PROCEDURE FOR FORMATION OF LLP

(A short Summary)

1) Minimum no. of partners = 2.

2) STEP 1:- Atleast 2 partners out of the total no. of partners, shall be Designated partners and all those Designated partners are required to have DPIN (DESIGNATED PARTNER IDENTIFICTION NUMBER) also known as DIN (in case of companies) and also Designated partners must obtain DSC (if previously not had), for the purpose of signing all the forms required to be filled for the formation of LLP & also signing all other documents (like23AC, 23ACA) required to be filled after the formation.

Note: Atleast one of the designated partner must be Indian Resident.

3) STEP2:- Check the proposed Name Availability by filling e-form1.

4) After approval of name by the govt. (ROC), we can now draft and execute LLP agreement in e-form 3 (It is however optional).

5) STEP3:- Fill e-form2 (Incorporation Document & Subscriber's Statement) and pay the prescribed fees alongwith. Also it is to be witnessed by CA/CS /Advocate in practice.

6) If the ROC is satisfied by checking all the requirements, then it shall issue Certificate of Incorporation (COI) within 14 days of filing all documents.

7) Send LLP agreement in e-form 3 within 30 days of Certificate of Incorporation (COI) if any or previously not sent.

8) It is however recommended to fill e-form 3 earlier so as to avoid any disputes later on.

9) Provisions in case of absence of LLP agreement http://www.llponline.in/llp_first_schedule.php
http://www.llponline.in/llp_first_schedule.php

10) You can download all these from MCA site (www.mca.gov.in) OR Open this link by placing your cursor in this link and press Ctrl+Click.
http://www.mca.gov.in/MCA21/dca_html/downloadeforms/Download_eForm_choose_llp.html

GRAPHICAL REPERESENTATION OF PROCEDURE FOR FORMATION OF LLP

Step:-1

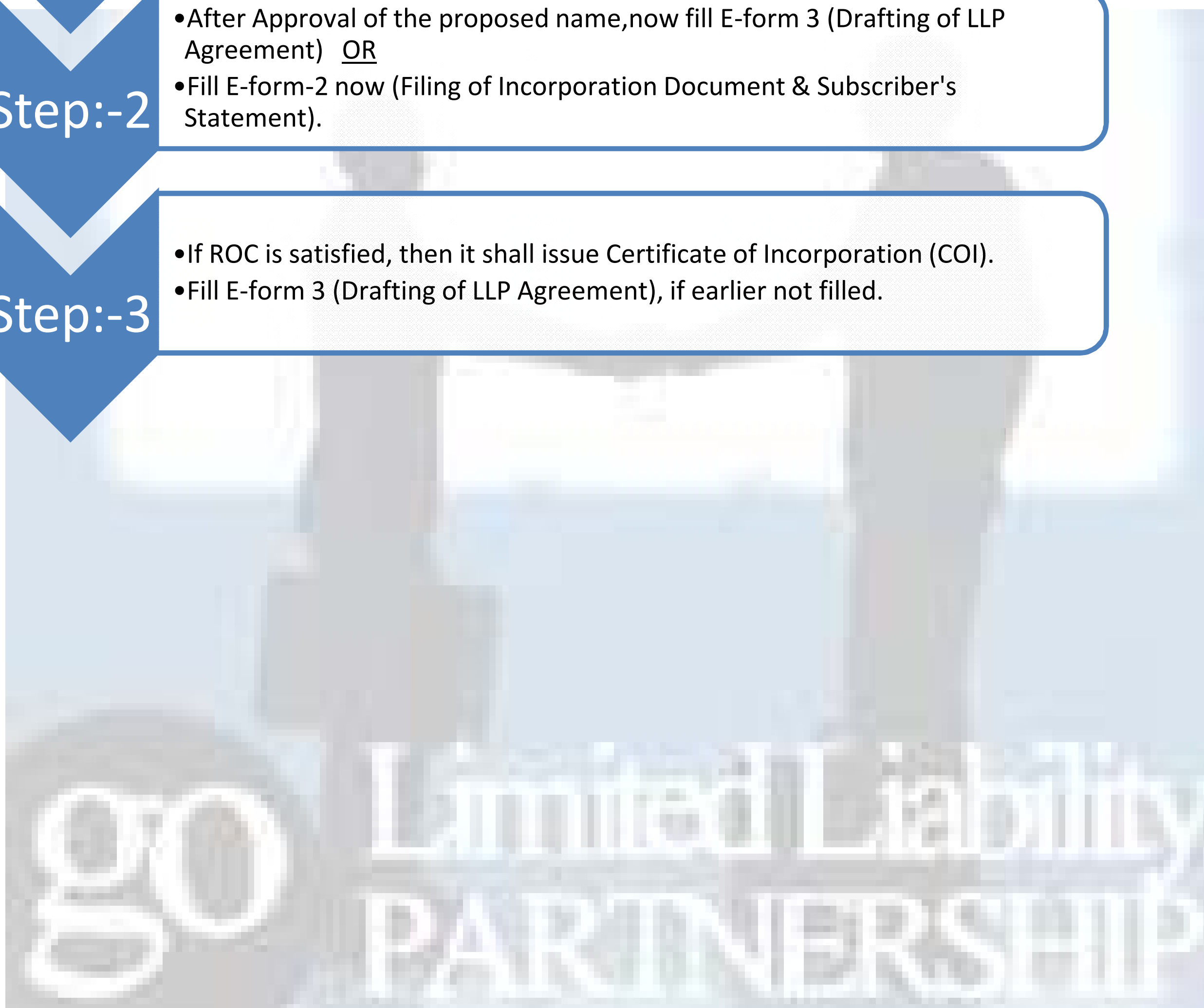
- Acquire DPIN/DIN and Digital Signature.
- Fill E-form 1 (Checking the Name Availability).

Step:-2

- After Approval of the proposed name,now fill E-form 3 (Drafting of LLP Agreement) OR
- Fill E-form-2 now (Filing of Incorporation Document & Subscriber's Statement).

Step:-3

- If ROC is satisfied, then it shall issue Certificate of Incorporation (COI).
- Fill E-form 3 (Drafting of LLP Agreement), if earlier not filled.



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LEGAL FORMALITIES AFTER THE FORMATION OF LLP

(And some other facts)

1) STATEMENT OF ACCOUNT & SOLVENCY: Statement of Account and Solvency (SAS) is to be filed annually in e-form 8 with prescribed fees. It is to be filed within 30 days from expiry of 6 months from end of each financial year i.e. by 30th October.

2) ANNUAL RETURN: Annual Return to be filled with ROC in e-from 11 with filing fees, within 60 days from close of financial year i.e. by 30th May

NOTE: Penalty of Rs. 100 per day for late filing of returns on LLP.

3) FIRST GENERAL MEETING: should be held within 30 days of incorporation.

4) CHANGE IN PARTNERS: Any change in partner and designated partner (admission, resignation, cessation, death, expulsion) should be filed electronically in e-from4 within 30 days of change with fees.

5) SUPPLEMENTARY LLP AGREEMENT: The above circumstances would cause the LLP to change their agreement and thus this need to be filed in e-form3 within 30 days of such change with prescribed fees.

NOTE: We can file the modifications in the LLP agreement through this form (e-form3) only if these changes are within 30 days of the filing date. If any change(s) are beyond 30 days, then separate form is to be filed for every such change in the LLP agreement.

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6) Every LLP in India, whose annual turnover exceeds Rs-60Lakhs or the total contribution of its partners gets above the limit of Rs-25Lakhs, is mandatorily need to get its accounts audited every financial year.

7) They are exempted from 10% surcharge and there is no requirement for payment of Dividend distribution/Corporation Tax on distribution of income/profits among partners.

8) Also, Wealth tax is also not applicable on LLP's.

9) If the LLP has a turnover of less than 5 crore rupees, or capital contribution of less than 50 lakh rupees, the annual return must be accompanied by certificate from a designated partner (other than the signatory to the annual return), to the effect that annual return contains true and correct information.

10) If the annual turnover crosses 5 crore rupees or capital contribution above 50 lakh rupees, the annual return must be accompanied with a certificate from a practicing Company Secretary certifying that he has verified the particulars from the books and records of the LLP and found them to be true and correct.

11) The benefit of presumptive income under section 44AD is not available to LLP's.

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