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LIMITED LIABILITY PARTNERSHIP (LL.P)

With effect from April 1, 2009, globally accepted business form of Limited Liability Partnership (LL.P) has been allowed to be incorporated in India under the aegis of Limited Liability Partnership Act, 2008. The enactment of this act could be termed as one of the revolutionary step on part of Indian Legislature in recent years. The Act introduces the limited liability aspect of an incorporated entity into partnership mode. Existing business entities, be they running as partnership or proprietorship concern or a company; are also allowed to be convert themselves into LL.P.

Procedure and Requisite for incorporation of LL.P–

The entire LL.P incorporation procedure and related requisites are more or less similar to that of incorporating a Company. Converse to the Company incorporation mode, there is no minimum contribution limit with which a LL.P can be started. Further, liability of its partner(s) is limited to the extent of his contribution in the LL.P.

The LL.P registration fee has been prescribed on basis of the total monetary value of contribution of partners in the proposed LLP.

Step One - Persons to be appointed as partner in LL.P should have their Designated Partners Identification Number (DPIN) and Digital Signature Certificate (DSC); An LL.P can be started with minimum of 2 partners and there is no maximum limit prescribed. Foreign nationals are also allowed to be partners.

Step Two – Intended name in which LL.P would carry its business should be reserved.

Step Three – Drafting of LL.P Agreement demarcating the rights and duties of its partners.

Step Four – Drafting Incorporation Document and Statement should be filed in the Form – 2.



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Step Five - LL.P Agreement and Partners' Details should be filed either simultaneous to the filing of Form-2 or within 30 days of the date of incorporation or within 30 days of such subsequent changes.

On submission of complete documents, the Registrar shall satisfying himself about compliance with relevant provisions of the LL.P Act and register the LL.P. It may be noted that one of the beautiful advantages of LL.P incorporation procedure is that it comes with time frame of maximum 14 days from the date of filing of Form - 2.

Another benefit of running business in LL.P form is the relaxation from annual audit of the accounts so long as the contribution amount is less than Rs. 25 lakhs or annual turnover does not exceed Rs. 40 lakhs, although it is required to maintain proper books of accounts including the annual accounts.