

Features of LLP

1. LLP is a body corporate. Sec 2(d).

By
gazet
of
Central
government

- Legal entity separate from its partners
- LLP register under this act
- LLP incorporated outside India.
- A company incorporated outside India (Foreign Company)
- **But does not include**
 - corporation sol
 - corporation society
 - Any other body corporate
 - (Not being a company)

2. Perpetual Succession :

- LLP can continue its existence irrespective of change in their partner
- Death / Insanity / Insolvent
- Applicability → Separate Legal Entity
- LLP may contract and hold property in its own name.

3. Mutual Agency (No) :

- No partner is liable for any

unauthorised action

→ Any unauthorised of other partners

- All partners are agent of LLP alone.
- Shielded from joint liability

4. Separate Legal Entity :

- LLP \neq Partners
- LLP is liable to full extent of its assets
- Partner Liability is limited. → to its contribution
- creditors of LLP remain creditor alone.

5. LLP Agreement

- LLP governed by LLP agreement.
- If LLP agreement is silent : schedule I is applicable

6. Common Seal :

- It is not mandatory

- May have common seal (if want)
- Always used in presence of designated Partner. (Both present → common seal)

7. Artificial Legal Person:

- LLP is created by law (legal process)
- Activity → As normal person.
- Intangible but **Not fictitious**
↓
wasting asset.
- LLP is dissolved by law (legal process)

8. Limited Liability:

- Liability of partners → Agreed contribution
↓
free consent.
- LLP liability → firm extent assets
- It promote and facilitate to professional to create LLP.

9. Number Of Partner:

- Minimum 2 & maximum unlimited.

- Designate' designated partner - 2,
C out of 2 → should be Indian
Resident → 120 Days stay in India
in previous year)

10. Management Of Business :

- Partners → can manage the business
- Designated Partner → Responsibility of Legal compliance.

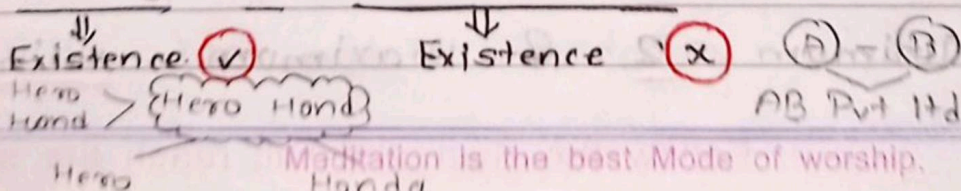
11. Business For Profit Only :

- LLP → Business model → only for profit
- LLP is not created for NPO.

12. Investigation :

- Central government has power to LLP.

13. Merge & Amalgamate :



- LLP can merge and amalgamate according to LLP Act, 2008
- central government approval.
- Ministry of Corporate Affairs

14. Conversion in to LLP :

- Firm,
- Pvt company
- Unlisted Public Co. } converted to LLP

15. E-filing Of Document :

- All documents should be filled electronically (e-filled)
- Signature → Digital signature required.

16. Foreign LLP :

- LLP incorporate outside India but have place of business in India
- Foreign LLP can become partner in LLP

* Section 4 : Non-Applicability of Indian Partnership Act, 1932.

• Provision of IPA - 1932 shall not apply on LLP

* Section 5 : Who can become partner in LLP. [Partner]

Any individual

• Any individual ~~can~~ person can become partner in LLP

Except: person of unsound mind, insolvent, undischarged, Adjudicated case

Body Corporate

• Company
• Indian LLP
• Foreign LLP

[existence of business in India]

* Section 6 : Minimum no. of partners in LL.

minimum number of Partners in LLP

Minimum
⇒ 2 partners

Maximum
No Limit

condition : when minimum no. partner below \rightarrow 2

1. Only one partner carry business for 6 months [Liability of LLP is **LIMITED**]

• After 6 month:

The person who has knowledge of **FACT** that he carry on LLP business **ALONE** \Rightarrow Personally \Rightarrow Unlimited Liable \Rightarrow Liability

* Section 7: Designated Partner \Rightarrow (2)

DPIN : Designated Partner Identification Number

Designated Partner

2 individual

as Designated Partner

1 must be

Resident of India.

• If ⁱⁿ an LLP all partners are body corporate

• A person who stay in India during previous financial year

120 days in resident of INDIA.

• 2 individual are nominees are appointed as Designated Partners.

DP = Designated Partner.

श्री. स्वामिनारायण डिवॉटन मिशन

Dt.: / /

Pg.no.:

CONDITION ⇒ Amendments → MCA

• If the incorporation Document

Specific

[1] Specifies who are designated partner, such person shall be designated partner.

Each one with consent of All

[2] Each of the partner from time to time of Limited Liability Partnership is to be designated partner.

[If state in incorporation document]

Any partner cease to be DP with agreement

[3] Any partner may become a designated partner by in accordance with the LLP agreement. & partners may cease to be a designated partner.

Prior consent for DP

[4] Any individual shall not become a designated partner in any LLP unless he has given prior consent.

DP must be appointed

[5] Every LLP shall file with registrar → Each partner give his prior

within 30 days consent for Designated Partner within 30 Days of his appointment.

Fulfill [6] An individual must satisfy all all required condition and requirement which was condition required for designated partner for DP [prescribed form]

* Section 11 : Incorporation Document

- LLP to be incorporate.
- Two or more person agree for lawful business in incorporation document
- Incorporation document filled & signed with registrar of state in which registered office of LLP is situated with prescribed fee.
- Statement with incorporation document.



- * statement must prescribed form
- * statement made by CA/CS/CMA/Lawyer
- * statement filled by all person

2. Incorporation Document shall be:

⇒ Partnership Deed.

- Prescribed form
- Name of LLP
- Proposed Business of LLP
- Registered Office of LLP
- Name & address of Each partner.
- Name & address of Each designated partner.
- Name & Address of LLP
- All other information which was required

3. Fine / Penalty :

→ If a person makes a small false statement shall

Section 12 : Incorporation By Registration.

Section 12 (1) : Registrar within 14 days

- i) Register the incorporation document
- ii) Issue a incorporation certificate with LLP Name

Section 12 (2) : Registrar accept statement.

- i) As sufficient evidence
- ii) Legal compliances

Section 12 (3) : Certificate issued under section 12 (i) (b)

- i) By Signed & sealed
- ii) By Registrar

Section 12 (4) : Conclusive Evidence

- i) Certificate shall be conclusive evidence that LLP is incorporated.

Centralised Sec 12 Incorporation by Registration

- 1) Registrar within 14 days
- 2) Accept statement by registrar
- 3) Issue a certificate. → signed, sealed.
- 4) LLP is incorporated.

Sub Section (1) & (2)

(3) (4)

Section 13 : Registered Office & change
(1) (2) (3) (4) these in

Section 13 (1) : LLP shall have registered office to which all communication & notice are served.

Section 13 (2) : Documents may serve to

- Partner
- Designated Partner.

- By post under certificate of posting
- By Registered post
- By Mode prescribed.

Section 13 (3) : LLP may change registered office.

- By filling notice to change to Registrar

Amended Section 13 (4) : Fines

Before

After

Every partner shall be punishable with fine not less than ₹ 2000 but extend to ₹ 25000

* LLP & its every partner shall be punishable ₹ 500 for each day during

which the default continue.

* Subject to maximum 50,000 for LLP & each partner

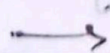
Section 14: Effect of Registration

- Common seal.
- suing and being sued
- acquiring, developing immovable property
- Doing all activity which body corporate do.

Section 15: Name of LLP

- LLP as last word of its name.
- ~~Not~~ LLP shall be registered by a name which is in the opinion of
 - (i) Undesirable
 - (ii) Identical. (Registered trade mark)Trade Mark Act, 1999

Approval



Central Government

Section 16: Reservation of Name

- A person may apply for reservation of name of LLP by prescribed fees : ↓

- Name of a proposed LLP
- change in name of LLP

- 3 months ⇒ Registrar may reserve the name (for 3 months)

Amendment

Section 17: Changes in Name of LLP

- Central Government may direct to change name of LLP

Fine for not changing the name

- Time → 3 month [from date of direction By CG]
- Trademark → 3 years [incorporated document]
- Change the name of LLP
↳ 15 days [notice to registrar about change in name]

→ Default

- Central Government may allot a new name to LLP.
- Issue a fresh certificate of incorporation

* Steps to Incorporate LLP

Step 1: Name reservation → Form e-form 1
purpose: for ascertaining & availability & reservation of name of LLP

Step 2: Incorporate LLP → e-form 2
purpose: incorporation document cross verify 30 days

Step 3: LLP agreement → e-form 3
purpose: LLP agreement is required to be filled within 30 days of incorporation.

Sec 22
23
24
25

* Partners & Their Relation

Section 22: Eligibility to be a partner in LLP

Any Person who:

- signed on incorporation document

OR

- follow the rules given in LLP agreement.

can become a partner in LLP.

Section 23: Relationship of a partner

Section 23 (1): Mutual Rights and

Mutual Right & Duties of:

a) Partners of LLP

b) LLP and its partner.

c) Between the partners

shall be governed by LLP agreement

Section 23 (2): Changes in Agreement.

→ Any change in LLP agreement must be filled with Registrar with

in agreement
changes → After inc. of LLP
Ratification ← Before inc. of LLP
After

- 1) Prescribed fee
- 2) Prescribed manner

Section 23 (3) : Ratification of LLP Agreement

- Agreement in writing mode before incorporation of LLP.
- Ratification by all the Partners

Section 23 (4) : Follow Schedule - I

- In the absence of LLP agreement
- Mutual Rights & Duties of partners

Section 24 : Ceasation of Partnership interest

sub(1)(2)
sec. (5)(a)
(5)(b)

section 24(i) : 30 Days notice by partner to LLP

- If a partner wants to resign from LLP must give notice in writing not less than 30 Days to all other partners.

Section 24 (2): Ceasation of Partnership.

- A person cease to be a partner of LLP : ↓
 - Death
 - Unsound mind
 - Insolvent
 - Dissolution of LLP

Section 24 (3): Partners by estoppel (holding out)

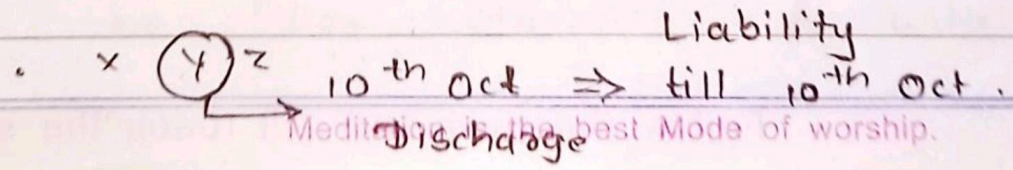
• Former partner is considered as partner of LLP.

1. Person dealing with LLP has notice that former partner has ceased to be a partner.

2. Notice has been delivered to registraer.

Section 24 (4): Existing / Old Liability

• Former partner doesnot discharge the liability which incurred while being a partner.



Section 24 (5) : Share of partner leaving LLP

• Former Partner is Entitled for:

- allow →
- + Capital - (Self)
 - + Reserve - (Share)
 - + Profit - (Share)
 - + Profit on Revaluation - (his share)
 - + Goodwill - (his share)

- change →
- Loss on Revaluation
 - Any Type of loss

Section 24 (6) : No interference.

NO Rights

- Former Partner
- Legal heir of deceased Partner

No interference on LLP Management

Amendment

Section 25 : Registration of changes in (1) (2) (3) (4) (5) Partners

Section 25 (1) : Changes in name & Address of the Partners

- Any such changes is required if 15 Days Notice.

Section 25 (2) : Notice by LLP to registrar (30 days)

- i) when any person become or ceased to be a partner in LLP file a notice in writing with registrar within 30 Days. [from the date of become/ceased]
- ii) Any changes in Name or Address of the Partner LLP file a notice within 30 Days.

Section 25 (3) : Manner of serving notice to registrar

- i) Prescribed Manner.
- ii) Signed by all Designated Partner.
- iii) Consent of ~~all~~ Incoming partner.

amendment

Section 25 (4) & (5) : Fine

- i) LLP & every Designated \Rightarrow Penalty of Partner. 10,000/-

Section 25 (6) : Direct Reporting of resignation by outgoing partner to Registrar

- LLP may not file a Notice
- 15 Days notice to LLP by Registrar

Section 26 : Partner or Agent.

- Every Partner of LLP is Agent of LLP only **NOT** Any other partner

Section 27 : Extent of liability of LLP
(1) (2) (3) (4)

Section 27 (1) : LLP is **Not** bound by partner act if -

- Partner has no authority to act particular task.
- Person dealing with knows that -
 - Partner has no authority
 - Does not know or don't believe him the person in partner of LLP

Section 27 (2) : LLP is bound by partner act if.

i) During the ordinary course of

business

- ii) Partner within his authority
- iii) Do wrongful act or omission

Section 27 (3): LLP obligation solely belong to LLP

- Obligation of LLP whether arising in contract or otherwise shall be obligation of LLP only.

Section 27 (4): Payment of LLP liabilities

- LLP liability met out of its property only.

Section 28: Extent of liability of Partner

Section 28 (1): No personal liability of partner.

- Partner is not personally liable for liability of LLP.

Section 28 (2): No liability for other partners wrongful act.

- Partner shall not be personally liable for wrongful act or omission of any other partners

Section 289: Holding Out Partner

Section 29 (1): Partner by Estoppel is liable

- On faith of his representation any one give credit to LLP (whether partner by estoppel know about it or not) \Rightarrow LLP is liable for to the extent of credit received.

Section 29 (2): After death of partner Same LLP Name is used:

- Use of deceased partner name doesn't make his - Estate or legal representative liable for any act of LLP done after his death