

★ What is Limited liability Partnership ? LLP ⇒

★ LLP is a new form of organisation or legal business which is an alternate corporate vehicle

★ It is a hybrid form of business which means it has limited liability feature of a company and flexibility of a partnership firm.

What are the advantages of forming an LLP?

(1) It is created out of agreement which is called LLP agreement.

☆ ☆ ☆ Meaning ↗ ↘ Sheet'/2

- (2) It involves less compliances & legal procedures hence it is flexible.
- (3) It is easy to form and easy to dissolve.
- (4) It's partners enjoy limited liability.
- (5) It has flexible Capital structure.

☆ This Act is administered by MCA & ROC.

IPA, 1932 apply ? to LLP ? = Section 4 of LLP Act

NO, it does not apply.

★ ABOUT THE ACT :- JFK.

★ → Bill was passed by the parliament - 12/12/08

★ → Notified as an Act 09/01/2009.

★ LLP Act has 4 schedules :- IMPORTANT :-

FIRST → Mutual rights/duties b/w the partners and LLP, in case the agreement is silent.

SECOND } - Conversion of PF → LLP ⇒ YES

THIRD } - Conversion of PVT Co. → LLP ⇒ YES

FOURTH } - Conversion of Unlisted Pub. Co. → LLP ⇒ YES

Listed Co.

↓

LLP

NO.

Important defn :- Body Corporate, Small LLP, Foreign LLP,
Financial year.

★ BODY CORPORATE

★

CO.		LLP	
INC	INC	INC	INC
✓	X	✓	X
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>

★

Does not include :-

Corporation sole — अकेला
co-operative society
CG = notify = OG.

Foreign LLP :- is an LLP

- ① INC o/s India but
- ② POB in India

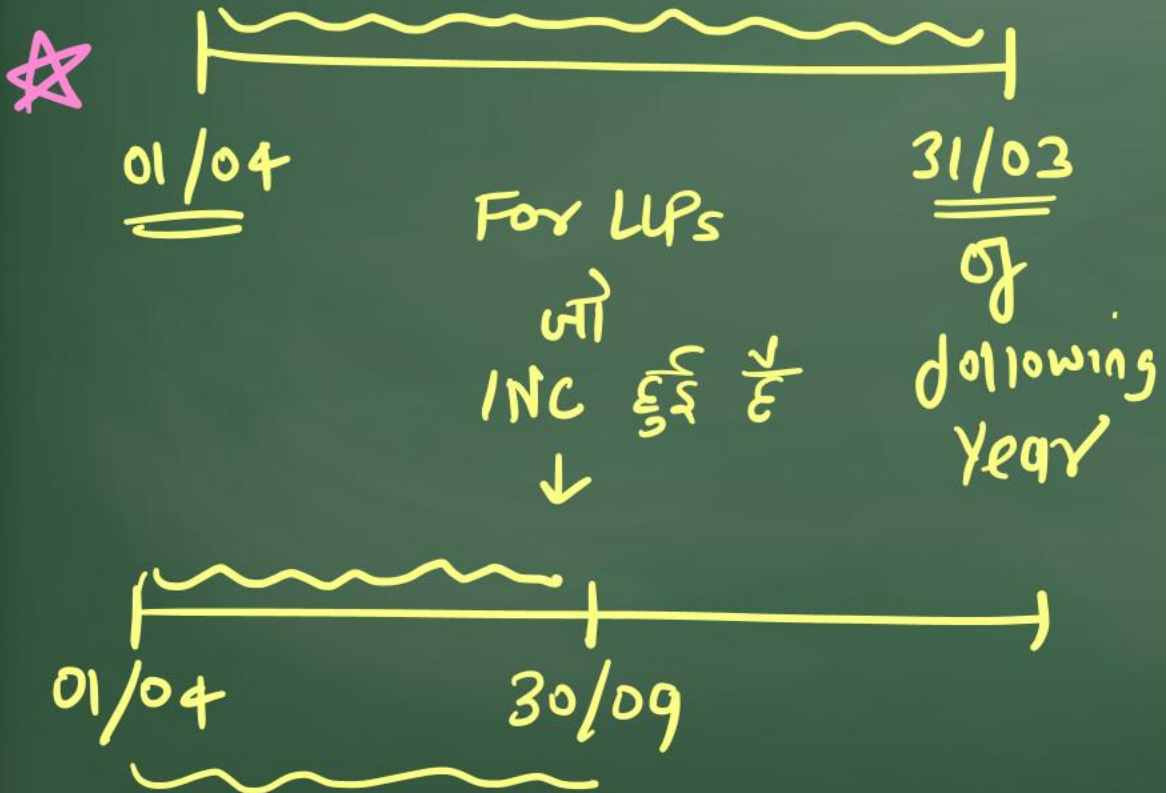
Small LLP :- Important (★)

Satisfy both the conditions :-

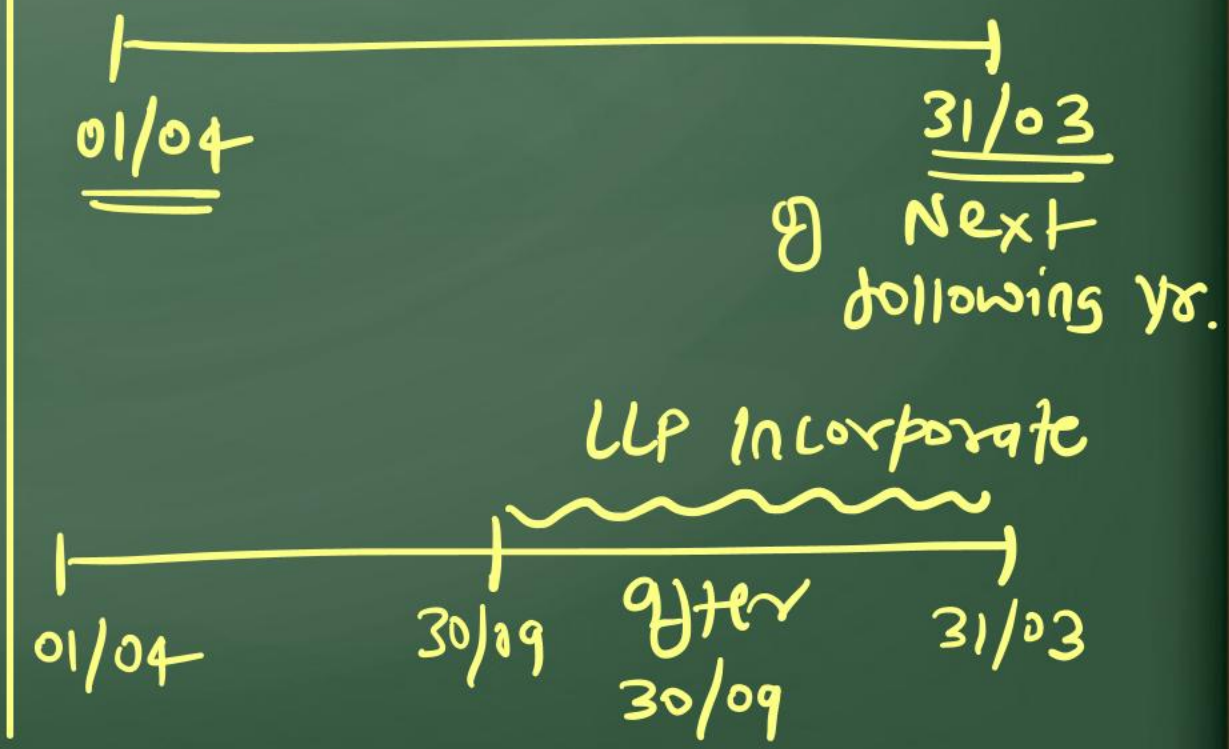
- ① Contribution → 25,00,000
and
and.
 - ② Turnover → 40,00,000
Immediately Preceding fy.
- SAS = Stat.g Acc. and solvency.

★ Financial Year :-

★ Regular



Special Case



★ Example :-

From Incorporated date

★ ① Regular Case :- LUP inc on 28/08/2019
LUP = FY = \downarrow \longrightarrow - 31/03/2020

★ ② Special Case :- LUP INC on 15/10/2019
LUP = FY = \downarrow \longrightarrow - 31/03/2021

- | | | | | |
|---|--------------|---------------|---|---------------------|
| { | <u>2019</u> | | | |
| | <u>29/09</u> | \rightarrow | Before 30/09 - Regular | FY end - 31/3/2020. |
| | <u>30/09</u> | \rightarrow | exact 30/09 - Regular | - 31/3/2020. |
| | <u>01/10</u> | \rightarrow | After 30/09 - Special | - 31/3/2021. |

★ SECTION 5 :- PARTNER :- Min. 2 Partners as per Sec. 6

who can be a partner in an LP?

★ → Any individual (Natural person) ⇒ Resident or Non-Res. Both.

★ → Any Body Corporate [CO < INC IN INC O/S] [LLP < INC IN INC O/S]

But An Ind cannot become a partner who is -

(1) Unsound mind

(2) Insolvent = undischarged
(adjudicate) √ (liab. end x)

(3) applied to be adjudicated as insolvent
and my application is pending

A PF cannot be a partner in an LLP as it is not a BC

★ SECTION 7 :- Designated Partner → DP

★ - DP is a partner who is responsible for work related to compliances of LLP.

★ - Every LLP must have 2 DP minimum

Who can be a DP in an LLP?

→ (1) who are Individuals (Natural person) and

(2) out of 2 (one) partner shall be Resident of India

(RoI means 120 days in the preceding FY) *

If all partners are BC (case 2)

If one or more partners are BC (case 3)

} Any representative
or Nominee from
BC.

authorised person from BC = DP

Example :- For Designated Partner \Rightarrow

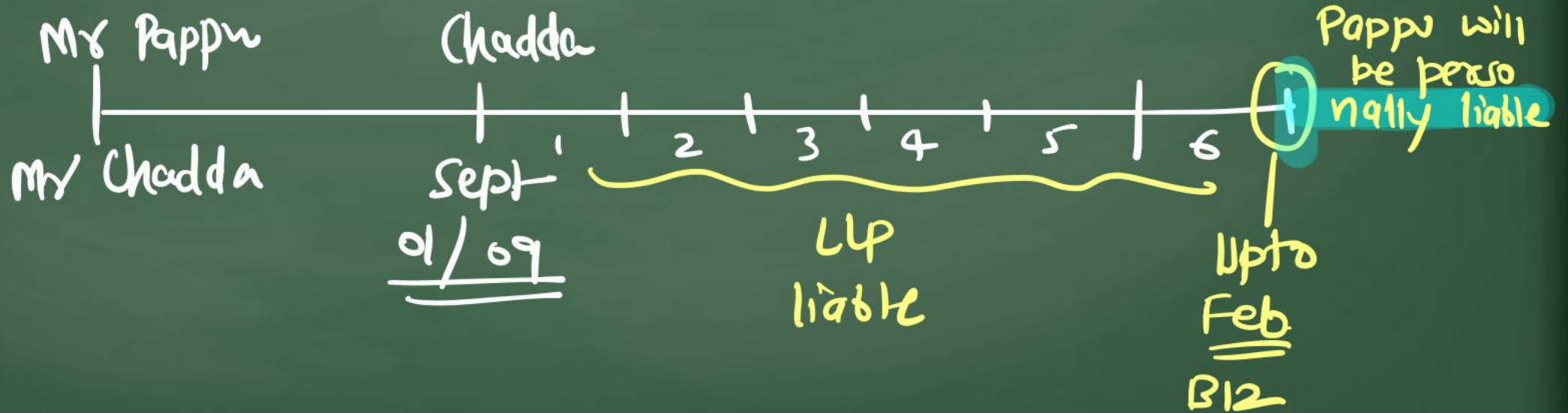
☆☆☆ IMP Sheet
for Concept

	P ₁	P ₂	P ₃	
<u>CJ LLP</u> \rightarrow	Mr	Mr	Mr	<u>Always check ROI</u>
① <u>CASE ①</u> -	<u>CJ</u>	<u>DJ</u>	PJ	= All individuals
② <u>CASE ②</u> -	<u>C & CO</u>	<u>D & CO</u>	<u>P & CO</u>	= All Body Corporate
③ <u>CASE ③</u> -	<u>Mr. CJ</u> Individual	D & CO.	P & CO	= Combination
	X		X	X

☆☆☆ SECTION 6 = Min. no. of Partners = 2

SPECIAL CASE OF SEC. 6 \Rightarrow If partners reduce below 2 then LLP can carry on business till 6 months. But if single partner carries on the biz after 6 months also then he will be personally liable for the obligation of LLP.

Example



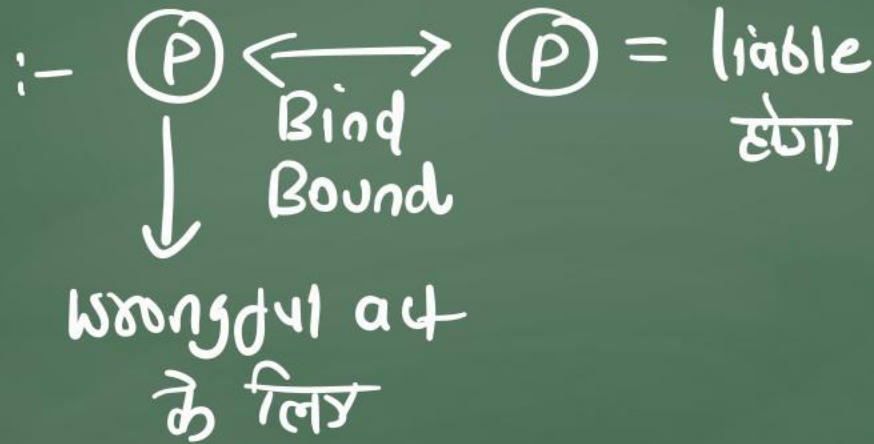
★ CHARACTERISTICS OF LLP :-

- ★ - Co. 51 Angle = P C L A S S
- | | | | | | | |
|--|-----|-----|-----|-----|-----|----------|
| | PS | CS | LL | Ash | SLE | Property |
| | (1) | (2) | (3) | (4) | (5) | Site (6) |
- ★ - Body Corporate (7)
- PF Angle = LLP Agreement (8)
- other points (9) = Min / max partners = 2 / No limit
- (10) = Mgt of Business = DP (compliance)
- (11) = Business for PROFIT only.
- (12) = Foreign LLP
- (13) = Conversion into LLP
- PF ✓
 - Pvt ✓
 - Unlisted Pub ✓

★ Mutual Agency :-

★ Mutual Agency
⇓

★ Every (P) is an Agent & Principal of every other (P)



(PF) Present
| That's why Partner's liab

UNLIMITED

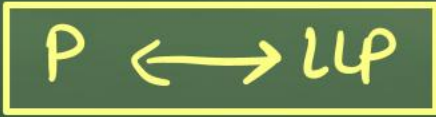


one partner is **NOT** an Agent / Principal of another partner.



MA is not Present

But



means all partners are Agents of only LLP & not other partners.

SECTION 26

LLP [Partners limited = ✓✓

★ SECTION - II :- Incorporation Document :-

What is the process of incorporating LLP?

★ (1) When 2 or more persons who want to run business which is lawful with a view to earn profit then such person will apply to ROC.

★ (Where your Registered office is to be situated) with documents and their name subscribed on the documents.

(2) Application must be made in the prescribed form with prescribed fees.

★ Incorporation document :- Content :-

PF = Name
PANDDU

★ - Name of the LLP (Proposed) = नाम

★ - Nature of Business = व्यवसाय = [N]

★ - Place of Business (Proposed) = Ro. = [P]

- Name & address of (P) + (DP) } = [D] details

- Such other information as may be prescribed

(3) Statement (A) Professional - CA/cs/Ad./Cost acc. engaged in the incorporation LLP

↓
that all the (B) Any ONE partner who has subscribed.

requirements of the Act / Rules have been complied with. | False statement = Penalty
2 yrs jail And 10,000 to 5 lacs

Flow Jox under standing sec. 11 + 12 :-

JFK = Jox Concept
clarity

STEPS :-

- ① Reserve the name ☆
- ② File form (Application) to ROC ☆
- ③ Inc. documents (Subscribe) ☆
- ④ LLP agreement with doc. ☆
- ⑤ Prescribed form + fees
- ⑥ To ROC (Proposed Ro) Situate
- ⑦ Statement [Professional + Any one partner]
- ⑧ False statement = Punishment = 2 yrs jail + 10,000 to 5 lacs.

SECTION 12 → If Registrar is satisfied then he registers the doc & issue COI within 14 days = CONCLUSIVE EVIDENCE

→ after
Complying sec.
11

LLP Form = essential element (★)

- ① 2 or more persons (partners) MIN = 2 < Ind. BC
- ② 2 DP = Ind (1 = ROI) = [DP should have DPIN]
Just like DIN
- ③ RO (Registered office) ★
- ④ LLP name ★
- ⑤ Inc. document } ★
- ⑥ LLP agreement }

★ REGISTERED OFFICE = Section 13 (★)

★ ① Every LLP shall have RO for Communication / Notices

★ ② A document may be served on - LLP } Post
- Partner } Certificate
- DP } of Post

★ ③ Can I change my Ro ?

YES, just inform / Notice → RoC

Prescribed form + fees

④ Punishment = if you contravene sec. 13 then -
Fine 2000 - ₹5000/-

★ SECTION - 15 } ★
→ - 16 } Name - ★.
→ - 17 } related - (17) VVVIMP (★).

★ Section 15 :-

★ ① Every LLP shall have either "Limited liab. Partnership"
or LLP after the name.

② LLP name shall NOT :- (in the opinion of CG)

- identical or
- too nearly resemble or
- undesirable

with any other LLP or Body Corporate or Reg. Trademark
= (PF is not included here) RTM =.

★ SECTION 16 :- Reserving the Name of an LP :-

★ If Registrar is satisfied as per Section 15 then upon receipt of an application & payment of

★ prescribed fees in prescribed form, Registrar may :-

- new - (a) Reserve the proposed name or (1st time) new.
- change case (b) Reserve the name to which LP proposed to change

For the period of 3 months from the date of intimation by the Registrar

★ SECTION 17 :- CHANGE OF NAME OF LP

★ Notwithstanding section 15 and 16 - if through inadvertence or otherwise (जल्दी)

★ - An LP's name is registered which is identical or too nearly resembles with other LPs / RTM / BC

- then on an application made by such other LP or proprietor of RTM to CG within 3 years from the date of incorporation / registration / Change of such LP

- CG may direct LP to change its name within 3 months from the date of issue of such direction.

- If LP changes its name then it shall within 15 days from such change, give notice to RoC along with the order of CG

★ Continue section 17 :-

- ★ - And Registrar will make necessary changes and issue new COI within 30 days of such change. ^{agree}
- ★ - Accordingly LLP will change its name in LLPA.
- But if LLP makes a default in complying CG's order then CG will allot a new name to LLP & Registrar will issue new COI with new name on it.
(LLP can use sec. 16 in the future to change its name)

★	Basis	LLP (DP) (Lim)	PF (All P.) Unlimited
★	① Act	LLP Act 2008	IPA 1932
★	② BC	✓	X
	③ SLE	✓	X
	④ PS	✓	X
	⑤ REGIS.	Mandatory	optional
MA	⑥ Mutual Agency	P ↔ LLP ✓ P ↔ P X	✓ Yes (benefit)
	⑦ Minors	NO	
	⑧ Annual Filings	SAS / Annual Return	NO.
	⑨ CS	✓ may / may not	No concept

★	BASIS	LLP	LLC (co.)
★	① Act	LLP Act 2008	TCA, 2013
★	② Contribute →	Partners	member
★	③ Creation	Agreement	TCA (Reg.)
	④ MGT	DP	BOD
	⑤ Minimum	2P - 2DP	Pvt - 2 / Pub - 7 OPC - 1
	⑥ Max.	No limit	Pvt - 200 / Pub - NO OPC - 1
	⑦ Name	LLP	Pvt Itd / Itd / OPC



Thank

You