

Mayank Arora & Co.

Company Secretaries

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INCOPORATION OF LIMITED LIABILITY PARTNERSHIP FIRM (LLP)

A **limited liability partnership (LLP)** is a partnership in which some or all partners (depending on the jurisdiction) have limited liabilities. It therefore can exhibit elements of partnerships and corporations.

Benefits of Incorporating a LLP:

There are numerous benefits to be had from trading through an LLP –

- Limited liability protects the member's personal assets from the liabilities of the business.
- LLP's are a separate legal entity to the members.
- The operation of the partnership and distribution of profits is determined by written agreement between the members. This may allow for greater flexibility in the management of the business.
- The LLP is deemed to be a legal person. It can buy, rent, lease, own property, employ staff, enter into contracts, and be held accountable if necessary.

Elements Essential for the Incorporation of an LLP:

According to the LLP Act, 2008, the following elements are essential for the incorporation of an LLP in India:

- ❖ Complete and submit the Incorporation document in the prescribed form, with the Registrar electronically.
- ❖ At least two partners, either individual or body corporate.
- ❖ Have a registered office in India for sending and receiving communication
- ❖ Appoint at least two individuals as designated partners. They will be responsible for doing all acts, matters, and things as required to be done by the LLP. Also, the designated partners should be resident in India.
- ❖ Execute the agreement between the partners or between the LLP and its partners. Further, if an agreement is not present, the provisions in the First Schedule of the LLP Act, 2008 are applied.
- ❖ Name of the LLP: It is important to note that the name should be distinct. The LLP cannot have a name which another LLP or Company is currently using.

Steps for the Incorporation of an LLP

Name reservation

- Applicant needs to use **RUN-LLP** to ascertain the availability and register the name of the LLP.
- Once the Ministry approves the name, the name is reserved for a period of 3 months.

Filing of e-Form FiLLiP

- It is an integrated form for-
- a) Name Reservation (if applicant wishes to apply name through FiLLiP)
- b) Allotment of DIN (if the designated partner does not have)
- c) Incorporation of LLP

File e-form Form 3

- File the LLP Agreement with the Registrar **within 30 days** of incorporation of the LLP

Contribution by Kajal Jain

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