

LIMITED LIABILITY PARTNERSHIP

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INTRODUCTION

- A limited liability partnership (LLP) is a partnership in which some or all partners (depending on the jurisdiction) have limited liability. It, therefore, can exhibit elements of partnership and corporate.
- According to Section 3 of the Limited Liability Partnership Act, 2008, an LLP is a body corporate formed and incorporate under the act. It is a legal entity separate from its partners.

DEFINITIONS UNDER THE ACT

- Body Corporate. [section 2(1)(d)]
- Business . [section 2(1)(e)]
- Financial Year. [section 2(1)(i)]
- Limited Liability Partnership. [section 2(1)(n)]
- Limited Liability Partnership Agreement. [section 2(1)(o)]
- Partnership. [section 2(1)(q)]

FEATURES OR NATURE OF LLP.

- A Body Corporate.
- Perpetual Succession.
- Separate Legal Entity.
- Mutual Agency.
- Artificial Legal Person.

FEATURES OR NATURE OF LLP.

- Limited Liability.
- Minimum and Maximum Number of Partners.
- Designated Partners.
- Business for Profit Only.
- Unlimited Liability in Certain Cases.

BENEFITS OF LLP

- No requirement of minimum contribution.
- No limit on owners of business.
- Registration cost.
- No requirement of compulsory Audit.
- Taxation aspect on LLP.

BENEFITS OF LLP

- Dividend Distribution Tax not applicable.
- Limited Liability.
- Flexibility.
- Corporate ownership.
- Designate and non-designate members.
- Protecting the partnership name.

DISADVANTAGES OF LLP

- Higher Penalty for Non- Compliance.
- Inability to have Equity Investment.
- Higher Income Tax rate.

FORMATION AND INCORPORATION

- Acquire DPIN and obtain DSC.
- Submit DPIN and DSC.
- Check Name Availability.
- File other documents to ROC electronically.
- File required forms with LLP agreement to ROC.

FORMATION AND INCORPORATION

- After name approval draft LLP agreement.
- Scrutiny by the ROC for formation of LLP.
- If satisfied, ROC issues certificate of Registration.
- After getting certificate of registration, LLP starts functioning.

Requirements for Formation

- Partners
- Capital contribution
- Designated partners
- Designated partners identification number (DPIN)

Requirements for Formation

- Digital signature certificate
- LLP name
- LLP agreement
- Registered office

FORMS TO BE SUBMITTED

FORM NAME	FORM PURPOSE
RUN-LLP(Reserve unique name)	Reserving a name for the LLP
Fillip	Incorporation of LLP
Form 5	Notice for change of name
Form 17	Application & statement for the conversion of a firm into LLP
Form 18	Application & statement for the conversion of a private company/unlisted public company into LLP

Steps to incorporate LLP

- Obtain DCS
- Apply for DIN
- Name approval
- Filing incorporation form
- File LLP agreement
- Certificate of incorporation

Registration fee

- It depends upon the contribution of the partners

Contribution	Registration fee
Upto 1 lakh	Rs 500
1 lakh to 5 lakh	Rs 2000
5 lakh to 10 lakh	Rs 4000
More than 10 lakh	Rs 5000

PROVISIONS RELATING TO PARTNERS

- Minimum no. of partners.
- Membership of LLP.
- Contribution of Partners.
- Relationship of Partners.

PROVISIONS RELATING TO PARTNERS

- Cessation of partnership interest.
- Registration of changes in partners.
- Liability of LLP and Partners

Liability of partners

- Partners as agents
- Liability for ultra-vire acts
- No liability for LLP's obligations
- Liability for wrongful acts
- Liability for holding out

Liability of partners

- No liability after death
- Unlimited liability in case of fraud
- Liability for compensation
- Criminal liability

LLP AGREEMENT

- Business of LLP.
- Governing Body.
- Capital contribution by partners.
- Profit/losses sharing ratio.
- Drawing and expenses.
- Indemnities.

LLP AGREEMENT

- Duties of partners.
- Rights and liabilities of partners.
- LLP Banks.
- Accounts.
- Termination.
- Dispute resolution.

LLP AGREEMENT

- Dissolution.
- Expulsion.
- Insurance.
- Holidays.
- Confidentiality.

THANK YOU