COMPARISON OF LLP WITH COMPANY AND FIRM

Conditions	Partnership	Company	LLP
Governing Law	The Indian Partnership Act, 1932 and various Rules made there under	Companies Act, 1956 and various Rules made there under	The Limited Liability Partnership Act, 2008
Registration	Registration is optional	Registration with Registrar of Companies required.	Registration with Registrar of Companies required.
Creation	Created by Contract	Created by Law	Created by Law

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Distinct entity	Not a separate legal entity	Is a separate legal entity under the Companies Act, 1956.	Is a separate legal entity under the Limited Liability Partnership Act, 2008.
Name of Entity	Any name as per choice	Name to contain 'Limited' in case of Public Company or 'Private Limited' in case of Private Company as suffix.	Name to contain 'Limited Liability Partnership' or 'LLP' as suffix.
Cost of Formation	The Cost of Formation is negligible	Minimum Statutory fee for incorporation of Private Company is Rs.6,000/- and minimum Statutory fee for incorporation of Public Company is Rs. 19,000/-	The cost of Formation is statutory filling fees, comparatively lesser than the cost of formation of Company.

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Perpetual Succession	It does not have perpetual succession	It has perpetual succession.	It has perpetual succession.
Charter Document	Partnership Deed is a charter of the firm which denotes its scope of operation.	Memorandum and Article of Association is the charter of the company which defines its scope of operation.	LLP Agreement is a charter of the LLP which denotes its scope of operation.
Common Seal	Not required	It denotes the signature of the company and every company shall have its own common seal	It denotes the signature and LLP may have its own common seal, if it decides to have one.

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Formalities of Incorporation	Partnership Deed along with form / affidavit required to be filled with Registrar of firms along with requisite filing fee.	Various documents / declarations executed in the prescribed formats, pre-filled in designated e-forms are required to be filled with ROC along with filing fee.	Various documents / declarations executed in the prescribed formats pre-filled in designated e-forms are required to be filled with ROC along with filing fee.
Time line	It will take 7 days (approx.) to incorporate.	It will take 10 days (approx.) to incorporate (inclusive of time taken to obtain DIN)	It will take 10 days (approx.) to incorporate (inclusive of time taken to obtain DPIN)
Legal Proceedings	Only registered partnership can sue	A company can sue and be sued	LLP can sue and be sued

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Foreign Participation	Foreign Nationals can not form Partnership Firm in India	Foreign Nationals can be a member in a Company.	Foreign Nationals can be a Partner in a LLP.
Number of Members	2 to 20	2 to 50 members in case of Private Company and Minimum 7 members in case of Public Company.	Minimum 2 partners.
Ownership of Assets	Partners have joint ownership of all the assets.	The company has ownership of assets and the members only have shares in the company.	The LLP has ownership of assets and the Partners only have capital contribution in the LLP.

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Rights / Duties / obligation of the Partners / Managing Partners / Directors	Rights / Duties / obligation of the partners are governed by Partnership Deed.	Rights / Duties / obligation of the directors are governed by AOA and resolution passed by shareholders or directors.	Rights / Duties / obligation of the partners are governed by Partnership Agreement.
Liability of Partners/Members	Unlimited. Partners are severally and jointly liable for actions of other partners and the firm and liability extend to their personal assets.	Generally limited to the amount required to be paid up on each share.	Limited, to the extent their contribution towards LLP, except in case of intentional fraud or wrongful act of omission or commission by the partner.
Capital Contribution	Unlimited may extend to their personal assets	Limited to the amount of unpaid amount of share capital.	Obligation of partners as per the LLP agreement.

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Tax Liability	Income of Partnership is Taxed at a Flat rate of 30% Plus surcharge as applicable.	Income of Company is Taxed at a Flat rate of 30% Plus surcharge as applicable.	Status of LLP has not made clear under the Taxation laws.
Principal/Agent Relationship	Partners are agents of the firm and each other.	The directors act as agents of the company.	Partners act as agents of LLP.
Transfer / Inheritance of Rights	Not transferable. In case of death the legal heir receives the financial value of share.	Ownership is easily transferable.	Regulations relating to transfer are governed by the LLP Agreement .

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Transfer of Share / Partnership rights in case of death	In case of death of a partner, the legal heirs have the right to get the refund of the capital contribution + share in accumulated profits, if any. Legal heirs will not become partners	In case of death of member, shares are transmitted to the legal heirs.	In case of death of a partner, the legal heirs have the right to get the refund of the capital contribution + share in accumulated profits, if any. Legal heirs will not become partners
Director Identification Number / Designated Partner Identification Number (DIN / DPIN)	No such requirement	Each director required to have a Director Identification Number before being appointed as Director of any company.	Each Designated Partners required to have a DPIN before being appointed as Designated Partner of LLP.

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Digital Signature	Not applicable. Documents are filed manually.	At least one director of the company should have their digital signature. Digital signature is a pre-requisite4 for e-filing.	At least one designated partner of the LLP should have their digital signature. Digital signature is a pre-requisite4 for e-filing.
Offences	Partners are personally liable	Company / directors are liable	LLP / Partners / Designated partners are liable
Dissolution by an act of partners / members / directors	Partnership contract can be put to an end by any of the partners / on happening of event specified in Partnership Act, 1932.	Continuance of company is not affected by the acts of its directors / members.	Continuance of LLP is not affected by the acts of its partners.

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Dissolution	By agreement, mutual consent, insolvency, certain contingencies, and by court order.	Voluntary or by order of National Company Law Tribunal.	Voluntary or by order of National Company Law Tribunal.
Transferability of Interest	Transferability of interest, subject to mutual consent of all the partners.	Shares of every company except private company are freely transferable.	Rights / interest of partners are transferable as per the provisions of LLP agreement.
Admission as partner / member	A person can be admitted as a partner as per the partnership deed.	A person can become member by buying shares of a company.	A person can be admitted as a partner as per the LLP Agreement

Conditions	Partnership	Company	LLP
Cessation as partner / member	A person can cease to be a partner and will be entitled to his share of profit and capital at the time of retirement.	A member / shareholder can cease to be a member by selling his shares.	A person can cease to be a partner as per the LLP Agreement or in absence of the same by giving 30 days prior notice.
Requirement of Managerial Personnel for day to day administration	No requirement of any managerial; personnel , partners themselves administer the business	Directors are appointed to manage the business and other statutory compliances on behalf of the members.	Designated Partners are responsible for managing the day to day business and other statutory compliances.
Statutory Meetings	There is no provision in regard to holding of any meeting	Board Meetings and General Meetings are required to conducted at appropriate time.	There is no provision in regard to holding of any meeting.

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Minutes	Not applicable	Decision taken in the meeting of the board of directors / shareholders must be recorded as minutes.	Decision taken by Partners/Designated Partners may be recorded as per the requirement of the LLP Agreement.
Voting Rights	Not applicable	Voting rights are in the proportion to the shares held by the members.	Voting rights shall be as per the LLP Agreement.
Remuneration of Managerial Personnel for day to day administration	The firm can pay remuneration to its partners	Company can pay remuneration to its Directors subject to law.	Remuneration to partner will depend upon LLP Agreement.

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Contracts with Partners/Director	Partners are free to enter into any contract.	Restrictions on Board regarding some specified contracts, in which directors are interested.	Partners are free to enter into any contract.
Maintenance of Statutory Records	Required to maintain books of accounts as Tax laws	Required to maintain books of accounts, statutory registers, minutes etc.	Required to maintain books of accounts.
Manner of keeping Books of account	Cash or accrual basis.	Cash or accrual basis.	Cash or accrual basis.

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Annual Filing	No return is required to be filed with Registrar of Firms	Annual Financial Statement and Annual Return is required to be filed with the Registrar of Companies every year.	Annual Statement of accounts and Solvency & Annual Return is required to be filed with Registrar of Companies every year.
Share Certificate	There is no provision for issuing of Share Certificate.	Rights / interest of the partners in the firm are evidenced by Partnership Deed, if any. Rights / interest of the members in the company is denoted by the share certificate.	There is no provision for issuing of Share Certificate. Rights / interest of the partners in the LLP are evidenced by LLP Agreement.

Conditions	Partnership	Company	LLP
Audit of accounts	The audit of accounts is as per the provisions of the Income Tax Act	As per the provisions of the Companies Act, 1956, accounts have to be audited annually.	As per the provisions of the LLP Act, accounts have to be audited annually except for LLP’s having turnover less than Rs.40 lacs or Rs.25 lacs contribution in any financial year.
Applicability of Accounting Standards.	Accounting Standards are not applicable	Accounting Standards are applicable	The necessary rules in regard to the same are not yet issued.
The necessary rules in regard to the same are not yet issued.	There is no provision for Compromise / arrangements / merger / amalgamation in the Partnership Firm	Provisions exist for Compromise / arrangements / merger / amalgamation for companies in the Act.	Provisions exist for Compromise / arrangements / merger / amalgamation for LLP in the Act.

Conditions	Partnership	Company	LLP
Oppression and mismanagement	No such provisions.	Elaborate provision relating to redressal in case of oppression and mismanagement.	No provision relating to redressal in case of oppression and mismanagement
Credit Worthiness of organization	Creditworthiness of firm depends upon goodwill and creditworthiness of its partners	Due to Stringent Compliances & disclosures under various laws, Companies enjoys high degree of creditworthiness.	Will enjoy Comparatively higher credit- worthiness from Partnership due to Stringent regulatory framework but lesser than a company.
Whistle Blowing	No such provision is provided under Partnership Act, 1932	No such provision is provided under the Companies Act, 1956.	Provision has been made to provide protection to employees & partners, providing useful information during an investigation or convicting any partner or firm.