Limited Liability Partnership – Overview

What is LLP – Background

Limited Liability Partnership entities, the world wide recognized form of business organization has now been introduced in India by way of Limited Liability Partnership Act, 2008. A Limited Liability Partnership, popularly known as LLP combines the advantages of both the Company and Partnership into a single form of organization. In LLP one partner is not responsible or liable for another partner’s misconduct or negligence; this is an important difference from that of an unlimited partnership. In LLP, all partners have a form of limited liability for each individual's protection within the partnership, similar to that of the shareholders of a corporation. However, unlike corporate shareholders, the partners have the right to manage the business directly. LLP also limits the personal liability of a partner for the errors, omissions, incompetence, or negligence of the LLP’s employees or other agents.

The LLP structure is available in countries like United Kingdom, United States of America, Australia, Singapore etc., Our Indian LLP Act is broadly based on UK LLP Act, 2000 and Singapore LLP Act 2005.

The Committee on Regulation of Private Companies and Partnerships headed by Shri Naresh Chandra (2003) and The Committee on New Company Law (Dr. J. J. Irani Committee (2005)) constituted by Ministry of Corporate Affairs have strongly recommended to have legislation on LLPs in India.

In this Article an attempt has been made to give overview of the LLP system covering incorporation, role of partners vs LLP, challenges before the government to make LLPs popular in India, issues connected with income tax, stamp duty and foreign direct investment etc.,

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http://www.rna-cs.com
Advantages of LLP

- Renowned and accepted form of business worldwide in comparison to Company.
- Low cost of Formation.
- Easy to establish, manage & run.
- No requirement of any minimum capital contribution.
- No restrictions as to maximum number of partners.
- LLP & its partners are distinct from each other.
- Partners are not liable for acts of other partners.
- Lesser compliance requirements.
- No exposure to personal assets of the partners except in case of fraud.
- Less Government Intervention.
- Easy to dissolve or wind-up.
- Professionals can form Multi-disciplinary Professional LLP, which was not allowed earlier.
- Audit requirement only in case of contributions exceeding Rs. 25 lakh or turnover exceeding Rs. 40 lakh.

Disadvantages

- LLP can not be formed for non profit objectives / purposes.
- Cannot raise money from Public.
- One of the designated partners must be resident in India.
- Though the LLP provides for two partners, if it has to be converted into a company under Part IX of the Companies Act 1956, there has to be seven partners.

Nature of LLP

- LLP is a body corporate having a legal entity separate from its partners and shall have perpetual succession.
- Any change in the partners of a LLP shall not affect the existence, rights or liabilities of the LLP.
• LLP can be formed to carry on a lawful business, which has been defined to include any trade, business or profession.
• LLP can sue, be sued, acquire, own, hold, develop or dispose of property, possess a common seal and do such acts as bodies corporate may lawfully do.
• The liabilities of a LLP would be met out of the property of the LLP.

Partners

• An individual capable of becoming a partner or a body corporate can become a partner in a LLP.
• A body corporate has been defined to include a LLP registered under this Act or a foreign LLP or a company (Indian or foreign) excluding a corporation sole and a cooperative society. Thus a foreign LLP or a foreign company can also be a partner in a LLP incorporated in India.
• There should be minimum two partners in a LLP. Although, the Act is silent on the maximum number of partners in an LLP, there appears to be no restriction on the same unlike in the case of traditional partnership firms and private limited companies.
• There must be two ‘designated partners’ who are individuals and at least one of them should be a resident in India. If a body corporate is partner of an LLP, it can nominate an individual as designated partner.
• Every designated partner needs to obtain Designated Partner Identification Number (DPIN) from the Central Government. The designated partner is responsible for all compliances as required under the LLP Act and is liable to penalty for contravention of those provisions.

Incorporation and Name of LLP

• Two or more persons are required to file incorporation documents for incorporating a LLP with the Registrar of Companies (ROC) in the State in which the registered office of the LLP is situated.
• The name of a LLP needs to be approved and should not be similar to the name of any other existing entity and must end with the words ‘Limited Liability Partnership’ or ‘LLP’.
• A person may apply to the ROC for reservation of name for proposed LLP or for proposed change in name of an existing LLP. If the ROC is satisfied, then subject to certain conditions, the name may be reserved for 3 months.
• The ROC would register the incorporation document and issue a certificate of incorporation within fourteen days on completion of all formalities specified under the Act.
• After incorporation, every LLP shall ensure that its name, address of its registered office, registration number and a statement that it is registered with limited liability is mentioned on all its invoices, official correspondence and publications.

The detailed procedure for incorporation of LLP is given in Annexure I (extract from http://www.llp.gov.in).

Partners and their relations

The mutual rights and duties of partners’ inter se and mutual rights and duties of LLP and its partners would be governed by the LLP agreement.

In absence of the LLP agreement, mutual rights and duties of partners would be governed by the provisions set out in Schedule I to the LLP Act, some of which are mentioned below:

• All partners of a LLP would be entitled to share equally in the capital, profits and losses of the LLP.
• No partner would be entitled to remuneration for acting in the business or management of the LLP.
• Every partner may take part in the management of the LLP. No person may be introduced as a partner without the consent of all the existing partners.
• Any matter relating to LLP shall be decided by a resolution passed by majority of partners and each partner shall have one vote for this purpose. However, no change can be made in the business of the LLP without consent of all the partners.
• Every LLP shall ensure that decisions taken by it are recorded in the minutes within thirty days of taking such decisions and are kept and maintained at the registered office of the LLP.
• The LLP agreement along with any changes made therein shall be filed with the ROC.
A person may cease to be a partner of an LLP in accordance with an agreement with the other partners or in the absence of agreement, by giving a notice of not less than thirty days to the other partners. A person may also cease to be a partner of an LLP by his death or dissolution of the LLP.

A partner of an LLP would be entitled to amount equal to his capital contribution along with his share in accumulated profits of the LLP on cessation of his partnership.

The cessation of a partner from the LLP does not by itself discharge the partner from any obligation to the LLP or to the other partners or to any other person which he incurred while being a partner.

An LLP being an independent legal entity separate from its partner, it can also have business transactions with its partners.

Contributions by Partners

- A contribution of a partner may be in the form of money, tangible or intangible property or by contracts for services performed or to be performed.
- The obligation of a partner to contribute money or property for a LLP shall be as per the LLP agreement.
- In the absence of any provision to contrary in the LLP Agreement, all partners are entitled to share equally in capital, profits and losses of LLP.

Books of Account, Other Records and Audit

- Financial Year shall be from 1st day of April to the 31st day of March of the following year.
- Each LLP is required to maintain books of account at its registered office for the financial year. An LLP would be required to maintain such books of accounts as may be prescribed, either on cash basis or accrual basis of accounting. LLP is also required to prepare a statement of account and solvency signed by designated partners which shall be filed with the ROC every year.
- Every LLP shall be required to file an annual return signed by designated partners with the ROC within 60 days of closure of its financial year.
- Every LLP shall be required to get its accounts audited as per the prescribed rules.
- The statement of accounts and solvency and annual return filed by each LLP shall be available for inspection with the ROC.
Assignment and Transfer of Partnership Rights

- The rights of a partner to a share of the profits and losses of the LLP and to receive distributions in accordance with the LLP agreement are transferable either wholly or in part.
- The transfer of any rights by any partner would not by itself cause the disassociation of the partner or a dissolution and winding of an LLP.
- The transfer of rights would not entitle the transferee or assignee to participate in the management or conduct of the activities of the LLP or access information concerning the transactions of the LLP.

Compromise, Arrangement or Reconstruction of LLP

The LLP Act provides for detailed provisions for allowing compromise or arrangement including mergers and amalgamations, winding up and dissolution of LLP. These should be agreed by majority of members and creditors of LLP representing three-fourths in value and confirmed by the National Company Law Tribunal (NCLT).

Winding Up and Dissolution of LLP

- The winding up of LLP may be either voluntary or by the NCLT under certain circumstances. The NCLT can order for the winding up of the LLP on the grounds of inability of the LLP to pay its debts, or default in filing the statement of account or solvency or annual return with the ROC for five consecutive financial years or any other ground which is just and equitable in the opinion of the NCLT.
- The Central Government will make rules for provisions relating to winding up and dissolution of LLP

Drafting of LLP Agreement

LLP Agreement means any written agreement between the partners of the limited liability partnership or between the limited liability partnership and its partners which determines the mutual rights and duties of the partners and their rights and duties in relation to that limited liability partnership.
It is not necessary to enter into an LLP Agreement as per the LLP Act 2008. In the absence of LLP Agreement, the mutual rights of Partners and in relation to LLP will be determined as per Schedule I of the LLP Act 2008.

Features of Standard clauses of Schedule I

- All partners entitled to share equally in the Capital / Profits/losses.
- Indemnity Clause
- Every Partner shall take part in management
- No partner shall be entitled to remuneration.
- No partner introduced without consent of all partners.
- All decisions with majority of partners consent
- Minutes of decisions to be recorded within 30 days
- Rendering of true accounts & information by all partners
- All Disputes will be referred to Arbitration Act

Generally, every business and owners have their own way to manage and run the Business and therefore the standard clauses given in first schedule to LLP Act will not be practically acceptable in majority of the cases. Therefore to be on the secure side, it is always advisable to have a legally drafted agreement from qualified professionals.

Features can be inserted in agreement are:

- Form & Manner of Contribution between parties
- Profit & loss sharing ratio
- Business to be carried on
- Rights & Liabilities of Partner
- Admission & cessation of partners.
- Duties of partners
- Partners accountable/authorized for banking process.
- Specific decisions like Investment, taking/giving loan, disposition of property of LLP etc to be made by majority partners.
- Requirement of disclosure of substantial interest of Partner in transactions to be entered by the LLP.
- Manner of dispute resolution
In case of joint ventures & collaborations, it is always recommended to have clearly drafted LLP Agreement, which defines the rights & duties of all the parties to the Agreement, in order to avoid any dispute in future and smooth running of the business.

The LLP Agreement if executed is required to be registered with the Registrar of Companies. However if LLP agreement is executed before registration of LLP, the partners will have to ratify this agreement after incorporation of LLP and file with the Registrar of Companies. LLP Agreement shall also be liable for stamp duty as per the Stamp Duty laws prescribed by the related State Government, where the said agreement will be executed.

The LLP Agreement once entered into can be amended as per the terms and conditions mentioned in the Agreement and any change therein, must be intimated to the Registrar of Companies within 30 days of the change.

Conversion of Existing Firms into LLP

- A firm may apply to ROC in the prescribed form along with the prescribed documents for converting itself into an LLP provided all the partners of the firm become partners of the LLP.
- On registration of the LLP, all assets and liabilities of the firm shall be transferred to and vest in the LLP, and the firm shall be dissolved and if earlier registered under the Indian Partnership Act, 1932, removed from the records maintained under the said Act.
- The LLP shall ensure that for a period of twelve months commencing not later than fourteen days after the date of registration, every official correspondence of the LLP bears a statement that it was, from the date of registration converted from a firm into a LLP and name and registration, if applicable, of the firm from which it was converted.

Conversion of Existing Private / an Unlisted Public Company into an LLP

A private or an unlisted public company may apply to ROC in the prescribed form along with the prescribed documents for converting itself into an LLP provided;

- There is no security interest subsisting in assets of the company at the time of making an application; and
- The partners of the LLP comprise all the shareholders of the company.

On registration of the LLP, all assets and liabilities of the company shall be transferred to and vest in the LLP, and the company shall be deemed to be dissolved and removed from the records of the ROC.

The LLP shall ensure that for a period of twelve months commencing not later than fourteen days after the date of registration, every official correspondence of the LLP bears a statement that it was, from the date of registration converted from a company into an LLP and name and registration number of the company from which it was converted.

**Foreign LLP**

Foreign LLP can establish a place of business in India and its regulatory mechanism will be as per the rules prescribed by the Central Government.

**Taxation of LLPs**

LLP Act 2008 does not contain any provision governing taxation of LLPs. For the purpose of income tax, all activities carried on by LLPs should be treated as being carried on by its partners and not by LLP. The property of LLP should be treated as property of partners and taxed accordingly, i.e. any asset held by LLP should be treated as assets held by its partners. For taxation, the status of LLP as a corporate entity should be ignored and it should be treated as partnership and partners taxed on then share of profit. For capital gain arising out of assets of LLPs, it should be considered as if assets are held by partners and the resultant gain arising out of transfer of assets be taxed in the hands of partners. In this way, LLP would enjoy the pass through status of for income tax purposes. This ensures that the commercial choice between using an LLP or a partnership is a tax neutral one.

UK and US have similar tax provisions for LLPs. In UK, profits of LLP are charged in the hands of partners and not the LLPs. In UK, the profits of the business of an LLP will be taxed as if the business were carried on by partners in partnership, rather than by a body corporate. In US, LLPs enjoy the pass through status for the purpose of taxation. The profits or losses of the LLP pass through the business and are reported in each partner’s individual returns. Thus LLPs are generally treated for tax purposes as a business carried on by the partners in a partnership.
rather than as a body corporate. Naresh Chandra committee had recommended the same pass through status for taxation of Indian LLPs.

It is expected that Income Tax Act, 1961 shall provide for tax treatment of LLP’s in the Union Budget 2009-10 which is expected in the month of July 2009 and shall address following issues:

1. Whether LLP should be taxed as a separate entity or partners of LLP should be taxed as individuals?
2. Whether partners of LLP should bear the capital gains tax in respect of transfer or disposal of assets of LLP?
3. What will be the tax treatment on receiving the share capital by the partners or receiving accumulated profits on transfer of shares?
4. How will the valuation of transferable interests of partners be done for the purpose of capital gains tax?
5. Whether LLLPs will suffer the capital gains tax?

The provisions in relation to capital gains tax on conversion from company or firm to LLP, applicability of benefits under double taxation Avoidance agreements (DJAAAs) to LLPs, tax benefits available to firms to be allowed to LLPs or not etc., will also have to be addressed.

**Stamp Duty**

The Act does not contain any provision for applicability and incidence of stamp duty either on incorporation of an LLP or on conversion of other entities into LLP since this is a subject reserved for the States. State governments are yet to notify the same.

Government should also make suitable provision for exemption of stamp duty on conversion of existing firm or company into a LLP. The Government may insist that in order to be stamp duty exempted, the shareholding pattern of the company or the partnership firm from which assets are transferred to an LLP, and the shareholding of the receiving LLP be the same and this is important to prevent any stamp duty evasion on asset sale or transfer under the garb of conversion to LLPs.
Foreign Investment in LLP

Foreign Investment is one of the main catalysts for healthy growth of economy of any country. Foreign investment policy in India has gone through significant reforms and procedural aspects have been liberalized to great extent. Mostly investments in all the major sectors have been brought under the automatic route i.e. which can be carried without the approval of Government of India.

In India, currently, Foreign Investment is allowed only under the Company form of business organization and i.e. by way of contribution to its equity or instruments compulsorily convertible into equity when it relates to control or ownership of that company. Foreign Investment in Company is also allowed under following two modes:

   a. Automatic Modes: It specifies the sector in which the Foreign Investment can be made which approval of any authority subject to the extent permitted.
   b. Approval route: It specifies the sector, in which permission of Foreign Investment Promotion Board is required for making foreign investment to the extent specified.

The Limited Liability Partnership Act 2008 prescribes that any Body Corporate can become a partner in the Limited Liability Partnership and defines the term, Body Corporate as follows: Body Corporate means a company as defined in section 3 of the Companies Act, 1956 (1 of 1956) and includes:

   i. a limited liability partnership registered under this Act;
   ii. a limited liability partnership incorporated outside India; and
   iii. a company incorporated outside India,

but does not include:

   i. a corporation sole;
   ii. a co-operative society registered under any law for the time being in force; and
   iii. any other body corporate (not being a company as defined in section 3 of the Companies Act, 1956 (1 of 1956) or a limited liability partnership as defined in this Act), which the Central Government may, by notification in the Official Gazette, specify in this behalf;

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http://www.rna-cs.com
It is clear from the definition of the term, “Body Corporate” that even Companies & LLPs incorporated outside India can incorporate LLP in India under the LLP Act 2008 and Foreign Investment is allowed in LLP form of business but as currently the Foreign Exchange Management Act 1999 and regulations made therein does not recognizes LLP form of business and does not allows any Foreign Investment, therein.

Therefore Foreign Companies /LLP can start incorporating LLP in India only after the Foreign Exchange Management Act 1999 and regulations, made there under are amended to include guidelines as to foreign investment in LLP and till than no such LLP can be incorporated.

Since almost all the Foreign Investment guidelines are being prescribed keeping in view the Company form of business organization and keeping in view the restrictions, which have been provided therein, the Government would definitely take some time to work out the necessary guidelines for LLP's and Foreign investors will have to wait a while, before they can take the advantages of LLP in India.

Major Challenges / Issues:

- The income tax implication on conversion of firm / company into LLP and chargeability of income tax on LLP has to be clear.
- Similarly as discussed above there should not be any stamp duty for conversion of existing firm / company into LLP.
- LLP Act does not provide for borrowing / creation of charges by the LLP. In view of this it may be difficult to get the loans for LLP. Even otherwise banks have to come out with procedure / formalities for opening of bank account etc.,
- Obtaining various registrations such as PAN, TAN, IEC, Service Tax etc may be difficult as these authorities should make necessary changes in their applications / procedures, this may take some time.
- Currently the LLP portal (http://www.llp.gov.in) is not fully equipped, there are lot of teething problems in incorporation etc., which have to be resolved for easy registration and filing of documents etc.,
- Government has to issue suitable guidelines for foreign direct investment in LLPs.
- Regulator shall ensure that there is lot of ease in forming / managing / closing LLPs vis a vis of other forms of organizations and there is very limited interference of regulator in the
## Regular Compliances

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<th>Compliance</th>
<th>Penalty for Non Compliance</th>
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<tbody>
<tr>
<td>1.</td>
<td>Minimum number of Designated Partners</td>
<td>7(1)</td>
<td>Every Limited Liability Partnership shall have at least 2 partners who would be designated partners and out of which at least 1 partner shall be resident in India.</td>
<td>The Limited Liability Partnership and its every partner shall be punishable with fine which shall not be less than Rs 10000 but which may extend to Rs 5,00,000</td>
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<td>2.</td>
<td>Procuring Designated Partners Identification Number</td>
<td>7(6)</td>
<td>Every Designated Partner has to obtain a Designated Partner Identification Number (DPIN) from the Central Government and in respect of this, all the provisions of sections 266A to 266G of the Companies Act, 1956 shall apply accordingly.</td>
<td>Every individual or partner, who is in default shall be punishable with fine which may extend to Rs 5000 and where the contravention is continuing one, with further fine, which may extend to Rs 500 for every day during which the default continues.</td>
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<td>3.</td>
<td>Consent and Particulars of Designated Partners</td>
<td>7(3) &amp; 7(4)</td>
<td>Filing of consent of Designated Partner to act as such with the Registrar of Companies in eform 4 with in 30 days of the appointment as the designated partner.</td>
<td>The Limited Liability Partnership and its every partner shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1,00,000.</td>
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<td>4.</td>
<td>Vacancy of Designated Partner</td>
<td>9</td>
<td>Filing of vacancy in Designated Partner with in 30 days of vacancy and intimation of same to Registrar of Companies and in case if no designated partner being appointed or</td>
<td>The Limited Liability Partnership and its every partner shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1,00,000.</td>
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if any time there is only one designated partner, then each partner shall be deemed to be the designated partner

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<td>5.</td>
<td>Change of Registered Office</td>
<td>13(3)</td>
<td>File the notice of any change in registered office with the Registrar of Companies in eform and any such change shall take effect only upon such filing.</td>
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<td>6.</td>
<td>Change of Name</td>
<td>19</td>
<td>A Limited Liability Partnership may change its name registered with the Registrar by filing with the Registrar notice of such change in such form and manner and on payment of such fees as may be prescribed.</td>
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<td>7.</td>
<td>Name of LLP on Invoice and official Correspondence</td>
<td>21(1)</td>
<td>All invoices and official correspondence of the Limited Liability Partnership shall bear its name, address and registration number and a statement that it is registered with Limited Liability.</td>
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<td>8.</td>
<td>LLP Agreement &amp; Changes there in</td>
<td>23(2)</td>
<td>A Limited Liability Partnership Agreement and any changes made therein shall be filed with the Registrar in such form and manner and accompanied</td>
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by such fees as may be prescribed.

which may extend to Rs 50 for every day after the first day after which the default continues.

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<td><strong>9.</strong></td>
<td><strong>Change in Partners</strong></td>
<td><strong>25(2)</strong></td>
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<td>Where a person becomes or ceases to be a partner or where there is any change in the name or address of a partner, notice of the same signed by the designated partner to be filed within 30 days to the Registrar.</td>
<td>The Limited Liability Partnership and every designated partner of the limited liability partnership shall be punishable with fine which shall not be less than Rs 2000 but which may extend to Rs 25,000.</td>
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<td><strong>10.</strong></td>
<td><strong>Books of Accounts</strong></td>
<td><strong>34(1)</strong></td>
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<td>Limited Liability Partnership shall maintain proper Books of Accounts for each year on cash basis or on accrual basis and according to the Double Entry System of Accounting at its registered office and shall get them audited in accordance with the rules as may be prescribed otherwise exempted by notification of the Central Government.</td>
<td>The Limited Liability Partnership shall be punishable with fine which shall not be less than Rs 25,000 but which may extend to Rs 5,00,000 and every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than Rs 10,000 but which may extend to Rs 1,00,000.</td>
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Annual Compliances

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<tr>
<td>1.</td>
<td>State of Accounts &amp; Solvency</td>
<td>34(2)</td>
<td>Limited Liability Partnership shall with in a period of six months from the end of every financial year prepare and file a Statement of Account and Solvency with the Registrar in such form and manner and accompanied by such fee as may be prescribed.</td>
<td>The Limited Liability Partnership shall be punishable with fine which shall not be less than Rs 25,000 but which may extend to Rs 5,00,000 and every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than Rs 10,000 but which may extend to Rs 1,00,000</td>
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<td>2.</td>
<td>Annual Return</td>
<td>35(1)</td>
<td>Limited Liability Partnership to file an Annual Return to the Registrar of Companies with in sixty days of closure of the financial year in such form and manner and accompanied by such fee as may be prescribed.</td>
<td>The Limited Liability Partnership shall be punishable with fine which shall not be less than Rs 25,000 but which may extend to Rs 5,00,000 and every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than Rs 10,000 but which may extend to Rs 1,00,000</td>
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Conclusion

The introduction of legal framework for LLPs in India is a welcome move and India stood besides other countries who have similar set up. In view of the ease in formation, managing and dissolving, LLP should become ideal mode of entity for SMEs. In view of the integration of India economy with the Global economy, likely opening up of professional services sector to the global players, there is a need to strengthen domestic professional services firm and give a level playing field. The LLPs would be a right framework to compete with the global players. For any
change/new initiative there are lot of challenges and there is a learning curve, the government shall respond swiftly for the challenges and also learn from the experiences of initial years and make appropriate and timely changes in the legal framework which will go a long way in building LLP system in India. The success of LLP system in India would depend only when the advantages perceived/objectives set are felt/realized by every stakeholder in the LLP system.

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**Annexure I**

**How to Incorporate a New Limited Liability Partnership**

A Limited Liability Partnership may be incorporated as per the procedure explained below:

**User Registration**
- Register yourself on the website of Ministry of Corporate Affairs, developed for LLP services, i.e. [www.llp.gov.in](http://www.llp.gov.in). This website may also be accessed through the website of the ministry [www.mca.gov.in](http://www.mca.gov.in) On the home page of the URL [www.llp.gov.in](http://www.llp.gov.in) click “Register” tab on top right hand corner of the page.
- Fill in the registration form. Fields marked * in the form are to be mandatorily filled. Select your user name and password.
- Upload digital signature certificate
- On successful registration, system will give a message that you have been registered successfully.

**Obtain Designated Partners Identification Number (DPIN).**
- All designated partners of the proposed LLP shall obtain “Designated Partner Identification Number (DPIN)” by filing an application individually online in Form -7.
- For obtaining DPIN kindly log in by clicking on the “Login” tab on top right corner of the home page, enter your user name and password. After login, click on the E-forms link. List of e-forms will open. Click and open Form 7.
\begin{itemize}
  \item Fill up “Form 7” for allotment of DPIN
  \item Pay filing fee of Rs.100 online through credit card (Master/Visa)
  \item Submit the application form online. The system will generate a provisional DPIN. Kindly note it carefully
  \item Take the print out of the application form, affix a latest passport size photograph and get it attested/certified for submission physically along with documentary evidences for proof of identity and proof of residence with the Registrar LLP.
  \item Deliver the printed and signed application form, along with the prescribed documents by hand/courier/registered post to the Office of Registrar, Ministry of Corporate Affairs, 3rd Floor, “Paryavaran Bhawan”, CGO Complex, Lodhi Road, New Delhi-110003.
  \item For more details see Instruction Kit provided on the home page under “Users Guide” tab.
\end{itemize}

\textbf{Digital Signature Certificate}

\begin{itemize}
  \item Partner/Designated partner of LLP/proposed LLP, whose signatures are to be affixed on the e-forms has to obtain class 2 or class 3 Digital Signature Certificate (DSC) from any authorized certifying agency, details of which are available on the home page of the lip portal under the tab “Certifying Authorities”.
\end{itemize}

\textbf{Reservation of Name}

\begin{itemize}
  \item Log on to the LLP portal by clicking the “log in” tab on the top right corner of the homepage and enter your username and password. After login, click “E-Forms” link.
  \item Open Form-1 for reservation of name and fill in the details. Select name of the proposed LLP (upto 6 choices can be indicated).
  \item Any partner or designated partner in the proposed LLP may submit Form-1.
  \item Append digital signatures and submit the e-form
  \item Pay the necessary fee by credit card (master/visa).
  \item Free name search facility (of existing companies / LLPs) is available on MCA portal (hyper link available on LLP portal).The system will provide the list of similar/closely resembling names of existing companies/LLPs based on the search criteria filled up.
  \item Details of minimum two designated partners of the proposed LLP, one of them must be a resident of India, is required to be filled in the application for reservation of name. Only individuals or nominees on behalf of the bodies corporate as partners can act as designated partners.
\end{itemize}
• Check status of your application by logging on the portal.
• For more details see Instruction Kit provided on the home page under “Users Guide” tab.

**Incorporation of LLP**

- Once the name is reserved by the Registrar, log on to the portal and fill up Form-2 “Incorporation Document and Statement”.
- Pay the prescribed registration fee as per the slab given in Annexure A of the LLP Rules, 2009, based on the total monetary value of contribution of partners in the proposed LLP.
- Statement in the e-form is to be digitally signed by a person named in the incorporation document as a designated partner having permanent DPIN and also to be digitally signed by an advocate/company secretary/chartered accountant/cost accountant in practice and engaged in the formation of LLP.
- On submission of complete documents the Registrar after satisfying himself about compliance with relevant provisions of the LLP Act will register the LLP, maximum within 14 days of filing of Form-2 and will issue a certificate of incorporation in Form-16.
- You can check status of your application by logging on to the portal
- For more details see Instruction Kit provided on the home page under “Instruction Kit” tab.

**Filing of LLP agreement (Form-3) and Partners’ details (Form-4)**

- Form 3 (Information with regard to LLP agreement and changes, if any made therein) and Form-4 (Notice of Appointment of Partner/Designate Partner, his consent etc.) may be filed with the prescribed fee simultaneously at the time of filing Form-2 or within 30 days of the date of incorporation or within 30 days of such subsequent changes.
- For more details see Instruction Kit provided on the home page under “Instruction Kit” tab.