

## LIMITED LIABILITY PARTNERSHIP FIRM

### **MEANING:**

A limited liability partnership (LLP) is a partnership in which some or all partners (depending on the jurisdiction) have limited liabilities. It exhibits elements of both partnership and corporation. In an LLP, each partner is not responsible or liable for another partner's misconduct or negligence. It is governed by Limited Liability Partnership Act, 2008.

LLP is an alternative corporate business form that gives the benefits of limited liability of a company and the flexibility of a partnership. The LLP is a separate legal entity, is liable to the full extent of its assets but liability of the partners is limited to their agreed contribution in the LLP. The LLP can continue its existence irrespective of changes in partners. It is capable of entering into contracts and holding property in its own name. Further, no partner is liable on account of the independent or unauthorized actions of other partners, thus individual partners are shielded from joint liability created by another partner's wrongful business decisions or misconduct.

Mutual rights and duties of the partners within a LLP are governed by an agreement between the partners or between the partners and the LLP as the case may be. The LLP, however, is not relieved of the liability for its other obligations as a separate entity. Since LLP contains elements of both 'a corporate structure' as well as 'a partnership firm structure' LLP is called a hybrid between a company and a partnership.

Thus, LLP is a body corporate and a legal entity separate from its partners. It has perpetual succession.

### **ADVANTAGES:**

1. **Separate legal entity:** An LLP is a separate legal entity. This means that it has assets in its own name and can sue and be sued. Furthermore, one partner is not responsible or liable for another partner's misconduct or negligence.
2. **No owner/manager distinction:** An LLP has partners, who own and manage the business. This is different from a private limited company, whose directors may be different from shareholders.
3. **Flexible agreement:** The partners are free to draft the agreement as they please, with regard to their rights and duties.

4. **Limited liability:** Under “traditional partnership firm”, every partner is liable, jointly with all the other partners and also severally for all acts of the firm done while he is a partner. However, under LLP, the liability of the partners is limited to the extent of his/her contribution to the LLP. Unless fraud has been detected, the personal assets of the partner are protected from any liability of the LLP. Thus allowing individual partners to be shielded from joint liability created by another partner’s wrongful acts or misconduct.
5. **Fewer compliance requirements:** An LLP is much easier and cheaper to run than a private limited company as there are just two compliances per year, i.e. filing of Annual Return of the LLP by 30th May every year and Filing of Solvency Statement by 30th October every year. On the other hand, a private limited company has a lot of compliances to fulfil and conduct an audit of its books.
6. **Easy to wind-up:** Not only is it easy to start, but it’s also easier to wind-up an LLP, as compared to a private limited company. While it still takes two to three months to complete this process, it can take over a year to close a private limited company.

#### **DISADVANTAGES:**

1. **Inability to raise VC funding:** VCs would be unwilling to invest in an LLP structure. This is because all ‘shareholders’ in an LLP must be partners, which have certain responsibilities toward the entity. No VC wants any of these responsibilities, and would, therefore, only invest in a private limited company.
2. **Rights of partners:** 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.
3. **Greater penalties:** Though the compliances are minimal, 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.

## **PROCESS OF REGISTRATION OF LLP:**

The steps involved in incorporation of LLP are as under:

### 1. Name Reservation:

The name approval for LLP is facilitated by MCA through RUN-LLP application. After login into the MCA account, one can apply for reservation of name by clicking on the RUN-LLP option. Details which are required to be mentioned in form are as under:

- Entity type LLP
- LLPIN (LLPIN and it has to be entered only when an existing company wishes to change its name and is using RUN to reserve a new name)
- 2 Proposed names
- Main objects of the LLP
- Any other attachment, if required like NOC for the proposed name if it resembles any name of any existing company / LLP.

After entering the aforementioned details in the form, we can submit the form at the portal and make the payment of the prescribed fee, i.e. Rs. 1,000.00 towards name reservation fee. The name once approved shall be valid for the period of 90 days from the date of approval of name.

### 2. Preparation of Incorporation documents:

After receiving name approval, certain documents need to be compiled before filing of form for incorporation of LLP. The same are as under:

- Copy of Utility bill (Electricity bill / Telephone bill / any other utility) not older than 2 months.
- Address proof of the proposed registered office of LLP (Rent Agreement/ Conveyance deed / Lease deed)
- Subscriber Sheet duly signed by all partners and certified by a Practising Chartered Accountant or Company Secretary.
- Copy of PAN Card, Identity proof (Voter ID/Passport/Driving License), Address proof (Copy of Telephone or Electricity bill / Copy of Bank Statement- both not older than 2 months) for all partners.
- Details of other entities in which partners are already partners / directors duly self certified by each partner.
- Digital Signature of all partners.

### 3. Filing of Incorporation Forms:

The MCA has introduced a single window form, i.e. Form FiLLiP for incorporation of LLP. The details as required in the form along with above mentioned documents needs to be submitted with MCA for incorporation of LLP.

This e-form also enables to apply for DIN for partners. Under this e-form, one can also apply for name reservation.

After successful submission of the form and verification of documents by MCA, the MCA issues the Certificate of Incorporation of LLP.

The step by step procedure of filing the FiLLiP form is as under:

**Step-1:** If the name of the LLP is already reserved, prefill the SRN of RUN-LLP. Also fill the complete address of the proposed registered office of the LLP.

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**FiLLiP**  
(Form for Incorporation of Limited Liability Partnership)

[Pursuant to rule 8, rule 11 and rule 18 of Limited Liability Partnership Rules, 2009]

Note - All fields marked in \* are to be mandatorily filled.

**Part A: Incorporation document**

\*Whether name is already approved by Registrar of Companies  Yes  No

1. Service Request Number (SRN) of **RUN-LLP**

2(a) New Incorporation / Conversion

(b) CIN

3. \*Address of registered office of the LLP

\*Line I

Line II

\*City  \*District

State  \*PIN Code

Country

ISO country code  \*Phone  Fax

**Step-2:** Fill in the details regarding proposed business activity of the LLP and main industrial activity code of the LLP.

4. Name of the office of Registrar in which the proposed LLP is to be registered  
 Registrar of Companies, National Capital Territory of Delhi and Haryana

5. Business activities to be carried out by the LLP on incorporation

- ✓ Increase Sales
- ✓ Build Brand Awareness
- ✓ Launch new products or services
- ✓ Target new customers
- ✓ Enter new market internationally or locally
- ✓ Enhance Customer Relationships
- ✓ Improve Internal Communication

(Note: In case business activities consists of banking, insurance, venture capital, mutual fund, stock exchange, asset management, architect, architecture, merchant banking, securitization and reconstruction, chit fund and non banking financial activities, a copy of the in-principle approval of the regulatory authority should be attached)

6. \*Based on business activities, main division of industrial activity of the LLP as per NIC-2004

Description of main division of industrial activity

Other Business Activities

**Step-3:** Fill in the details regarding Designated Partners having DIN or not having DIN.

7.\* (a) Total number of designated partners and partners of LLP

	Having valid DIN/DPIN	Not having valid DIN/DPIN
Total number of designated Partners (Individual+Nominees of bodies corporate)	0	2
Number of individual Designated Partners	0	2
Number of Designated Partners who are nominees of bodies corporate	0	0
Total number of Partners (Individual+body corporate)	0	0
Number of individual Partners	0	0
Number of bodies corporate Partners		0

#### Step-4: Fill in the details regarding the Designated Partners of the firm.

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(b).Particulars of individual designated partners

1

\* First Name SHARMILA

Middle Name

\* Surname BHATTACHARJEE

\* Father's First Name SHYAMLAL

Father's Middle Name

\* Father's surname BHATTACHARJEE

\* Gender Female \* Date of Birth 30/09/1991 (DD/MM/YYYY) \* Nationality INDIA

\* Place of Birth ASSAM

\* Whether citizen of India  Yes  No \* Whether resident of India  Yes  No

\* Occupation Type  SelfEmployed  Professional  Homemaker  Student  Servicemen

\* Area of Occupation Others

If others selected, Please specify BUSINESS

\* Educational Qualification Graduation/Bachelor/Equivalent

PAN  Passport Number XXXXX5555X

Verify Details

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\* e-mail ID xxxxxxxxxxxxxxxxx@gmail.com

\*Permanent Residential Address

\*Line I D/O. SHYAMAL BHATTACHARJEE

Line II SREENAGAR COLONY

\*City KARIMGANJ

\*State/Union Territory Assam-AS \*Pincode 788710

ISO country code IN \* Country INDIA

\*Phone (with STD/ISD code) 99999999

\*Whether present residential address same as permanent residential address  Yes  No

\*Present Address

\*Line I D/O. SHYAMAL BHATTACHARJEE

Line II SREENAGAR COLONY

\*City KARIMGANJ

\*State/Union Territory Assam-AS \*Pin code 788710

ISO country code IN \* Country INDIA

\*Phone (with STD/ISD code)

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If Duration of stay at present address is less than one year then address of previous residence

Voters Identity Card \*Residential Proof Bank Statement

Voter's identity card number

Driving license number

Aadhaar Number

Submit the proof of identity and proof of address under attachments.

In case of company seeking conversion

(i) Number of shares held (ii) Paid up value of shares held (in Rs.)

\*Form of contribution CASH

\*Monetary value of contribution (in Rs.) 21,000.00

(in words) Rupees Twenty One Thousand only

\*Number of LLP(s) in which he/ she is a partner 0

\*Number of compan(s) in which he/ she is a director 0

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**Step-5:** Fill in the Particulars regarding proposed name of the LLP along with its significance.

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8.\*Particulars of the proposed or approved name

Proposed or approved name WALK AND WIN SOLUTIONS LLP

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Significance of abbreviated or coined word in the proposed name WALK AND WIN MEANS To win (something) easily, handily, or without much or any effort.

State the name of the vernacular language(s) if used in the proposed name and meaning thereof NONE

9. \* (a) Whether the proposed name is based on a trademark registered or is subject matter of an application pending for registration under the Trade Marks Act  Yes  No

(b)\* If yes, furnish particulars of trade mark or application

10. \*Total monetary value of contribution by partners in the LLP (in Rs.) (in figures) 35,000

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## Step-6: Fill in the details regarding subscribers to the LLP agreement.

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11. \*Whether addendum to FiLLiP is required to be filed (refer instruction kit for details)  Yes  No

12. We, the several partners whose names are subscribed below, are desirous of being formed into a LLP for carrying on a lawful business with a view to earn profit and have entered or agreed to enter into a LLP agreement in writing. We respectively agree to contribute money or other property or other benefit or to perform services for the LLP in accordance with the LLP agreement, the particulars of which are stated against our respective names. We hereby give our consent to become a partner/ designated partner/ nominee/ nominee & designated partner of the LLP pursuant to section 7(4) / 25(3)(c) of the Limited Liability Partnership Act, 2008.

(Attach details in respect of names of partners/ nominees/ witnesses and their signatures in the below format as Subscribers' sheet attachment)

Name of each partner/ designated partner/ nominee/ nominee & designated partner	Designation (Designated Partner / Partner/ nominee/ nominee & designated partner)	Signature of partner/ designated partner/ nominee/ nominee & designated partner	Name, address and profession (along with professional membership number) of witness	Signature of witness

**Note:** Attach the details of company(s)/ LLP(s) in which partner/ designated partner is a director/ partner, as the case may be in the below format as an attachment

S.No.	CIN/ LLPIN	Name of Company/ LLP

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11. \*Whether addendum to FiLLiP is required to be filed (refer instruction kit for details)  Yes  No

12. We, the several partners whose names are subscribed below, are desirous of being formed into a LLP for carrying on a lawful business with a view to earn profit and have entered or agreed to enter into a LLP agreement in writing. We respectively agree to contribute money or other property or other benefit or to perform services for the LLP in accordance with the LLP agreement, the particulars of which are stated against our respective names. We hereby give our consent to become a partner/ designated partner/ nominee/ nominee & designated partner of the LLP pursuant to section 7(4) / 25(3)(c) of the Limited Liability Partnership Act, 2008.

(Attach details in respect of names of partners/ nominees/ witnesses and their signatures in the below format as Subscribers' sheet attachment)

Name of each partner/ designated partner/ nominee/ nominee & designated partner	Designation (Designated Partner / Partner/ nominee/ nominee & designated partner)	Signature of partner/ designated partner/ nominee/ nominee & designated partner	Name, address and profession (along with professional membership number) of witness	Signature of witness

**Note:** Attach the details of company(s)/ LLP(s) in which partner/ designated partner is a director/ partner, as the case may be in the below format as an attachment

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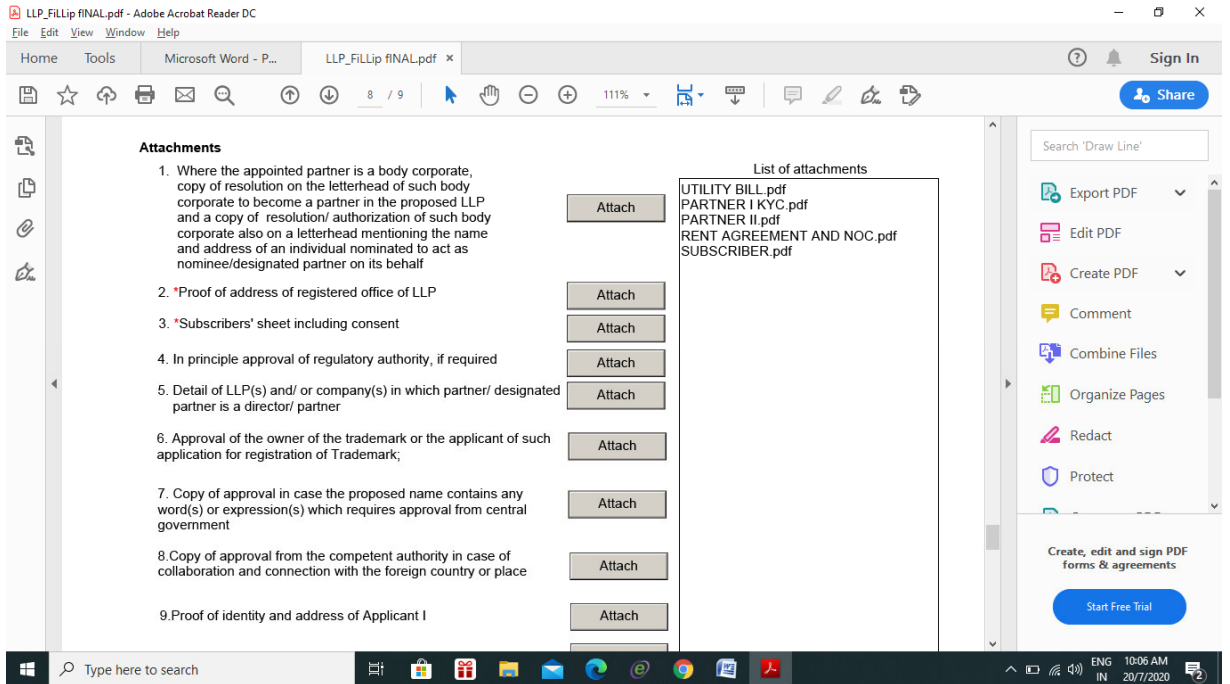
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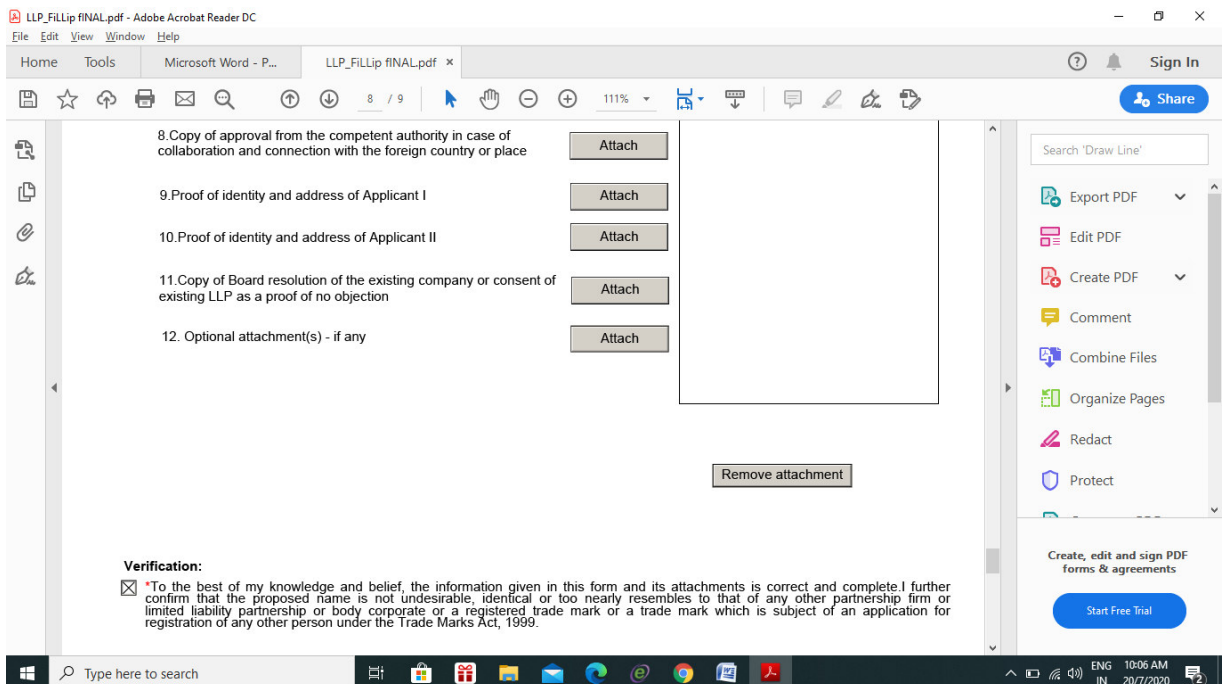
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**Step-7:** Attach all the documents like KYC of subscribers, Latest utility bill being the address proof of proposed registered office of the LLP along with Rent Agreement and NOC from the owner of the premises.



**Step-8:** Fill in the verification details in the eform.



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**Part B: Statement**

**Statement by a person who subscribed his name to the incorporation document**

I, the designated partner of the LLP do state that

(i) I am a person named in the incorporation document as a designated partner/partner of the limited liability partnership;

(ii) the designated partner(s)/partner(s) have given their prior consent to act as designated partner(s)/partner(s);

(iii) all the requirements of the Limited Liability Partnership Act, 2008 and the rules made thereunder in respect of Designated Partner Identification Number (DPIN), registration of the LLP and matters precedent or incidental thereto have been complied with

(iv) I make this statement conscientiously believing the same to be true.

**To be digitally signed by a designated partner**

\* DIN/DPIN/PAN of the designated partner

Statement by an Advocate/ Company Secretary/ Chartered Accountant/ Cost Accountant in practice

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**Statement by an Advocate/ Company Secretary/ Chartered Accountant/ Cost Accountant in practice**

I

Son  Daughter of

do state that

(i) I am  Advocate  Company Secretary in whole time practice  Chartered Accountant in whole time practice  Cost Accountant in whole time practice

engaged in the formation of the limited liability partnership and my membership number or certificate of practice number with

(name of regulatory body) is

(certificate of practice number in case of company secretary/ membership number in all other cases)

(ii) all the requirements of the Limited Liability Partnership Act, 2008 and the rules made thereunder have been complied with, in respect of incorporation and matters precedent and incidental thereto;

(iii) I make this statement conscientiously believing the same to be true.

Whether associate or fellow  Associate  Fellow

Modify Check Form Prescrutiny

**Step-9:** Finally use the check form tab in the form and after successful check do the prescrutiny of the form. If the prescrutiny is successful, the eform can be uploaded on the MCA portal. The ROC after examining the correctness of the details submitted, issues Certificate of Incorporation of LLP within 2-3 days period.

#### 4. Filing of LLP Agreement:

Upon receipt of Certificate of Incorporation of LLP, a LLP agreement needs to be executed on the stamp paper. The amount of Stamp duty shall be determined as per the State Stamp Duty Act.

The LLP agreement executed shall be notarised and submitted in e-Form 3 within 30 days from the receipt of Certificate of Incorporation of LLP.

#### **ANNUAL COMPLIANCES:**

Following forms/returns need to be submitted every year for every LLP:

- Form 11 - Annual Return:

Annual return of a LLP is due within 60 days of close of financial year. LLPs must uniformly maintain a financial year that starts on April 1st and ends on March 31st, therefore the Annual return of a LLP is due on or before May 30th of each financial year.

Form 11 contains details of the number of partners, total number of partners, total contribution received by all partners, details of body corporate as partners and summary of partners. All LLPs should file this form within 60 days from the closure of the financial year with the prescribed fee. Hence, the due date for filing LLP Form 11 is 30th of May each year.

- Form 8 - Solvency Statement:

Statement of Accounts and Solvency of a LLP is due within 30 days from the end of six months of close of the financial year. Statement of Accounts and Solvency is a mandatory filing that is required for all LLPs in India. Statement of Accounts and Solvency contains a declaration on the state of solvency of the LLP by the designated partners and also information related to statement of assets and liabilities and statement of income and expenditure of the LLP.

Form 8 must be filed within 30 days from the end of 6 months of the financial year along with some prescribed fee. This must be digitally signed by 2 designated partners and it must be certified by a chartered accountant/company secretary/cost accountant. Form 8 contains Statement of Solvency, Statement of Accounts and Statement of Income & Expenditure.

- LLP Tax Audit:

The accounts of every LLP shall be audited in accordance with Rule 24 of LLP, Rules 2009. The rules provide that any LLP, whose turnover does not exceed, in any financial year, forty lakh rupees, or whose contribution does not exceed twenty five lakh rupees, is not required to get its accounts audited.

- Income Tax Return:

Every LLP needs to file their return of income in Form-5 online using the digital signature of the partner. The deadline for LLP tax filing in India is July 31st if tax audit is not required. LLP whose turnover exceeds Rs. 40 Lakh or whose contribution exceeded Rs. 25 Lakh are required to get their accounts audited by a practising Chartered Accountant. The deadline for tax filing for LLP required to obtain a tax audit report is September 30th.