



INCORPORATION OF LIMITED LIABILITY PARTNERSHIP IN INDIA



BACKGROUND

The purpose of this presentation is to highlight the brief procedure of incorporation of a Limited Liability Partnership including subsidiary of foreign body corporate as per the relevant sections of Limited Liability Partnership Act, 2008 (“the Act”) along with rules made thereunder and other initial registrations as per various statutory laws as applicable in India.

OVERVIEW

- A Limited Liability Partnership (“LLP”) is formed by means of Certificate of Incorporation (“COI”) issued by the Registrar of Companies (“ROC”).
- LLP Agreement is its charter document and agreement itself outline its bye laws and contains clauses like name, registered address, nature of business, liability and capital details of the LLP. It also mentions the clauses for regulating its internal affairs
- There are is no minimum requirement of capital in case of LLP.
- Minimum of 2 Partners and maximum no limit
- Minimum 2 Designated Partners (‘DP’). A DP can be non-residents. However, it is mandatory for 1 DP to be resident in India
- LLP name ends with ‘LLP’ eg: Xulu India LLP



PROCEDURE FOR LLP INCORPORATION

Steps for incorporation of LLP

Step 1- Name Approval

Application for name availability of the Company to be filed with Registrar of Companies ("ROC") in Form "LLP Reserve Unique Name" ("LLP RUN").

Chosen name should be unique all over India. In case of subsidiary of foreign company, a No Objection Certificate/board resolution is required from the parent foreign company.

Step 2- Digital Signature Certificate ("DSC")

For digitally signing forms, all the partners and DP's should have a valid DSC issued by the Certifying Authorities for which the application needs to be filed with them for obtaining DSC.

Step 3- Documentation

Upon obtaining the name availability certificate, preparation of necessary documents in prescribed formats like consents, affidavits and declarations etc. in relation to incorporation based on the information as provided in the sheet as linked below :

[..\Incorporation\Initial Information sheet for LLP.xlsx](#)



Steps for incorporation of LLP

Step 3- Documentation (CONT.)

Further, the LLP Agreement also need to be drafted by incorporating all the necessary clauses.

Subscription page is required to be handwritten by Partners/DP(s). In case, Partner is a company, subscription page can be subscribed through a representative authorized by a resolution/ specific power of attorney by the Company.

All the documents related to incorporation executing and signing outside India, needs to be notarized and apostilled.

Step 4- Filing and Registration

Once all the documents are executed, the respective e-forms along with all signed documents for incorporation shall be filed with ROC.

ROC scrutinizes the incorporation documents and if found in order, the LLP is registered and Certificate of Incorporation ("COI") is issued.

Step 5- Filing of LLP Agreement

Once the COI is issued by the ROC, the LLP Agreement duly signed by all Partners/DPs is filed with respective e-form within 30 days from the date of incorporation of LLP with ROC. Stamp duty to be paid depends upon the capital contribution.

ROC scrutinizes the LLP Agreement and if found in order, the same shall be registered by ROC.



Steps for incorporation of LLP

Step 6- PAN/TAN

LLP is required to obtain following registrations from Income tax authorities:

Permanent Account Number ("PAN")

Tax Deduction and Collection Account Number ("TAN")

Application forms are to be signed by DP of the LLP

Step 7- Opening of bank account

Documents required to be submitted with the bank for opening of bank account documents include board resolution, ultimate beneficiary form, bank application form, signed MOA and AOA booklet, signed PAN copy etc. (Requirements differs from bank to bank).

Once all documents are submitted, bank undertakes their KYC requirements and opens bank account.

Step 8- Infusion of capital

Once account is opened, Partners to deposit capital in the agreed ratio.

Partners to submit request for issue of Foreign Inward Remittance Certificate ("FIRC") with the bank. (This is applicable when the partners are non-resident/foreigner shareholder).



Steps for incorporation of LLP

Step 9- RBI compliance on allotment

Once the capital is infused and on obtaining FIRC, Form Single Master Form (“SMF”) needs to be submitted with Reserve Bank of India (“RBI”) through Authorized Dealer (“AD”) Bank within 30 days of receipt of funds. (This is applicable when the partners are non-resident/foreigner shareholder).

Step 10- Indirect Tax Registration

Based on proposed business activities of the LLP, application for registrations under various indirect tax statutes of India would need to be filed.



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