

LIMITED LIABILITY PARTNERSHIP

Limited Liability Partnership (LLP) was introduced in India by the passage of the Limited Liability Partnership Act, 2008. The basic premise behind the introduction of Limited Liability Partnership (LLP) is to provide a form of business entity that is simple to maintain while providing limited liability to the owners. It combines the benefits of a partnership with that of a limited liability of the company. Like partnership, two partners are required to form an LLP. With an easy incorporation process and simple compliance formalities, LLPs are preferred by Professionals, Micro and Small businesses that are family-owned or closely-held.

❖ **Why Limited Liability Partnership?**

LLP offers the following advantages

▪ **Separate Legal Entity**

LLP, unlike a general partnership, has a separate legal existence distinct from partners. As such, LLP has perpetual existence and contractual ability.

▪ **Limited Liability**

This is one of the key factors that distinguish a LLP from a general partnership firm. Since LLP is a separate legal entity, partners are not personally liable for debts of the firm. Their liability is limited to the extent of their capital contribution.

▪ **No maximum cap on partners**

Unlike a conventional firm, there is no limit to no of partners who can be admitted to LLP.

▪ **Ease of Credit**

Being a legal entity enables a LLP to raise funds from banks and NBFC at relative ease.

▪ **Fewer Compliances**

Compared to a private limited company, LLP has less compliance. Audit is mandatory only when capital exceeds 25 lakhs or turnover exceeds 40 lakhs in a financial year. Besides, winding up process is much easier and faster than a normal private limited company.

❖ **Words of Caution**

▪ **Fundraising**

Since LLPs cannot issue equity shares, they cannot raise funds from venture capitalists, angel investors etc diminishing its prospects of long term growth.

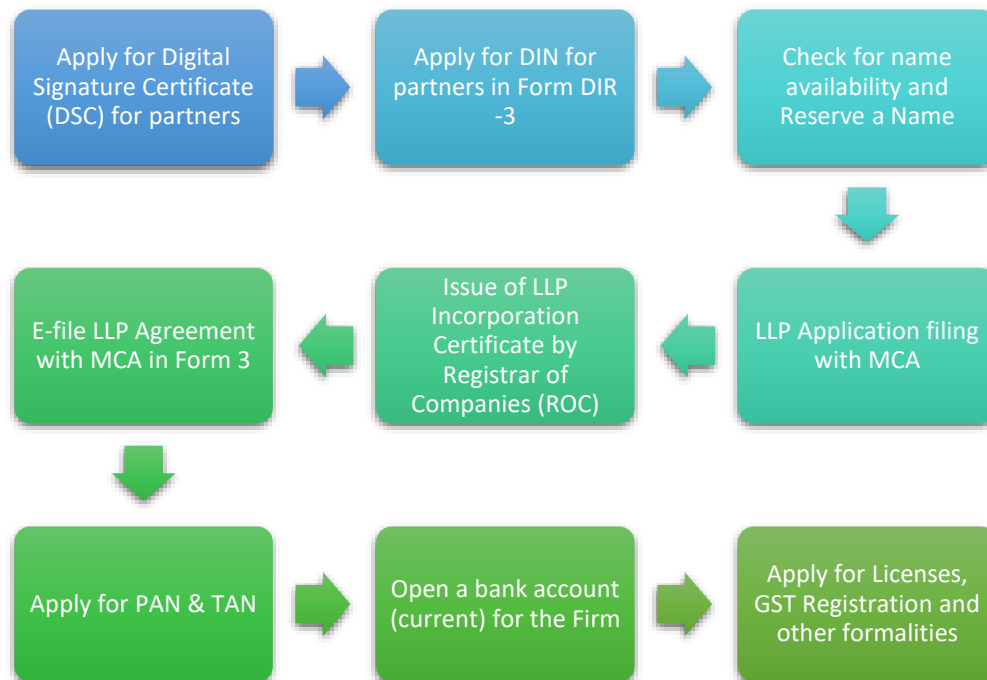
▪ **Penalties**

An LLP's compliances are minimal, but if you don't complete them, you could end up paying more in fines than you would with a private limited company. These fines can escalate to Rs. 5 lakh for a single year.

▪ Decision & Control

An LLP can be structured in such a way that one partner has more rights than another. So it isn't a one vote per share system. So, some lesser partners may feel compromised if higher shareholders choose to move the business in a direction that affects their interests.

❖ Incorporation Process



❖ Documents Required

▪ For Partners

- ✓ Scanned copy of PAN Card or passport (Foreign Nationals & NRIs)
- ✓ Scanned copy of Aadhar Card/ Voter's ID/Passport/Driver's License
- ✓ Scanned copy of Latest Bank Statement/Telephone or Mobile Bill/Electricity or Gas Bill
- ✓ Scanned passport-sized photograph Specimen signature (blank document with signature [partners only])
- ✓ Note: Any one of the partners must self-attest the first three documents. In the case of foreign nationals and NRIs, all the documents must be notarized (if currently in India or a non-Commonwealth country) or apostilled (if in a Commonwealth country).

****** Atleast one designated partner must be an Indian resident.**

▪ For Registered Office

- ✓ Scanned copy of latest bank statement/telephone or mobile bill/electricity or gas Bill
- ✓ Scanned copy of Notarised Rental Agreement in English
- ✓ Scanned copy of No-objection Certificate from the property owner

- ✓ Scanned copy of Sale Deed/Property Deed in English (in case of owned property)
- ✓ Note: Your registered office need not be a commercial space; it can be your residence, too.

❖ **Expected Delivery Time – 12-21 Days**

