



Rawani & Co.
Chartered Accountants

J B NAGAR CPE STUDY CIRCLE OF WIRC

ONE PERSON COMPANY
LIMITED LIABILITY
FORMATION AND
CONVERSION

“Emerging Corporate Form”



Section -3

- Company can be formed for any lawful purpose by:
 - Company limited by guarantee;
 - Company limited by shares;
 - An unlimited Company.

- One person Company cannot be formed
 - as Company limited by guarantee
 - for investment activities
 - for NBFC business

What Rules says (General Circular 6/2014)

INC-1

- Application for Reservation of Name

INC-2

- Application for Incorporation

INC-3

- Nominee Consent Form

What Rules says (General Circular 6/2014)

INC-4

- Change in Member/Nomination in case of Death
- Time limit of 30 days for filing
- To File INC-3 before such change

INC-5

- Intimation of Cessation
- Time limit of 30 days for filing

INC-6

- Application for conversion of OPC

Penalty for Contravention

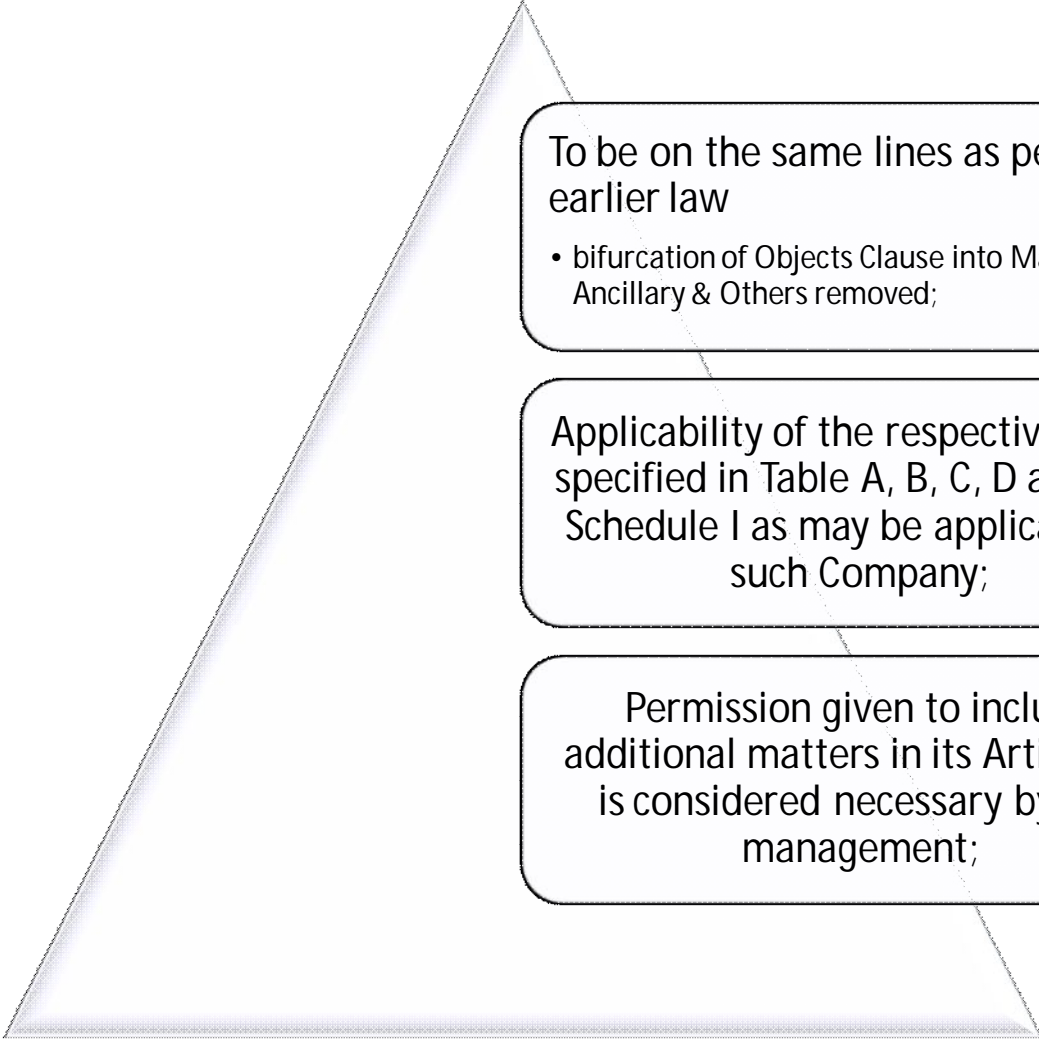
Company

- Fine up to Rs. 10,000/-

Subsequent
Contravention

- Rs. 1,000 per day after the first contravention

Memorandum & Articles



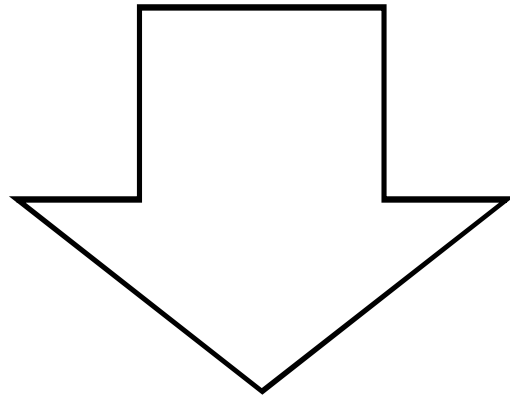
To be on the same lines as per the earlier law

- bifurcation of Objects Clause into Main, Ancillary & Others removed;

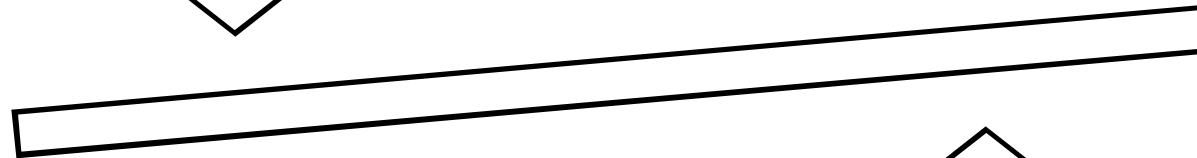
Applicability of the respective forms specified in Table A, B, C, D and E in Schedule I as may be applicable to such Company;

Permission given to include additional matters in its Articles as is considered necessary by the management;

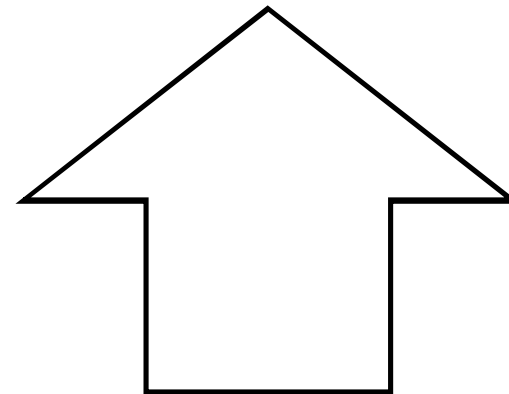
One Person Company (OPS)



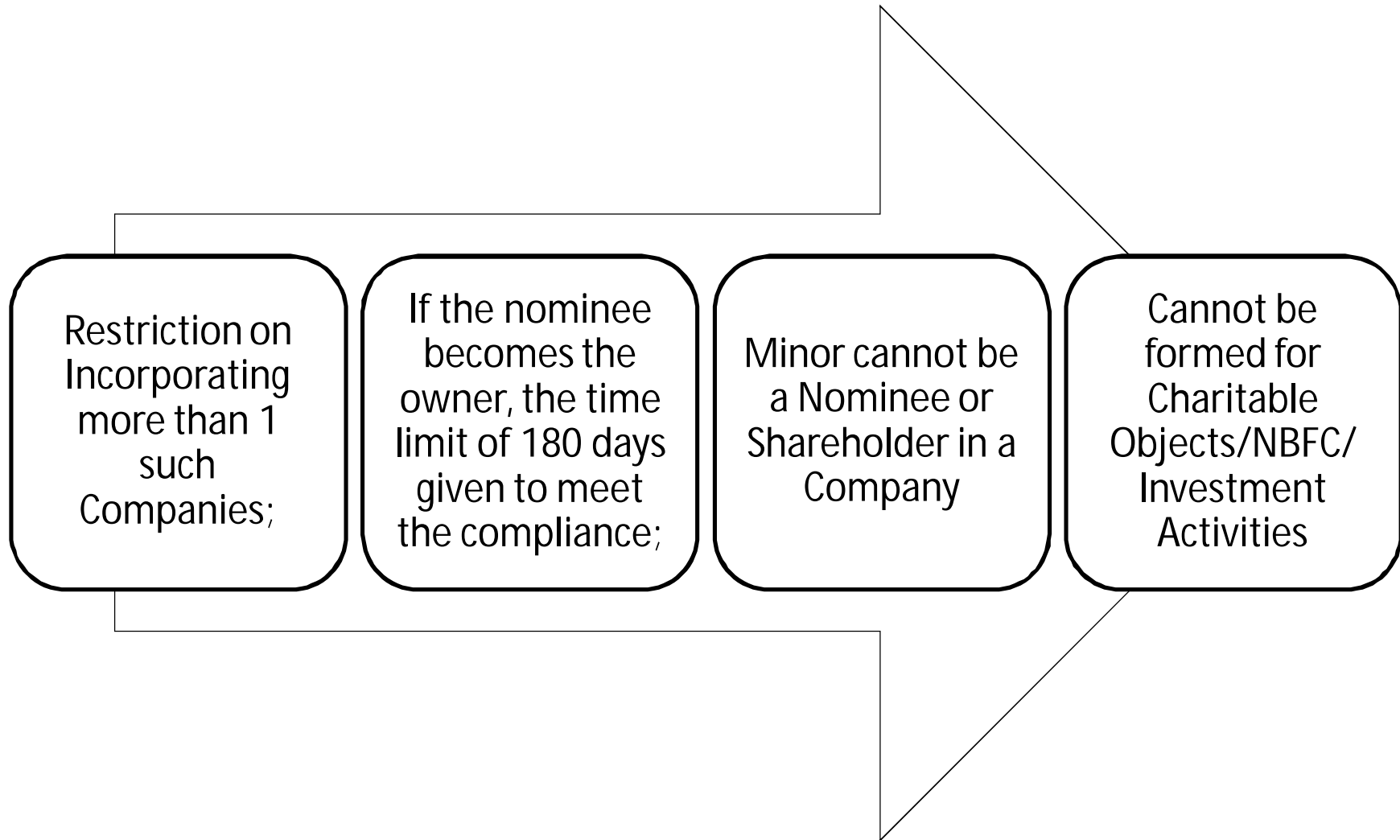
Only a Natural person, citizen of India and a resident of India can float OPS (Draft Rules)



Nominee also to be a citizen of India, Natural Person and a resident of India.



Other Restrictions (Rules)



One Person Company (OPS)

Clause 2 of the Act- OPS has only Single Member;

Person will be the Subscriber to MOA & AOA;

In the Name OPS to be prefix added to the Name viz.. XYZ Private Limited (OPS);

Mandatory Nomination form to be filed with the Registrar at the time of Incorporation;

Nomination can be amended and changed;

Consent of the Nominee, required for the same and can be withdrawn in future;

One Person Company (OPS)



Nomination to be a part of MOA and any changes in future to be incorporated in MOA;



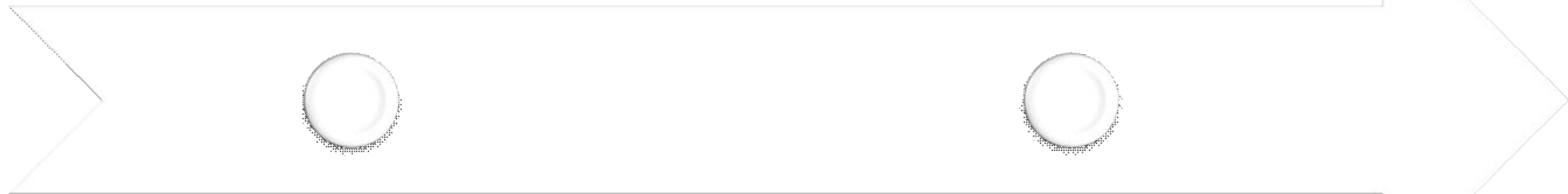
Annual Return filed by such Company to be signed by CS or by Director otherwise;



Exemption from holding AGM to such Companies (Clause 98);

Memorandum Drafting

Capital Clause requirement for OPS



I, whose name and address is given below, am desirous of forming a company in pursuance of this memorandum of association and agree to take all the shares in the capital of the company

Memorandum Drafting (Nominee Clause)

8th Clause

Shri/Smt..... son/daughter
of, resident
of..... Aged Years shall
be the nominee in the event of
death of the sole member

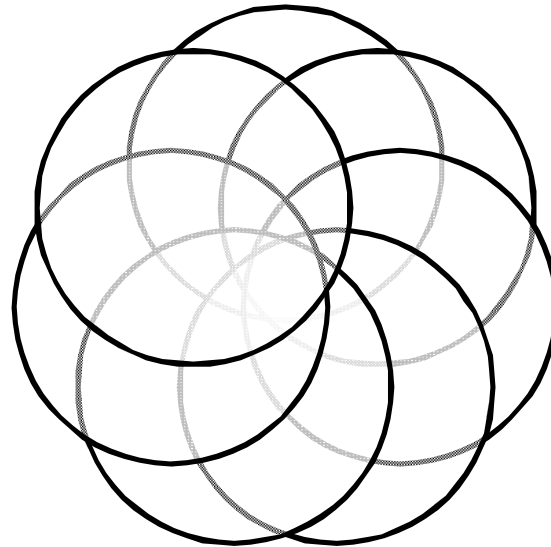
On Registration

› b
...with the M...

One-Person Company

One
shareholder/one
director company

Conversion from
sole proprietor to
OPC



Avoids need of
second person

Director vs.
shareholder

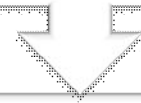
- Concept of succeeding shareholder

Meetings

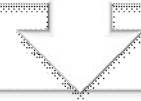
Formation

EXEMPTION

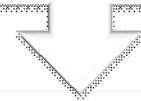
EGM convening exempted (Clause 100);



Notice of meeting not required (Clause 101);



Statement annexed to the Notice not required (Clause 102);



No requirements of Quorum for the meeting (Clause 103);

EXEMPTION

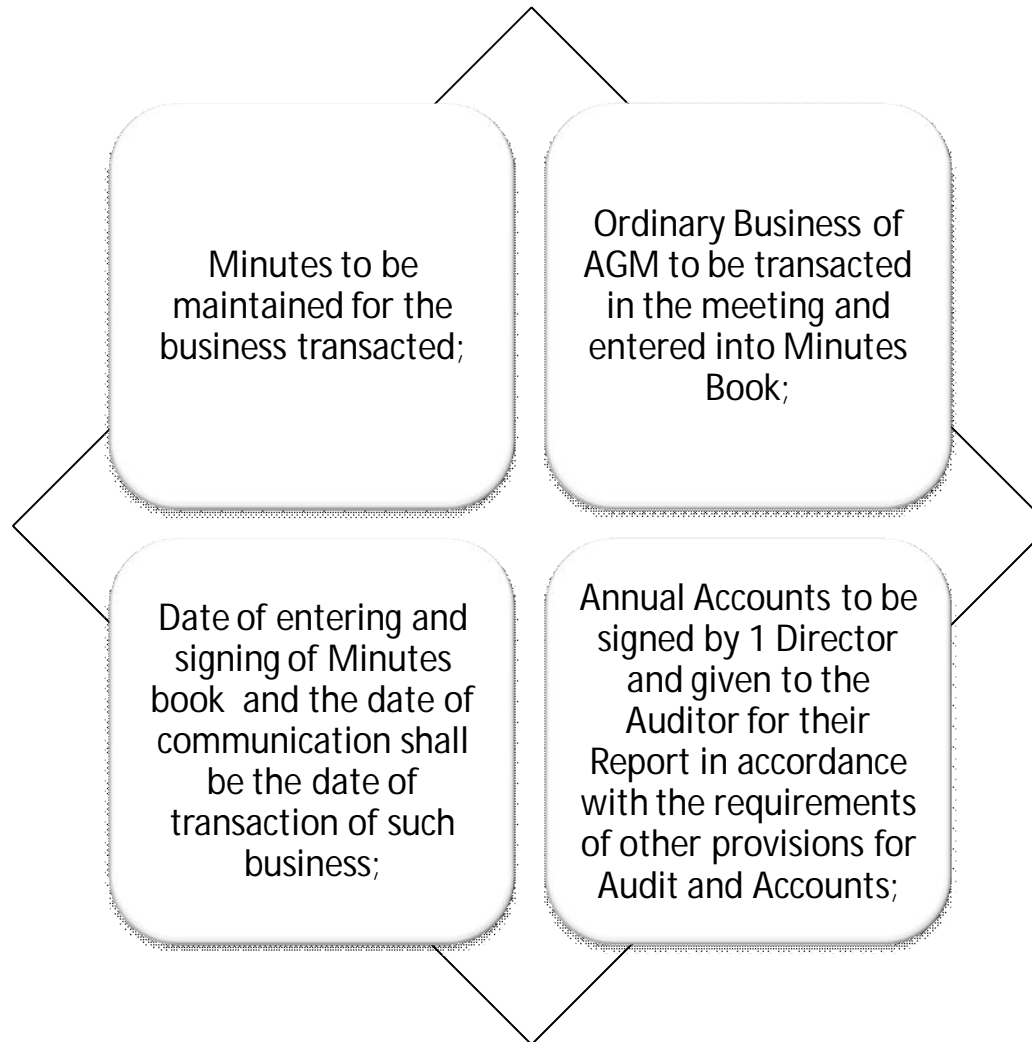
Chairman of the meeting not required (Clause 104);

Voting and Restriction of voting rights not applicable (Clause 105 to 109);

Exempted from Postal Ballot voting (Clause 110);

No Notice required for passing a Special Resolution (Clause 111).

Business transaction in



Business transaction in OPS

- CFS to be approved by one Director;
- Any Adverse Remark or Qualification by the Auditor only to be in the Director's Report;
- Annual Report & Annual Return to be filed within 180 days from the end of the financial year with MCA;
- 1 Meeting of BOD to be held every half year;
- Gap between two meetings not to be more than 90 days;

Related Party Contracts

The
Contracts
can be
entered by
Director
and
Company

- Should be in writing;
- If not, the terms and conditions to be noted in the Minutes Book;
- Minutes to be adopted in the next meeting;
- Filing with the Registrar for Special Resolution.

Conversion of OPC into PVT/PLC

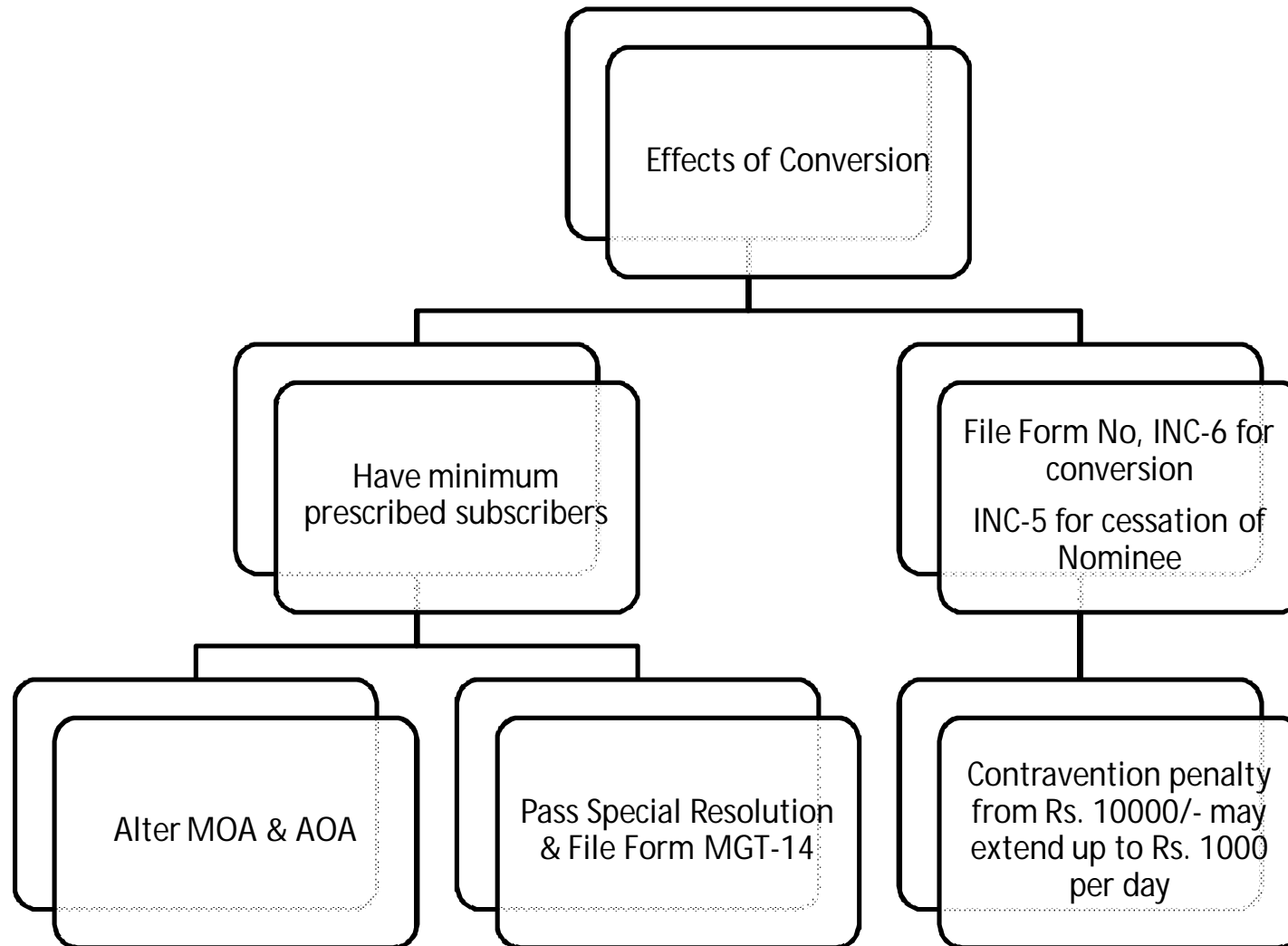
Compulsory

- Paid Up Capital increased beyond Rs. 50 Lacs
- Turnover exceeds Rs. 2Crores
- Time limit of six months given

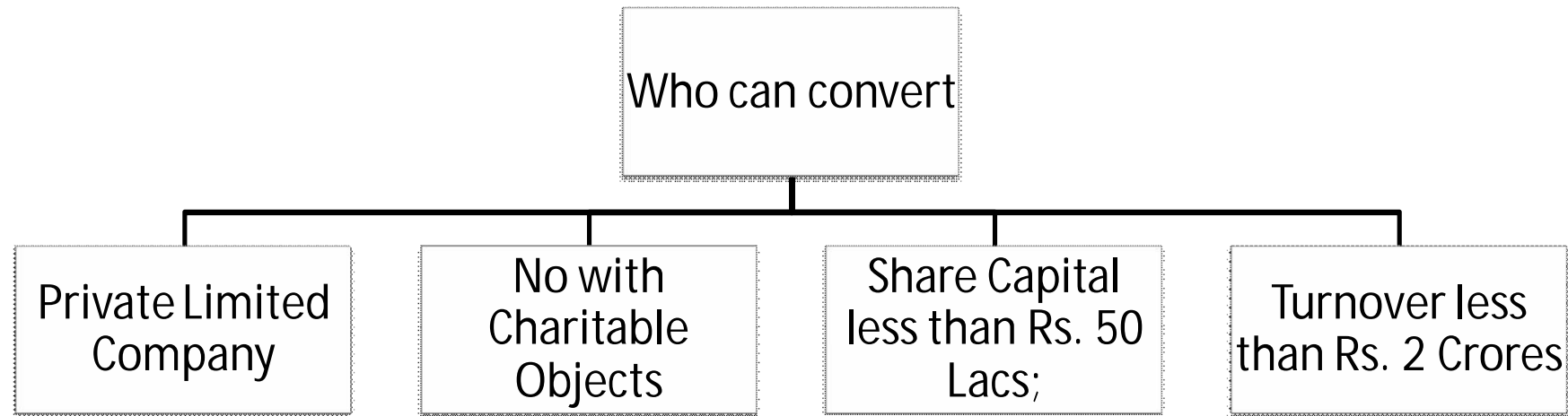
Voluntary

- Can be done any time after 2 years from the date of incorporation

Effect of Conversion



Conversion of Existing Companies into OPC



Overview of Limited Liability Partnership

- ❑ LLP Act, 2008 passed by Lok Sabha on 12th of December 2008 and the President gave assent to the Bill on 7th January 2009.
- ❑ LLP Rules, 2009 Notified on 01st of April 2009.
- ❑ Constituent of LLP Act, 2008
 - 81 Section
 - 4 Schedules
 - 29 Forms
- ❑ Out of 81 Sections, 75 Sections were so far Notified (Except provisions on Winding up and dissolution).
- ❑ Out of Four Schedules, Schedule 1 defines the Mutual Rights and Liabilities of the Partner, in the absence of any matter in LLP Agreement_ and other schedules prescribes provisions relating to conversion.

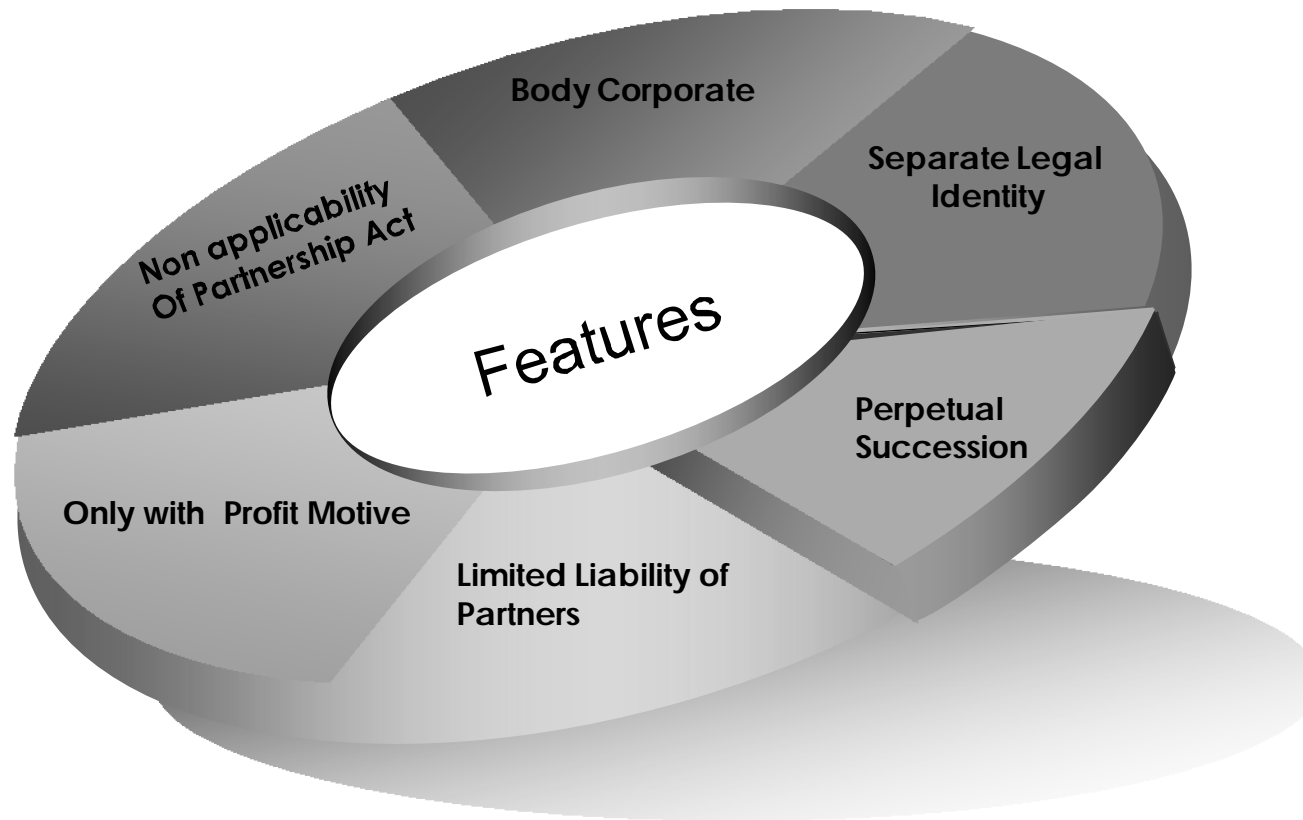
Procedure

- Obtain NOC from Members and Creditors
- Pass Special Resolution for Conversion
 - Time Limit of Filing 30 days
 - Form MGT-14 to be filed
- Form INC-6 for conversion Application
- Affidavit by Directors about consent from Members & Creditors, Capital and Turnover;
- List of Members & Creditors
- Latest Audited Statement of Accounts
- NOC from Secured Creditors

What is Limited Liability Partnership?

- Hybrid of Corporate & Partnership business Form.**
- Limits liability of partners to the extent of their contribution.**
- provides flexibility without imposing detailed (and costly) legal and procedural requirements. The organization and operations are on the basis of an mutual agreement.**

Features of **LLP**



Benefits as Compared to Partnership Firm

Ω Unlimited No. of Partners

Ω Limited Liability of Partners

Ω LLP is liable to the extent of assets.

Ω No Liability of a partner for the wrongful act of other partner.

Ω No exposure to the personal assets of partners except in case of fraud.

Benefits as Compared to Corporate Form

Ω Easy to Form, Run and manage.

Ω Internal structure and governance through mutual agreement.

Ω No Minimum Contribution

Ω Less Government Intervention

Ω Less requirement as to maintenance of statutory records

Ω Less Compliances

Ω Taxation (Income Tax) of LLP will be like general partnership.

Ω No wealth Tax.

Key Concepts of **LLP**

- Partners & Designated Partners
- Contribution
- Role of Partner
- Liability of Partner
- Formation & Conversion
- Compliances of LLP
- Foreign LLP
- Reservation of Name by Foreign LLP/Foreign Company
- Compromise & Arrangement
- Dissolution & Winding up
- Taxation of LLP

LLP Act-New Features



- ❑ **Mandatory imprisonment with penalty** for false statement, fraud and non-compliance of order of Tribunal/CLB/Court [(Section-11(3),37,30,73)].
- ❑ **Un-limited Liability of Partners and LLP** in event of business are carried out with intent of defraud its creditors or third parties (Sec-30).
- ❑ Waiver of penalties and protection against future vindictive action to **whistle blowers** (Sec-31).
- ❑ LLP is liable to third party to the extent of credit received by it or any financial benefit derived on falsely **holding out** of a person as partner of LLP (Sec-29).
- ❑ Central Govt. by Notification may **apply/extend any provisions of Companies Act, 1956** (With or without modifications) to LLPs.

Partners & Designated Partners

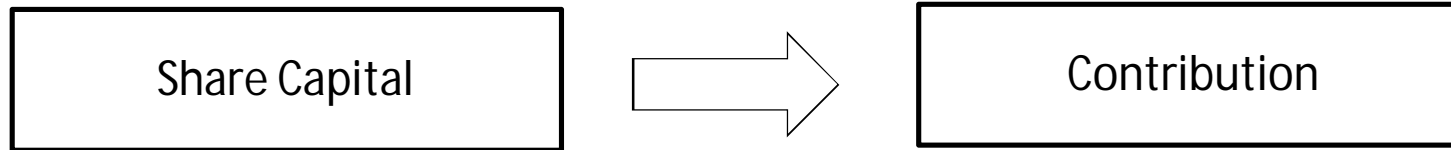
- ❑ **Any Individual or/and body corporate may be partner.**
(A foreigner can be partner of a LLP in India).

- ❑ **Body Corporate means company as defined under section 3 of the companies Act, 1956 and includes**
 - Limited liability partnership registered under LLP Act
 - Limited Liability Partnership incorporated outside India and
 - Company incorporated outside India

- ❑ **Designated partner : -**
 - Every LLP shall have at least two designated partners who are individuals and at least one of them shall be resident in India.
 - Responsible for managing the day to day affairs and ensuring the compliances of all applicable laws.

- ❑ **Requirements for Designated Partners : -**
 - Designated Partner identification Number (DPIN)
 - Only Individual can be the Designated Partners.
 - At least One Designated partner should be resident of India.
 - In case of Body corporate their nominees can be the Designated Partners.

Contribution



- Each partner shall bring contribution in LLP and nature & amount shall be disclosed in the Accounts of LLP.**
- Contribution can be in tangible, movable, immovable or intangible Form.**
- In case of “tangible/Intangible (other than cash) Form of contribution” or “contribution by way of service contract” it shall be valued by a practicing Chartered Accountant/Cost Accountant/Approved Valuer.**

Role/ Rights of Partner

- Right to participate in Management**
- For Business Purposes Agent of Limited Liability Partnership, not of other Partners.**
- Ethical duty to comply with all provisions of LLP Act and LLP Agreement.**

Liability of Partners

- Limited to the Extent of their Contribution**
- Not Liable for the wrongful Acts /Omissions of other Partners**
- Not Liable for Obligation of LLP arising out of a contract.**
- Unlimited Liability of Partners in case of Fraud.**

Formation of **LLP**



I - Deciding the Partners & Designated partners

II - Obtaining DIR-3 & Digital Signature

III - Reservation of Name for LLP (Form-1)

IV - Filing of Incorporation Document (Form-2)

V - Certificate of Incorporation

VI – Filing of LLP Agreement (Form-3)

VII – Filing of Consent of partners/Designated partners (Form-4)

Step I Incorporation

Deciding the Partners & Designated partners

Parameters for deciding the Partners and Designated Partners:

- At least 2 Partners - Individuals or Body Corporate
- Minimum Two Designated Partners out of total no. of Partners – Individuals or Nominee of Body Corporate.
- At least One Designated Partner to be Resident of India.



Step II Incorporation

Obtaining DPIN (DIR-3) & Digital Signature

- DPIN – Designated Partner Identification Number
- DPIN - 8 digit Numeric Number
- DPIN vs DIN
- Online application in DIR-3 to Central Government
- Online submission of Documents on web portal www.mca.gov.in

Step III Incorporation

Reservation of name Availability for LLP (Form-1)

- The word 'LLP' or 'Limited Liability partnership' shall be the last word of name.
- Not to be identical or too nearly resembles to any other partnership firm, LLP, Body Corporate and trade mark. (Section-15)
- Not to be Prohibited under Emblems '**Emblems and Names (Prevention of Improper use) Act, 1950** and **Rule-18**.
- If business includes banking, stock exchange, NBFCs activities, chit funds, micro finance (offering small loans/contribution from public, collective investment scheme, a copy of in principle approval of appropriate authority to be obtained.
- e Form 1 to be filed with ROC.

Step IV Incorporation

IV - Filing of Incorporation Document (Form-2)

e Form 2 – Incorporation Document along with Subscription Sheet and proof of address of registered office of LLP.

Total incorporation fees

Contribution up to 1 lakh	Fee	Contribution More than 10 lakh	Fee
Form 1 (Name Availability)	200	Form 1 (Name Availability)	200
Form 2 (Incorporation Document)	500	Form 2 (Incorporation Document)	5000
Form 3 (LLP Agreement Registration)	50	Form 3 (LLP Agreement Registration)	200
Form 4 (Partners Consent)	50	Form 4 (Partners Consent)	200
Incorporation Fee	800	Incorporation Fee	5600

Step V Incorporation

V - Certificate of Incorporation

- ❑ On Successful Compliances – Registrar Issues Certificate of Incorporation.
- ❑ Conclusive Evidence of Registration of Limited Liability Partnership



Step VI Incorporation

VI - Registration of LLP Agreement

- Execution of LLP Agreement is mandatory (Section-23).
- In absence of Agreement as to any matter, Schedule 1 will be applicable.
- Filing of details of LLP Agreement through e Form 3 – within 30 days of Incorporation.
- Stamp duty on LLP agreement to be paid as per State Stamp Act.
- Under Income Tax, interest paid and remuneration or commission paid to partners will be allowed as deduction if payment is authorized by written LLP Agreement.

Features of Schedule 1

- All partners entitled to share equally in the Capital and Profits/losses.
- Indemnity to the partners on personal liability in proper conduct of business.
- Every Partner shall take part in management
- No partner shall be entitled to remuneration.
- No partner introduced without consent of all partners.
- All decisions with majority of partners consent
- Minutes to be recorded within 30 days
- Render True Accounts
- All Disputes will be referred to Arbitration Act

Compliances of LLP With Registrar

- **EVENT BASED**

**Form-3, Form-4, Form-5,
Form-15**



- **REGULAR**

Form-8 and Form-11

Event Based Compliances of LLP

Compliance	Section	e-form	Time Limit
Filing of Consent of Designated Partners	7(3)	Form 4	Within 30 days of incorporation or subsequent appointments
Filing of Change in Partners	25(2)	Form 3 and Form 4	Within 30 days of Change
LLP Agreement & Changes therein	23(2)	Form 3	With in 30 days of incorporation or Changes in LLP Agreement
Shifting of Registered Office	13(3)	Form 15	Within 30 days of Compliance
Change of Name	19	Form 5	Within 30 days of Compliance.

Additional Fees for delay filing of Form - Rs. 100 per day upto 300 days.

Delay Filing of the Form beyond 300 days will attract additional fees and action against LLP and Designated Partners under the Act.

Regular Compliances of LLP

- ❑ Maintenance of proper Books of Accounts on cash basis or on accrual basis and according to the Double Entry System of Accounting.
 - Maintained at registered office and preserved for at least 8 years.
 - Audit of Accounts in accordance with the Rules prescribed.

- ❑ Form-8 (Filing of Statements of Accounts & Solvency) – Within 30 days from the end of 6 months from the closure of Financial Year.

- ❑ Form-11 (Filing of Annual Return) – within 60 Days of closure of Financial Year

Foreign LLP [LLP Incorporated Outside India (LIOI)]



Section 59 of LLP Act, 2008 contain provisions regarding establishment of the place of business by Foreign Limited Liability Partnership within the India for carrying on their business.

Filing of Form-27 within 30 days from establishment of place of business in India.

- Permission/approval of Reserve Bank of India (RBI) required for establishment of place of business in India.
- Filing fees for Form-27 - Rs.5000/-
- Compliance of special Act, If the business is regulated by special Act.



Reservation/Renewal of Name by Foreign LLP/Foreign Company

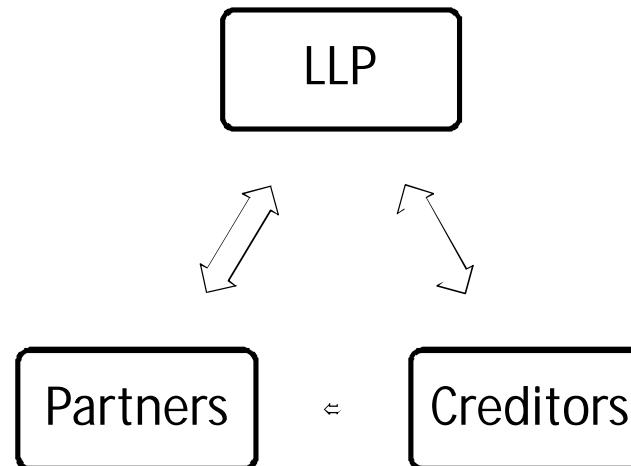


- Foreign LLP/Foreign Company can reserve its existing name by which it is registered in the Foreign Country.

Form-25 is to be filed with the fees of Rs.10,000/-

- Reservation of name valid for 3 years.
- Renewal of name is possible by filing fresh Form-25 on payment of fees Rs.5,000/-.

Compromise & Arrangement



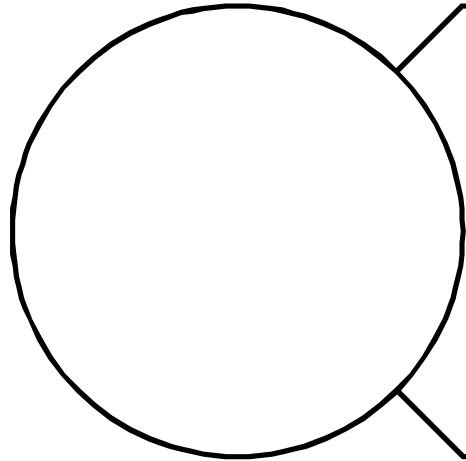
- ❑ Application is to be made to Tribunal by LLP or creditor or partners for compromise or arrangements. In case of LLP is under winding up, the application can be made by the liquidator.
- ❑ Tribunal orders for meeting of creditors or partners for decision/resolution by 3/4th in value of creditors or partners agreeing to any compromise or arrangement.
- ❑ Tribunal may order sanctioning a compromise or an arrangement.
- ❑ Till the time tribunal is constituted application will be made to High Court.

Winding up of **LLP**

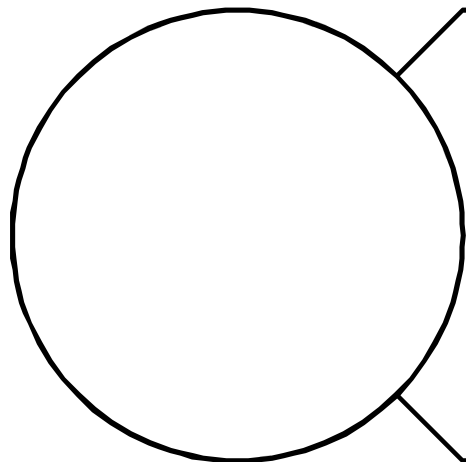
- ❑ Alike Companies, LLP may be wound up either **Voluntary** or by the **Order of Tribunal**.
- ❑ The Rules for winding up is yet to be notified by C.G.



BENEFITS OF LLP



Certificate of commencement of business not required;



No Stringent conditions prescribed for acceptance of deposit from the members

BENEFITS OF LLP

- Loan to Partners and related parties no approval required;
- Inter Company Investments & Loans No Approval to be taken;
- Appointment of Managerial person no approval required
- Related Party transaction no approval required;

Conversion of **LLP**

Who can Convert ?

- Partnership Firm
- Private Company
- Unlisted Public Company



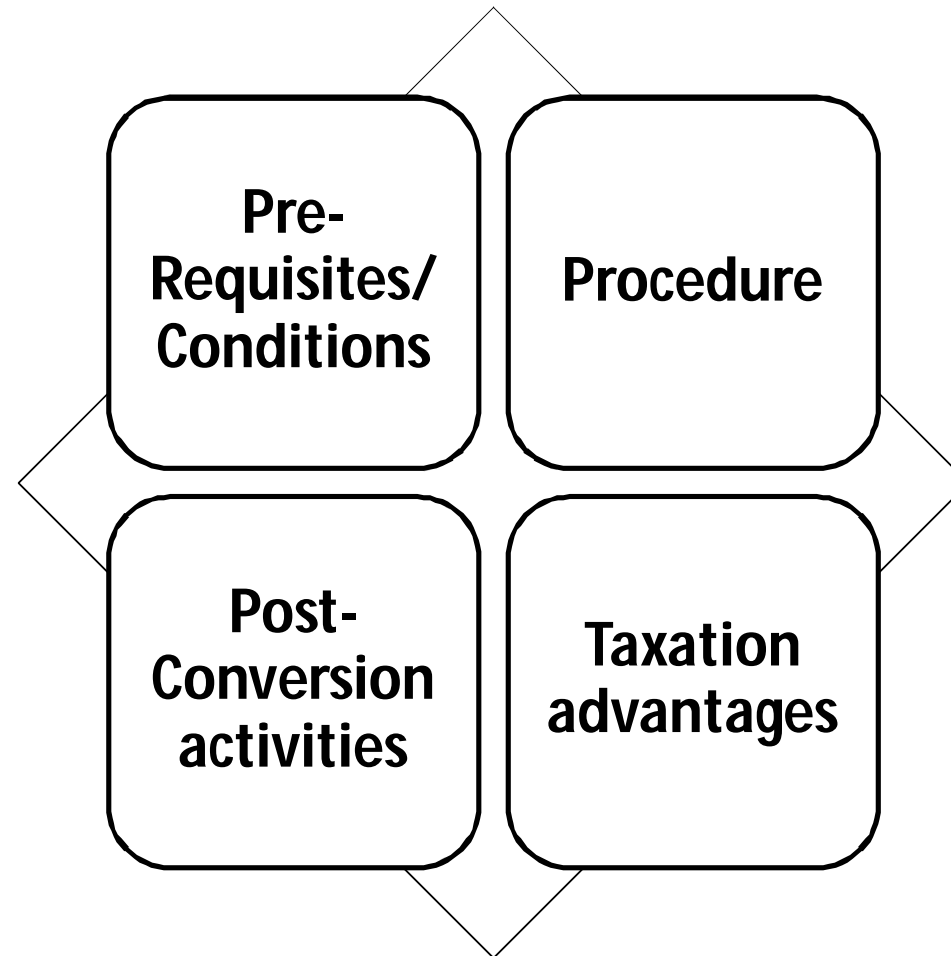
Conversion of Company into LLP



A company may convert into LLP only if

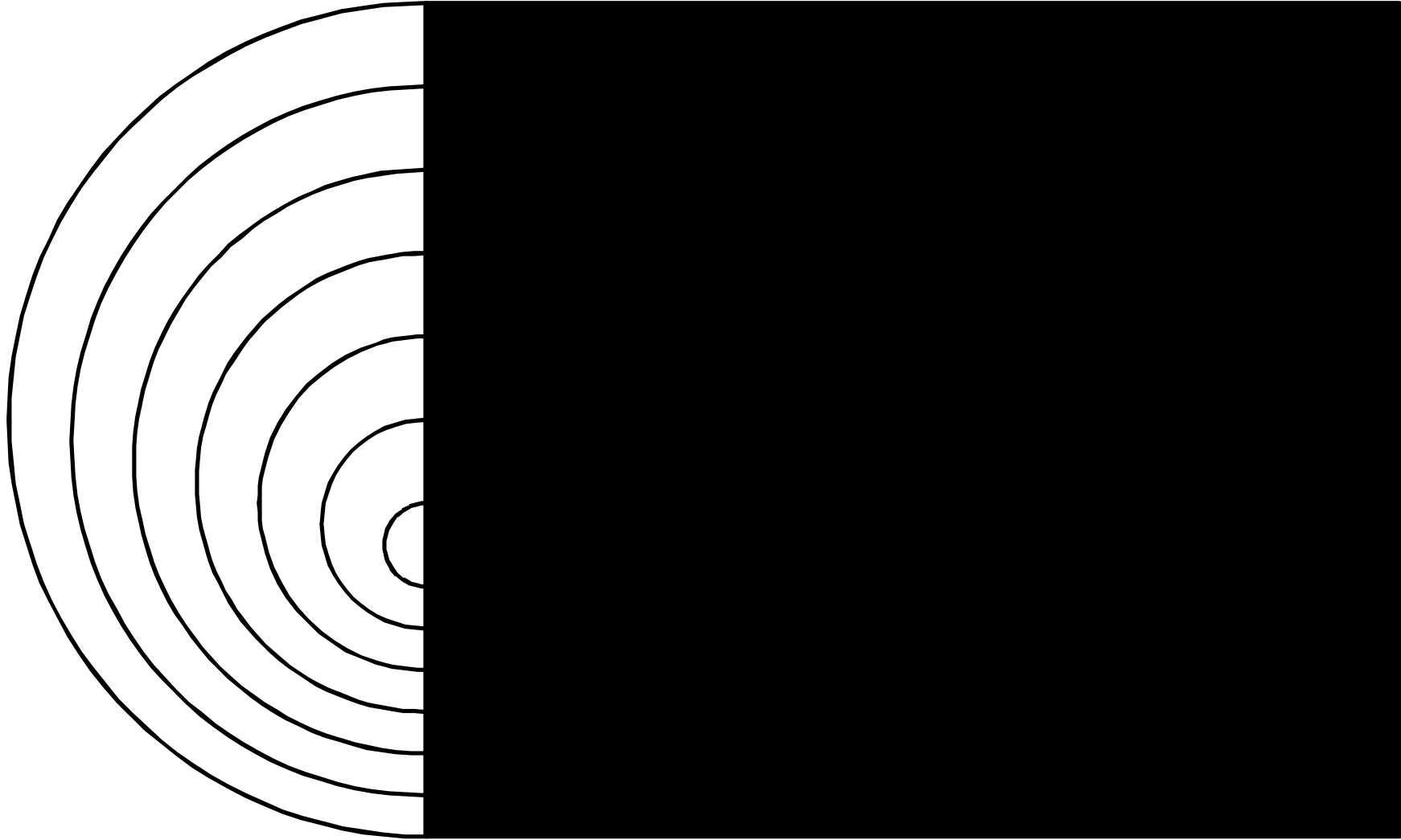
- There is no security interest in its assets subsisting or in force at the time of application
- The partners of LLP to which it converts comprises of all the shareholders of the company and no one else.

Conversion of Companies/Firm into LLP- Practical Aspects

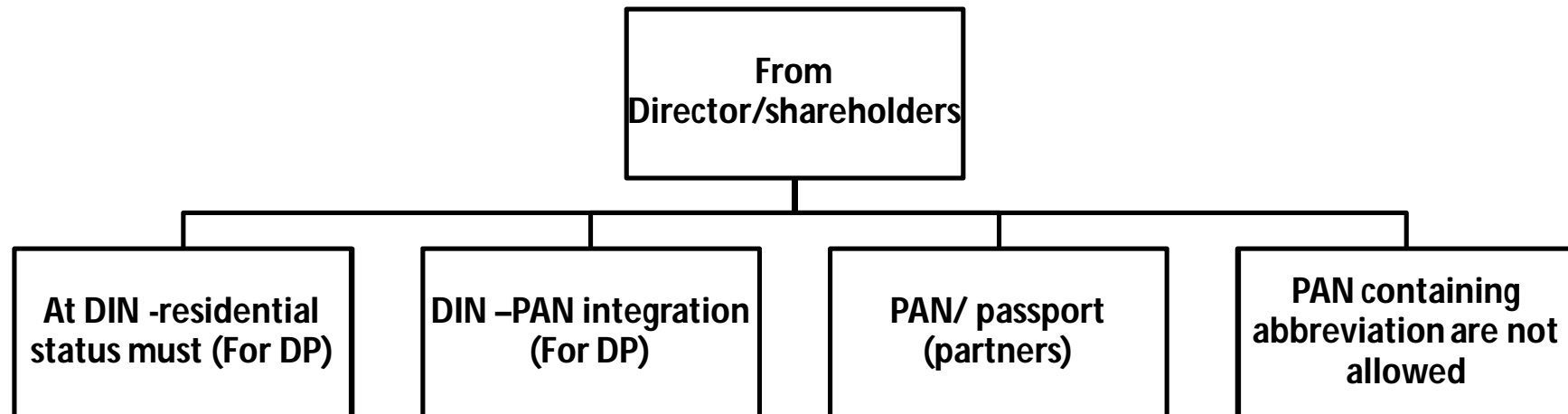


Conversion of Companies into LLP-

Pre- Requisites/ Conditions



Conversion of Companies into LLP- Pre-Requisites/ Conditions



Conversion of Companies into LLP

STEPS

- **Pass Board Resolution**
- **Filing of form 1 –Name availability**
- **Filing of form 2- With subscriber sheet and Proof of address**
- **Filing of form 18- Attachment to Form 2**
- **Filing of form 3 – Registration LLP Deed**
- **Filing of form 14 – Dissolution of Company**

Conversion of Companies into LLP

Things to be ensured before or at time of filing of form 18

- (i) Individual Consent/statement (as per Part-B of form 18) from shareholders
- (ii) Disinterested Shareholders, if any, to be provided exit option, (share acquisition/ transfer) otherwise no conversion
- (iii) Only shareholders can be partners *no one else*
- (iv) Security interest in the assets, if any, to be disclosed (*may be a pledge*)
- (v) Latest IT filing acknowledgement to be enclosed
- (vi) Details of prosecution initiated against or show cause notice u/CA on Com. (can be verified at Master Data)

Conversion of Companies into LLP

- (vii) Proceedings by or against the company is pending in any Court or Tribunal or any other Authority. (under any LAW)**
- (viii) Rejection of earlier application for conversion, if any –SRN of old F18 and reasons**
- (ix) Details of conviction, ruling, order, judgment of any Court- subsisting if any**
- (x) consent of all the secured creditors with list, if any,**
- (xi) Clearance, approval or permission from any body/ authority, if any, (*SEBI_ For stock broker / Investment Advisors Com.*)**
- (xii) Statement of Assets and Liabilities of the company duly certified as true and correct by the auditor (Similar to FTE) & 2 Directors**

Conversion of Companies into LLP

Filing Form 3

- **Within 30 days of date of registration of the LLP**
- **With signed LLP agreement- (on Stamp Paper)**

Filing of form 14

- **Within 15 days of the date of registration of the LLP with ROC**
- **Attachment- LLP Conversion Certificate**
- **Digitally signed by one of the directors in the company before conversion**

Procedure

1)

- Filing with the registrar **Form 18** along with the fees prescribed by the Central Government containing following details
 - The name and registration number of the company;
 - The date on which company was incorporated

2)

- Incorporation documents and statements referred to in section 11

Certificate of registration

- On receiving the documents , registrar shall issue certificate of registration provided all the provisions of this act and rules made therein are complied
- The certificate issued shall certify that the LLP is, on and from the date specified in the certificate registered under LLP Act 2008, provided
 - LLP shall within 15 days of registration inform the concerned ROC with which it is registered under provisions of companies Act 1956, about the conversion and details of LLP in **Form 14**

Powers of Registrar

- Nothing in the act shall be construed as to require registrar to register any LLP if he is not satisfied with the particulars or other information furnished under the provisions of this act
 - Provided that an appeal may be made before the tribunal in case of refusal of registration by the registrar.
- The registrar may, in any particular case, require the documents to be verified in such manner, as he considers fit.

Effects of Registration

- On and from the date of registration specified in the certificate of registration issued:
 - (a) There shall be a LLP by the name specified in the certificate of registration registered under this act;
 - (b) All tangible and intangible property vested in the company, all the assets and liabilities relating to the company and the whole of the undertaking of the company shall be transferred to and shall vest in the LLP without further assurance, act or deed; and
 - (c) The company shall be deemed to be dissolved and removed from the records of the registrar of companies.

Legal Matters

- If any property vested in the company is registered with any authority, LLP as soon as practicable take all necessary steps to notify the authority of the conversion in such form and manner as the authority may determine
- All proceedings by or against the company which are pending before any court, tribunal or authority on the date of registration may be continued, completed and enforced by or against the LLP.
- Any conviction, ruling, order or judgment of any court, tribunal or other authority in favor of or against the company may be enforced by or against the LLP

Existing Agreements & Contracts

- Every agreement to which the company was a party immediately before the date of registration , shall have effect as from the date as if:
 - The LLP were a party to such an agreement instead of the company;
 - For any reference to the company, there were substituted in respect of anything to be done on or after the date of registration a reference to the LLP.
 - All deeds, contracts, schemes, bonds, agreements, applications, instruments and arrangements subsisting immediately before the date of registration relating to company or to which the company is a part shall continue in force on and after that date as if they relate to LLP as if LLP were named therein instead of the company.

Existing appointment, authority or power

- Every appointment of the company in any role or capacity which is in force immediately before the date of registration shall take effect and operate from that date as if the LLP were appointed
- Any authority or power conferred on the company which is in force immediately before the date of registration shall take effect and operate from the date as if it were conferred on the LLP.

Notice of conversion in correspondence

- The LLP shall ensure that for a period of **twelve months** commencing not later than **fourteen days** after the date of registration, every official correspondence of LLP bears the following
 - A statement that from the date of registration converted from a company into LLP
 - The name and registration number of company from which it was converted
- Any LLP which contravenes the provision
 - Shall be punishable with fine
 - Minimum 10,000 Maximum: 100,000
 - And further fine of minimum 50 Rs. and maximum 500 per day after the first day after which default continues

Taxation Benefits

- Taxed at general partnership firm present rate 30.9%.
- For the purpose of taxation, the Income-tax Act, 1961 (the Act) equates LLP with the partnership firm [section 2(23)].
- No surcharge leviable. However, if income exceeds Rs, 1 Crore, liable for surcharge;
- Taxable income to be considered after payment of remuneration and interest to designated partners like other partnership firms
- No requirement of payment of DDT;

PROVISIONS OF THE ACT

- Allows conversion of a private company or an unlisted public company into an LLP (Section 56 & 57);
- Transfer of assets on conversion of a company into an LLP in accordance with section 56 and section 57 of the Limited Liability Partnership Act, 2008 shall not be regarded as a transfer for the purposes of capital gains tax under section 45;
- Clause (xiiib) has been inserted in section 47 of the Act. However, in order to access and retain this benefit, it is necessary to fulfill and continue to observe certain conditions.

PROVISIONS OF THE ACT

- transfer of shares by any shareholders of company in the process of such a conversion will not be treated as 'transfer' under the IT Act, 1961;
- Other benefits available to the company are continued to be made available to LLP e.g. depreciation, amortization of VRS expenses

Audit Requirements

- No Audit unless
 - Capital exceeds Rs. 25 Lacs; or
 - Turnover exceeds Rs. 60 Lakhs
- No Cap Limit on Number of Audits done by PCA;
- No specific format for presentation of accounts and Audit Report.
- Provisions of SA-700 to SA-706, does apply;

Capital Gain Tax

- No capital Gain tax shall be charged on transfer of property from company to LLP, subject to the following conditions
 - Total sales, turnover or gross receipts in business of the company do not **exceed sixty lakh rupees** in any of the three preceding year;
 - All The shareholders of the company become partners of the LLP in the same proportion
 - No consideration other than share in profit and capital contribution in the LLP arises to partners;
- All assets an liabilities of the company become the assets and liabilities of LLP; and
- No amount is paid, either directly or indirectly, to any partner out of accumulated profits of the company for a period of 3 years from the date of conversion.

OTHER REQUIREMENTS OF THE IT ACT

- the shareholders of the company continue to be entitled to receive at least 50 per cent, in aggregate, of the profits of the LLP for a period of 5 years from the date of conversion;
- for a period of three years from conversion, no amount is paid, directly or indirectly, to any partner out of balance of accumulated profit standing in the accounts of the company on the date of conversion
- Where the conditions stipulated under section 47(xiiib) are not met, the benefit availed by the company shall be deemed to be the profits and gains of the successor LLP chargeable to tax for the year in which the aforesaid conditions have not been complied with [Section 47A(4)].

Transfer of Assets

Assets and liabilities of company

- All the assets and liabilities of the company immediately before conversion becomes assets and liabilities of the LLP

Stamp Duty

- All movable and immovable properties of the company automatically vest in the LLP.
- No instrument of transfer is required to be executed and hence no stamp duty is required to be paid.

Carry forward and set off provisions

- Carry forward and set off losses and unabsorbed depreciation
 - The accumulated losses and unabsorbed depreciation of company is deemed to be loss/ depreciation of successor LLP for the previous year in which conversion was effected
 - Such Loss can be carried for further **eight years** in the hands of the Successor LLP.
- Section 43(6) of the Act defines 'written down value' of assets for claim of depreciation.
- The cost of acquisition of capital assets for the successor LLP will be deemed to be the written down value for the predecessor company on the date of conversion

OTHER PROVISIONS

- Credit in respect of tax paid by a company under section 115JB is allowed only to such company under section 115JAA. It is provided by sub-section (7) of section 115A that the tax credit under section 115JAA shall be allowed to the successor LLP;
- In case of succession of a company by a LLP, there is no exemption from tax on sale /transfer of any property that is not a capital asset like stock in trade, raw materials, consumable stores and spares, etc.

Advantages

- No limit on number of Partners can have unlimited number of partners;
- Minimal compliance Level & Cost effective model
- Continuation of Brand Value
 - The goodwill of the company and its brand value is kept intact and continues to enjoy the previous success story with legal recognition.

Merits of **LLP** (as business model for SMEs and service providers)

- Ω Separate legal entity & body corporate.
- Ω Low compliance burden & cost.
- Ω Limited Liability of partners.
- Ω LLP is liable to the extent of its assets.
- Ω More flexibility than company.
- Ω Right of partners can be assigned to third party.
- Ω Availability of solvency position in public domain increases the credit worthiness.
- Ω Allows Multi-disciplinary professionals combination which provides level playing field against their international professional firm.
- Ω Easy to exit/ winding up.
- Ω Venture capital funds can combined with knowledge and expertise.
- Ω Taxation benefits as compare to company.



All
Opinions
Permitted

SO LONG AS THEY ARE THE SAME AS OURS

Our dilemma is that we
change and also love it at the
same time;
what we really want is for
things to remain the same but
get better

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