

PROVIDE, PROFITS AND LOSSES SHALL BE ALLOCATED ON THE BASIS OF THE VALUE, AS STATED IN THE CERTIFICATE, OF THE CONTRIBUTIONS OF EACH PARTNER.

COMMENT

This section is new. The prior uniform law did not provide for the basis on which partners share profits and losses in the absence of agreement, except that § 10-113 of the previous Limited Partnership Act provided for all limited partners to "stand upon equal footing" in the absence of such agreement. It should be noted that the second sentence of § 10-503 still does not solve the problem that may arise if a portion of contributions was in the form of past services and no stated value was placed on the past services in the certificate.

10-504. SHARING OF DISTRIBUTIONS.

DISTRIBUTIONS OF CASH OR OTHER ASSETS OF A LIMITED PARTNERSHIP SHALL BE ALLOCATED AMONG THE PARTNERS, AND AMONG CLASSES OF PARTNERS, IN THE MANNER PROVIDED IN THE PARTNERSHIP AGREEMENT. UNLESS OTHERWISE PROVIDED IN THE PARTNERSHIP AGREEMENT, DISTRIBUTIONS SHALL BE MADE ON THE BASIS OF THE SHARING OF PROFITS AND LOSSES.

COMMENT

This section is new. The prior uniform law did not provide for the basis on which partners share in distributions in the absence of agreement, except that § 10-113 of the previous Limited Partnership Act provided for all limited partners to "stand upon equal footing" in the absence of such agreement. This section also recognizes that partners may choose to share in distributions on a different basis than they share in profits and losses, but it should be noted that such a differentiation may not have efficacy for income tax purposes under certain circumstances.

SUBTITLE 6. DISTRIBUTIONS AND WITHDRAWAL

10-601. INTERIM DISTRIBUTIONS.

EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE:

(1) TO THE EXTENT SET FORTH IN THE PARTNERSHIP AGREEMENT, A PARTNER IS ENTITLED TO RECEIVE DISTRIBUTIONS FROM A LIMITED PARTNERSHIP BEFORE HIS WITHDRAWAL AND BEFORE THE DISSOLUTION AND WINDING UP OF THE LIMITED PARTNERSHIP; AND

(2) TO THE EXTENT SET FORTH IN THE CERTIFICATE, A PARTNER IS ENTITLED TO RECEIVE DISTRIBUTIONS WHICH CONSTITUTE A RETURN OF ANY PART OF THAT PARTNER'S CONTRIBUTION BEFORE HIS WITHDRAWAL AND BEFORE THE WINDING UP OF THE LIMITED PARTNERSHIP.