be a general partner in the limited partnership. Notwithstanding this difference, we have to notice that,as we have already studied, in most cases corporations act as general partners of the limited partnership, which proves to some extent the reasonableness of the requirement indicated in our national legislation for the full partners.

According to Article 29 of the Law on business partnerships, the management over the kommandit partnership and conduct of day-to-day business activity is carried out solely by its full partners, and kommandit partners are not entitled to be involved neither in management issues nor in conduct of business activity. Furthermore, Article 19 of the Law on business partnerships determines that full partners are entitled to act on behalf of the partnership, while kommandit partners cannot take part in conduct of affairs.Here we can see the common feature with the limited partnership, because in both a limited and a kommandit partnership, only the general and the full partners can represent the partnership in business relationship with third parties and are entitled to carry out the control over the management issues as well as conduct the daily business activities. As this Article determines, the kommandit partners in the same manner as the limited partners can act on behalf of the partnership through a power of attorney. However, in comparison with limited partners who have the voting power on several issues as mentioned previously in this research paper, the kommandit partnersare not involved in the management issues of the kommandit partnerships at all and cannot question the activity of full partners related to the management and conduct of business affairs.

As it is stated in Article 28 of the Law on business partnerships, full partners are responsible for the obligations of the kommandit partnership, while kommandit partners bear the risk of losses related to the activities of the partnership within the limits of the amounts of their contributions. This is another feature a kommandit partnership has in common with a limited partnership, because as we have studied both full partners in a kommandit partnership and general partners in a limited partnership bear unlimited liability for the obligations of the limited partnership as well as both kommandit partners in a kommandit partnership and limited partners in a limited partnership answer for the losses of the partnership only to the extent of made contributions.

As for the taxation of the kommandit partnership, it should be mentioned that even though the kommandit partnership is a legal entity, the mechanism of avoiding double taxationsimilar to “pass-through taxation” which is applied in terms of the limited partnership is alsoapplied to the kommandit partnership. According tothe Tax Code of the Republic of Uzbekistan, legal entities are taxable on their income, which means that legal entities pay VAT, corporate tax including tax on dividends. According to Article 345 of the Tax Code,the legal entities being tax agents should withhold tax on dividends while paying the dividends to their shareholders\members. However, according to paragraph 3 of this Article, the amount of tax on dividends due to be withheld by the legal entities should exclude the amount of tax paid by these legal entities upon receipt of dividends from the legal entities where these legal entities act as shareholders. So, here we can see that dividends received by the legal entity and distributed to its shareholders are taxable only once. However, in comparison with the limited partnership, which is not taxable at source, the kommandit partnership is taxable for the purposes of paying taxes such as VAT (if applicable) and corporate tax.

Having studied the legal status of the kommandit partnership, we can deduct that:

- It is a legal entity;

- It is established in accordance with the legal procedures provided in the legislation for the registration of legal entities;
- The founding agreement is a founding document of the partnership;
- There are two categories of partners: full and kommandit partners;
- Any person can be a kommanditpartner, but only individual entrepreneurs or commercial entities can be a full partner;
- A full partner can only be a full partner in one kommandit partnership;
- Full partners act as an agent of the kommandit partnership and conduct all the management issues of the kommandit partnership;
- Kommandit partners do not participate in the management and conduct of business of the kommanditpartnership except the cases provided in the legislation;
- Full partners have unlimited liability, while the liability of the kommanditpartners is limited to the extent of the amounts of the contributions they made to the common property of the kommandit partnership.
- It is a taxable entity.

A part from the types of business entities aimed at carrying out joint entrepreneurial activities mentioned above in this research paper, there is also one type of partnership common to the legislation of the Republic of Uzbekistan or the Russian Federation, which is named as a simple partnership. Article 962 of Civil Code provides the legal nature of simple partnership, which is, in comparison with the kommandit partnership and like a limited partnership, not legal entity and established by means of concluding an agreement between partners.

Moreover, it should be mentioned that the simple partnership is established based on the agreement among partners as it is the case in both the kommandit partnership and the limited partnership. As for the legal status of the partners of the simple partnership, Article 962 of Civil Code of the Republic of Uzbekistan provides that only individual entrepreneurs and (or) commercial organizations can be parties to the agreement of a simple partnership concluded for the implementation of entrepreneurial activity. Here we can see that in comparison with the kommandit and limited partnerships, partners of the simple partnership are not divided into the categories and all partners should be directly engaged in the entrepreneurial activity.

Furthermore, Article 966 of Civil Code states that each partner, regardless of whether he is authorized to conduct general affairs of partners, has the right to getacquainted with all the documentation on the conduct of affairs. Article 965 of Civil Code of the Republic of Uzbekistan states that the conduct of common affairs of the partners of the simple partnership agreement shall be carried out in the manner prescribed by the agreement. While carrying out the conduct of general affairs, each partner has the right to act on behalf of all partners, if the simple partnership agreement does not establish that the conduct of affairs is carried out by individual partners or jointly by all partners. In relations with third parties, the authority of a partner to make transactions on behalf of the partnership is certified by a power of attorney issued to him by the other partners or is evident from the simple partnership agreement. Decisions concerning common affairs shall be made by partners by common consent, unless otherwise provided by the simple partnership agreement. Here we can see that likewise in the kommandit or limited partnership, in the simple partnership there are some of the partners authorized to act on behalf of the partnership; however, all the partnersare entitled to receive information about the conduct of business of the simple partnership. It should be also notedthat in comparison with the kommandit and limited partnerships, in the simple partnership all the partners are entitled to act on behalf of the partnership, which means that the authorities of all partners in the management issues are equal.

Moreover, Article 967 of Civil Code states that, the procedure for covering expenses and losses in the simple partnership related to the joint activities of the partners is determined by their

agreement. In the absence of such an agreement, each partner shall bear costs and losses in proportion to the value of his contribution to the common property of the partnership. The partners are jointly and severally liable for the common obligations not arising from the simple partnership agreement. If the simple partnership agreement is related to the implementation of the entrepreneurial activity by the partners, the partners are jointly and severally liable for all common obligations, regardless of the grounds of their occurrence. Here we can see that in comparison with the kommandit and limited partnerships,all partners of the simple partnership bear costs and losses of the partnership to the extent of contributions made to the common property of the partnership or bear unlimited liability for the losses as it is set forth in the Article 967 of Civil Code.

As for the taxation of the simple partnership, it should be noted that like a kommandit partnership, the simple partnership is a taxable on its incomeand all tax obligations are fulfilled by the partner authorized to act on behalf of the simple partnership, who acts as a tax agent. The mechanism of avoiding double taxation upon distribution of dividends applied to the kommandit partnershipis applied to the simple partnership as well.

Having studied the legal status of the simple partnership, we can deduct that:

- It is not a legal entity;
- It is established based on the agreement among the partners;
- The legal status of all partners is equal;
- Only individual entrepreneurs or commercial entities can be a partner of a simple partnership;
- All partners can act on behalf of the simple partnership except for the cases when it is provided in the simple partnership agreement that one or some of the partners are authorized to act on behalf of the partnership;
- All partners bear costs and losses of the partnership to the extent of contributions made to the common property of the partnership or bear unlimited liability for the losses.
- It is a taxable entity.

Having thoroughly analyzed the legal status of the limited partnership in accordance with the UK or the USA legislation as well as the kommandit partnership and the simple partnership in accordance with the legislation of the Republic of Uzbekistan, we can conclude that both kommandit partnership and simple partnership already bear the some of the specific features of the limited partnership.However, as author Kholmirzaev U. notes,due to the peculiarities of regulation of legal entities and taxation,the rules of the establishment of business partnerships of the Republic of Uzbekistan do not allow business entities to effectively combine labor and capital, as well as to develop investment mechanisms, especially collective investment mechanisms[9, p.74]. It is important to agree with the author and note that even though the kommandit partnerships bear the features common to the limited partnership, due to some disadvantages of the kommandit partnership, it is not beneficial for investment purposes. Such disadvantages of the kommandit partnership include the following: theprocedures for the registration, carrying out the business activity and liquidation of the legal entities which can be timely and costly; the requirement for the full partners to be engaged in the entrepreneurial activity, which is also not beneficial for the persons intending to act on behalf of the partnership;the full partner can only be a full partner in one kommandit partnership, which limits the persons to act on behalf several partnerships; the taxation rules for the legal entities, which can be also costly for the investors.

Based on the analysis provided in this research paper, we can conclude that kommandit partnerships rather than simple partnerships can be considered as an analogue for the limited partnership. Therefore, we suggest reforming the legal status of kommandit partnership rather than introducing a new legal institute into the national legislation as it was provided in the Decree. Particularly, we suggest the following:

- To cancel the requirement for a kommandit partnership related to the mandatory rule of being established as a legal entity;
- To introduce appropriate amendments to the Tax Code related to the taxation of profits of kommandit partnershipparticularly to exclude the requirement for the kommandit partnership to be taxed on its income and introduce the rule according to which the income will only be taxed upon being received by the partners;
- In order to expand the role ofkommandit partnerships in the regulation of venture and investment activities, to exclude the requirement that a person can be a full partner in only one kommandit partnership;
- To reform the Law business partnerships, considering its compliance with modern trends in regulating the activities of limited partnerships under UK and US legislation and the implementation of tasks provided in the Decree.

In conclusion it should be noted that taking into account the above suggestions will undoubtedly lead to the elimination of a significant number of existing problems related to the low level of attracting foreign investment, the development of venture and other investment projects, as well as conducting entrepreneurial activity in accordance with modern business requirements.

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