

COURSE:B.COM

SEMESTER :II

PAPERCODE/NAME: CC203(BUSINESS LAWS)

TOPIC: THE LIMITED LIABILITY PARTNERSHIP
ACT ,2008

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INTRODUCTION

- Parliament passed Limited Liability Partnership Bill on 12th December, 2008
- The President of India has assented the Bill on 7th January, 2009
- The LLP Act, 2008 has 81 Sections & 4 Schedules.
- The **First Schedule** deals with mutual rights & duties of partners as well as LLP & its partners where there is absence of a formal agreement with respect to them.

- The **Second Schedule** deals with conversion of a firm into LLP.
- The **Third Schedule** deals with conversion of a private company into LLP
- The **Fourth Schedule** deals with conversion of unlisted public company into LLP

MEANING & CONCEPT OF LLP

- LLP is a new form of legal business entity with **limited liability**.
- LLP has **separate legal entity** from its partners
- LLP contains elements of both ‘**a corporate structure**’ as well as ‘**a partnership structure**’ .
LLP is called **a hybrid** between a company & a partnership.
- It is an alternative corporate business vehicle that not only gives benefits of limited liability of a company at low compliance cost & allow its partners flexibility of organizing their internal structure.

CHARACTERISTICS /FEATURES OF LLP

1. LLP is a Body Corporate
2. Perpetual Succession
3. Separate Legal Entity
4. Mutual Agency
5. Common Seal
6. Limited Liability
7. LLP Agreement
8. Artificial Legal Person

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- 9. Minimum and Maximum number of Partners
- 10. Investigation
- 11.E-Filing of Documents
- 12.Business for Profit only.
- 13.Management of Business

ADVANTAGES OF LLP

- It is organized and operates on the basis of agreement
- It provides flexibility without imposing detailed legal & procedural requirements.
- Easy to form
- All partners enjoy limited liability
- Easy to dissolve

Distinction between LLP & Partnership Firm

Basis	LLP	Partnership Firm
Regulating Act	The LLP Act, 2008.	The Indian Partnership Act 1932.
Status	Body Corporate.	Not a Body Corporate.
Separate Entity	Separate legal entity from its members.	No separate legal entity.
Perpetual Succession	It has perpetual succession.	It has no perpetual succession.
Mutual Agency	Each partner can bind LLP by his own acts but not the other partners.	Each partner can bind the firm as well as other partner by his own acts.
Registration	Registration is mandatory	Registration is voluntary
Creation	By legal process (registration) under LLP Act.	It is created by an agreement b/w partners.

DISTINCTION BETWEEN LLP & COMPANY

Basis	LLP	COMPANY
Regulating Act	The LLP Act ,2008	The Companies Act 2013
Members or Partners	The person who contribute to LLP are known as partners of the LLP.	The person who invest money in shares are known as members of company
Internal Governance structure	The internal governance structure of a LLP is governed by agreement between the partners.	The internal governance structure of a company is regulated by statute(Companies Act ,2013)
Suffix with Name	Name of the LLP shall contain word 'Limited Liability Partnership 'or "LLP" as suffix	Public Company : - 'Limited' Private Company :- 'Private Limited
Minimum No. of Directors	Minimum 2 designated partners.	Private Company:- Min.2 directors Public Company :- Min. 3 directors

THANK YOU