

14 chapters
81 sections
4 schedules

Limited Liability Partnership Act, 2008

Kyun - To solve problems of sole proprietorship

Kaha - To who of India, any LLP (Sec 1)

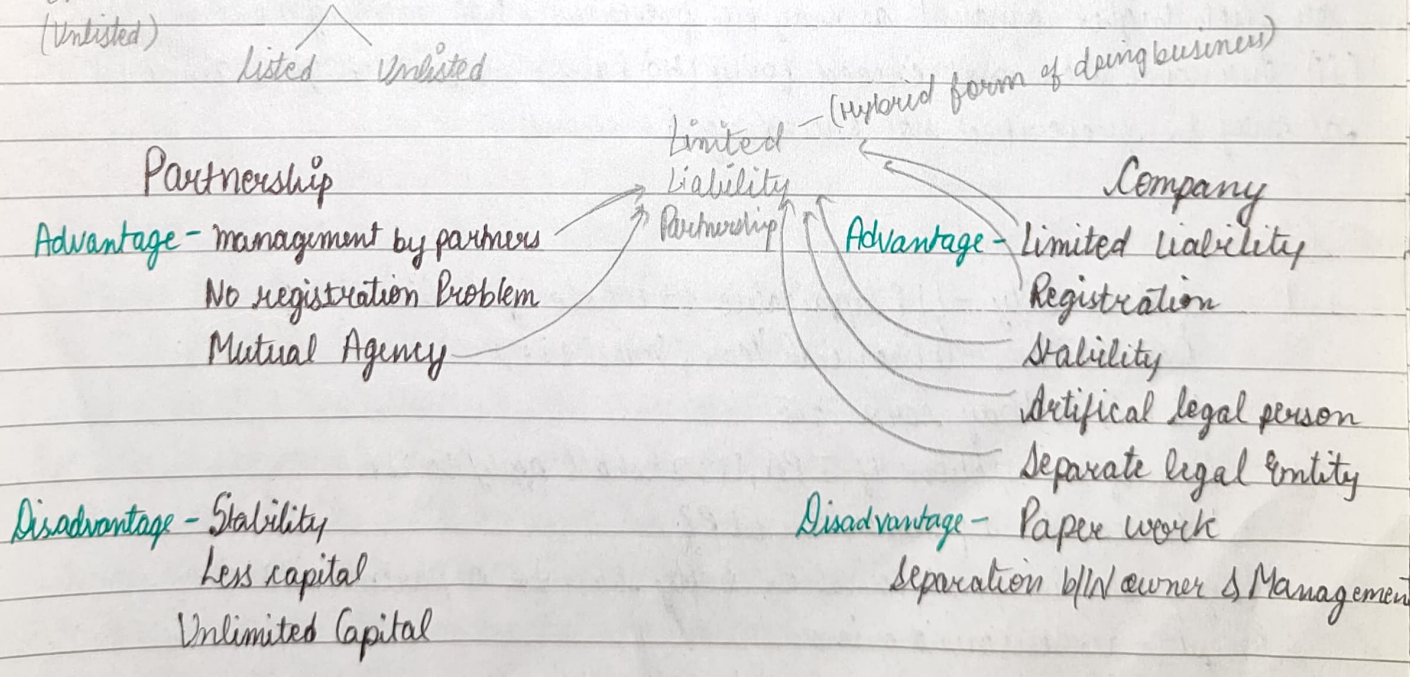
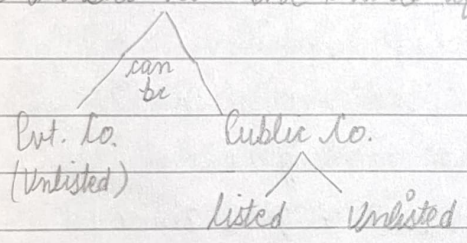
Kab - 9th Jan 2007 → 12th Dec 2008 → 1st Jan 2009
 need Bill passed President Sign

(Ministry of Corporate Affairs - Overlooks all corporate Bodies)

Schedules -

- I - Rights & Duties of Parties
- II - Normal partnership firm → LLP
- III - Private Company → LLP
- IV - Unlisted Public Company → LLP

- ① Listed Co - The shares of which are selling on share market
- ② Unlisted Co - The shares of which are not selling on share market



What is LLP?

- (i) New form of doing legal business with limited liability
- (ii) Alternative form of doing business | Alternative corporate business vehicle
- (iii) Liability of partner is limited
- (iv) LLP itself is responsible to all liabilities to the extent of its assets.
- (v) allows the partners the flexibility of organising their internal structure.

Financial Year - It is a period starting from 1 April and ending on 31st March next year.

If any LLP is formed after 30th Sept, the financial year ends on 31st March of the next following year.

(Ex - If an LLP is formed on 15th Dec 2023, financial year ends on 31st March 2025

If an LLP is formed on 15th July 2023, financial year ends on 31st March, 2024)

Small LLP - Section 2(1)(ta) - A small LLP is an LLP where:

- (i) Capital contributed by the partners in the firm does not exceed 25 lakhs or such higher amount as may be prescribed not exceeding 5 crores.
- (ii) Turnover does not exceed forty (40) lakhs or such higher amount as may be prescribed not exceeding 50 crores.

Sections -

- 1 - Applicability - LLP applicable to whole of India
- 2 - Definitions - (Financial Year, Small LLP)
- 3 - LLP is a body corporate
- 4 - None of the sections of I PA, 1932 shall apply to LLP.
- 5 - Who can be a partner in LLP?

Any person i.e individual or body can be a partner in LLP.

Exept - V - Unsound mind

V - ~~Undisturbed~~ Undischarged Insolvent

I - Insolvent but application pending in court

M - Minor

Sec 6 - Minimum Number partner

- (i) At least two partners are required to form a limited liability partnership.
- (ii) If the number of partners falls below two the existing partner shall introduce a new partner within a period of six months otherwise the liability of the existing partner shall be unlimited after the expiry of 6 months for future transactions.

Sec 7 - Designated Partners

A minimum of two partners shall become designated partners, one of which should be an Indian resident, i.e. (120 days in India previous financial year) and both of them should be Natural person.

Advantages of LLP -

1. Limited liability to partners
2. Easy to form
3. Easy to Dissolve
4. Less legal formalities
5. flexibility in doing business due to agreement b/w partners

Other advantages

1. Separate legal existence
2. Perpetual succession (stability)
3. No limit on Max. no. of partners
4. Management of business by partners

Sec 11 - Incorporation of LLP ⇒

- 1) Two or more partners with a valid business & profit sharing ratio can form an limited liability partnership business.
- 2) The partners shall form the incorporation document & submit the same to the registrar of the relevant location.
- 3) The incorporation document shall be accompanied by a declaration from a CA, CS, CMA or advocate stating that all matters incidental & ancillary to registration have been complied with.
- 4) The incorporation document shall contain
 - name of the firm
 - name and address of the designated partners
 - Address of the firm
 - name and address of the other partners of LLP
 - Business of the firm

56 If any information in the registration process is known to be false, whether or not the person believes it to be true, Punished with imprisonment extending upto 2 years & a fine of minimum ten thousand (10000) to maximum upto five lakhs.

Sec 12 - Incorporation by registration

On submission of all documents enlisted in section 11 are scrutinised by the registrar the certificate of Incorporation shall be granted within 14 days to the firm.

The certificate is a conclusive evidence of the existence of the limited liability partnership.

Sec 13 -

- The LLP shall inform the registrar by registered post about the location of its registered office.
- Any changes ~~to~~ in registered office shall also be communicated to the registrar in the specified period prescribed.
- If the above information is not communicated in a timely manner then the registrar shall charge a penalty of ₹ 500 per day of default extending upto maximum of ₹ 50,000 on LLP & every partner.

Sec 14 - Effect of Registration

1. LLP can sue or be sued in its own name.
2. Can hold, acquire, passen, lease any movable or immovable property which be tangible or intangible.
3. Common Seal of the LLP is established.
4. Doing & suffering under any provision of other acts applicable to body corporate.

Sec 15 - Name

- (i) The LLP shall use the words "LLP" or limited liability partnership after its name.
- (ii) The name of the LLP shall not be -
 - (a) Undesirable
 - (b) Identical to the name of any body

Sec 16 - Reservation of Name

A LLP can get its name reserved in the prescribed manner with the intended ~~for~~ fees. The reservation can be done by:

- (i) a new LLP intended for registration
- (ii) an existing LLP can reserve name in order to change its existing name.

The reservation shall be for a period of 3 months from the date of intimation to the registrar.

However, the name reserved should not be against Sec 15 i.e. Undesirable or Identical.

Sec 17 -

Where any person approaches the ministry for a request that a LLP has been doing business with a name identical to that of a firm and where the central govt. is of the opinion that the LLP has a name identical or a trademark similar to the former LLP, the central govt. may order a change of name within 3 months & the LLP shall comply with same.

The change of name shall be notified to the registrar within 15 days of such change and the registrar shall issue a fresh certificate of Incorporation within 30 days.

Where the LLP fails to change its name in 3 months the Central govt on its own motion, can order for change of ~~name~~^{name} & notify the same to the registrar.

Note:

If the trademark is copied time period to file a suit is 3 years only, after 3 years no action can be taken.