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# COMPANY FORMATION INDIA

## LIMITED LIABILITY PARTNERSHIP



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# LIMITED LIABILITY PARTNERSHIP

Limited Liability Partnerships are a new type of company in India enjoying a separate legal status, distinguishing between Personal & Business assets, and granting the entrepreneurs limited liability protection. The liability of each partner depends on the number of share capital, helping provide more protection than a Sole Proprietorship. The eligibility for registration of LLP are:

1. At least one of the Designated Partners must be an Indian resident
2. Minimum authorised capital amounting to INR 1 Lakh
3. Minimum of two partners and no cap on the maximum number
4. At least one individual partner, if the rest are corporate bodies
5. No required for shared capital since each partner must have an agreed contribution



## **Number of Partners**

LLPs and Partnership Firms must have a minimum of two partners to be registered. Post incorporation, a LLP can have unlimited partners. In case of a Partnership Firm, if the number of partners at any time reduces below the mandatory minimum of 2 due to death, incapacitation or resignation of a Partner, the partnership firm would stand dissolved. On the other hand, in case of a LLP, if the number of Partners reduces below 2, the sole Partner can still find a new Partner to fill the position without dissolution of the LLP.

## **Limited Liability Protection**

The main advantage of a Limited Liability Partnership over a traditional partnership firm is that in a LLP, one partner is not responsible or liable for another partner's misconduct or negligence. A LLP also provides limited liability protection for the owners from the debts of the LLP. However, unlike private limited company shareholder, the partners of an LLP have the right to manage the business directly.

## **Difference between LLP & Partnership**

LLPs are registered in India under the Ministry of Corporate Affairs, Central Government. Partnership firms are registered with the Registrar of Firms, Controlled by the respective State Government in which the firm is registered.

## **How to Register?**

Step 1: Digital Signature Certificate (DSC)

Step 2: Application of DIN (Director Identification Number) and DPIN ( Designated Partner Identification Number)

Step 3: Name Approval and Reservation with ROC.

Step 4: MOA & AOA submission

Step 5: Get Incorporation Certificate of LLP

Step 6: Appeal for PAN, TAN and Bank account.

Step 7: Register for LLP Agreement

Documents Required - Each Partner

Partners

- PAN Card for Residents or Passport for Foreigners

- Driving license /Aadhar card/ election identity card or any other identity proof issued by the Government
- Less than 2 months old bank statement or telephone bill
- Photograph
- Digital Signature

#### Registered Office

- Rent Deed
- Consent if Office owned by Partner
- Building Tax
- Telephone bill with address, Gas Bill with address latest within 2 months

#### Other Details

- Main Object
- Name
- Amount of contributions
- Ratio of share between partners
- Email ID
- Promoter's Educational Qualifications
- Phone number
- Duration of stay at present residential address