Salient features of Limited Liability Partnership:

The salient features of the LLP Act 2008 are:

- LLP is a body corporate and a legal entity separate from its partners;
- The LLP will have perpetual succession;
- The mutual rights and duties of partners of an LLP inter se and those of the LLP and its partners shall be governed by an agreement between partners or between the LLP and the partners subject to the provisions of the LLP Act 2008;
- The LLP will be a separate legal entity, liable to the full extent of its assets, with the liability of the partners being limited to their agreed contribution in the LLP which may be of tangible or intangible nature or both tangible and intangible in nature;
- Indian Partnership Act, 1932 shall not apply to LLP.
- The mutual rights between the partners of LLP are governed by the LLP agreement.

Essential requirements for incorporation of LLP:

The requisites for forming a LLP are:

- Every LLP shall have at least two natural or juristic partners and shall also have at least two individuals as Designated Partners, of whom at least one shall be resident in India,
- At least two persons shall be designated partners having DIPN. In case of body corporate as partners, their nominee can be act as designated partners. Out of two designated partners, one must be resident in India. (Who has stayed in India for a period of not less than one hundred and eighty two days during the immediately preceding financial year)

Liability of Partners

The liability of the partners in a LLP is limited to the extent of their agreed contribution in the LLP which may be of tangible or intangible nature or both tangible and intangible in nature.

Every partner is an agent of the LLP and not the other partners; hence neither the LLP nor other partners would be liable for the independent or un-authorized actions of other partners or their misconduct.

In case of any act committed by the LLP or any its partner with the intention to defraud the creditors or any other person or for any fraudulent purpose, the liability of the LLP and partners guilty of fraud would be unlimited for all or any of the debts or other liabilities of the LLP.

The liability of LLP shall be met out from the property of the LLP.

Financial Disclosures:

The LLP has to maintain books of accounts for prescribed period. A statement of accounts and solvency shall be filed by every LLP within thirty days from the end of six months from each financial year.

Accounts of LLP shall be audited in case its contribution exceeds 25 lakhs or its turnover exceeds 40 Lakhs.

Conversion into Limited Liability Partnership:

A firm, private company or an unlisted public company can convert into LLP in accordance with the provisions of the Act. After conversion and from the date of certificate of registration issued by the Registrar.

Winding Up:

The LLP may be wound up either voluntarily or by the Tribunal to be established under the Companies Act, 1956. Winding up of LLP may be either voluntary or by the Tribunal. LLP so wound up may be dissolved. It may be wound up by the Tribunal if:

- The limited liability decides so,
- If the minimum number of partners had reduced to less than two for a period of more than six months,
- If the LLP is unable to pay its debts,
- If the LLP had acted against the sovereignty and integrity of India, the security of state and public order,
- If the LLP had failed to file statement of accounts and solvency with the Registrar for five consecutive financial years,
- If the Tribunal is of the opinion that it is just and equitable to wind up the LLP.

Compromise, Arrangement or Reconstruction of LLP:

On an application made by the LLP or its creditor or a partner, the Tribunal may pass an order sanctioning the compromise, arrangement or reconstruction of LLP between the LLP and its creditor or LLP and its partners.

Foreign Direct Investment in LLP:

The FDI in LLPs will be implemented, subject to certain conditions.

Difference between partnership and LLP

Difference between LLP and Company

LLP ACT
(Limited liability partnership)
Is a body corporate
Co + Partnership

Partnership	LLP
1. Government by	1. LLP Act 2008
In part Act 1932	2. Limited Liability
2. No limited Liability Concept	3. Body Corporate
3. Not Body Corporate	4.No limit on max no of members
4. Max 50	5.Partner are not agent of
other partners but they are	Agent of LLP- (comments)
5. Each Partner is agent of other	
Partner	
Mutual agency	
6. Registration is optional (firm)	6. LLP is registered by ROC and
Is compulsory	
India LLP law is generated by	
U.K. and Singapore	

Note- LLP must have two designated partners

Who are responsible for all compliance of work.

Every OP must obtain DPIN(Designated Partner Identification

A partner of LLP would be liable for this act and not of other partners.

LLP	COMPANIES ACT
1. LLP act 2008	1. Companies Act 2013
2. No max no. of members	2. Private Companies max 200
3. LLP books- cash/ accrual	3. Co. - Accrual basis
4. AS not applicable	4. AS is applicable
5. Annual Return within 60 days from	5. Annual Return – within 60 days
The close of Financial Year	from the date of AGM
6. Audit- if the turnover exceeds 40 lacs	6. Statement of Accounts and solvency
On whose contribution exceeds 25 lacs	to be filed of ROC within 30 Days
Then audit is to be done	of close of financial year.
Only P/L, Balance Sheet within thirty days	
Of AGM.	
7. Winding up of	7. Statutory audit is done every year.
LLP –	
i)Voluntary	
ii)NCLT- National Company Law Tribunal	
(at present high court)	
Approval of at least 3/4th of total no. of partner.	