

LLP ANNUAL COMPLIANCES

Limited Liability Partnership (LLP) is a type of business entity which enables entrepreneurs to perform in an efficient manner.

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LIMITED LIABILITY PARTNERSHIP (LLP) ANNUAL COMPLIANCES AS PER LLP ACT 2008

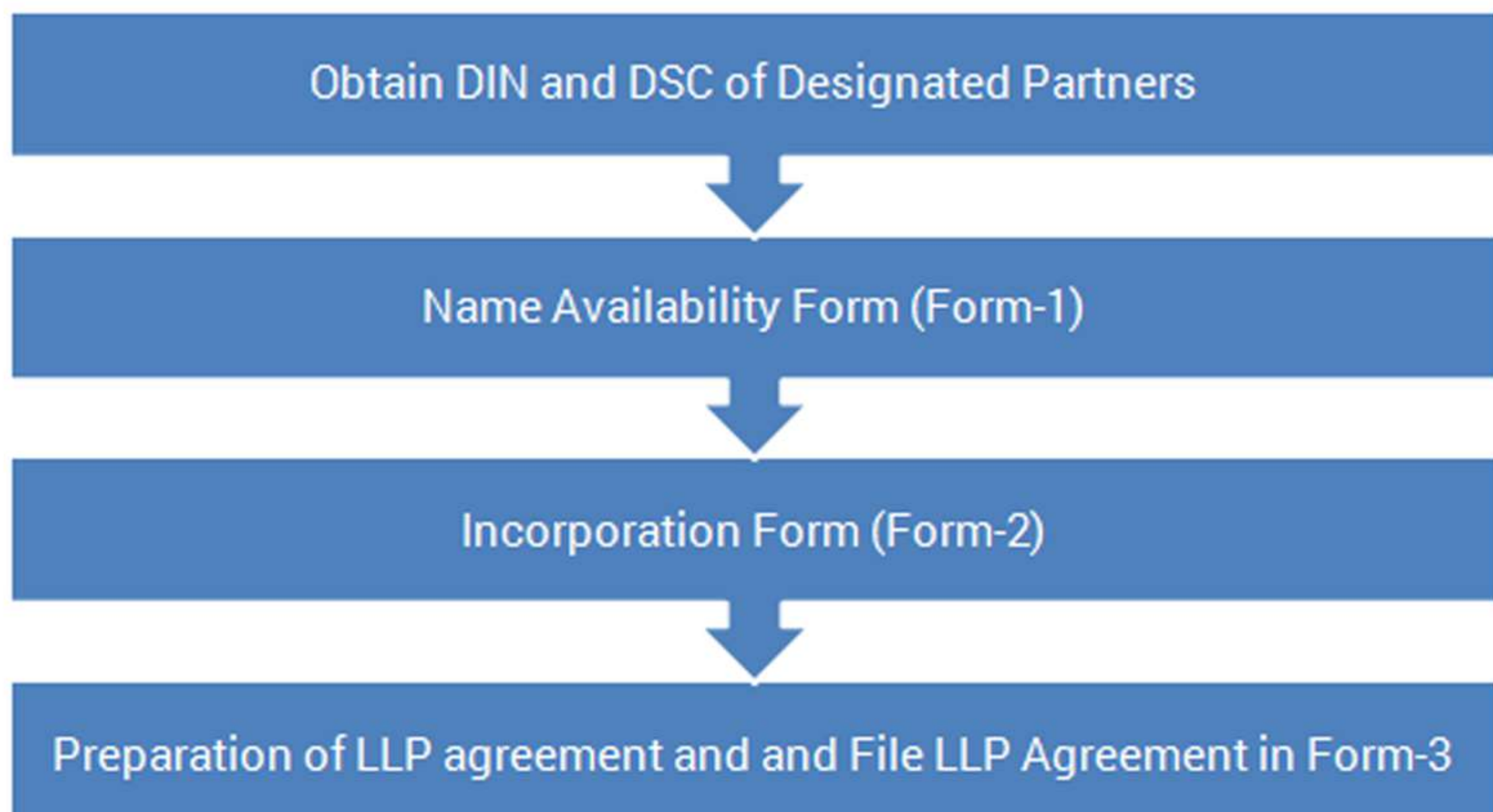
Limited Liability Partnership (LLP) is a type of business entity which enables entrepreneurs to perform in an efficient manner. It is a combination of limited liability and partnership firm.

Benefits of LLP

There are numerous benefits of LLP:

- ✓ Separate Legal Entity;
- ✓ Requirement of minimum 2 partners;
- ✓ No concept of minimum capital contribution;
- ✓ Limited Liability of partners;
- ✓ Low cost of formation.

LLP incorporation process



After incorporation of a Limited Liability Partnership (LLP), there are certain compliances that need to be complied with to ensure the smooth functioning of the LLP. Since LLP is a separate legal entity, a proper care must be taken to ensure LLP compliances are being completed on time to avoid penalty provisions. The overall compliance requirement for a LLP is less cumbersome in comparison to company incorporated under Companies act 2013.

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Now come to the Annual Compliances:

✓ **LLP Agreement**

After incorporation of a LLP, an agreement is required to be filed with the Ministry of Corporate Affairs within 30 days. The LLP Agreement governs the rights and duties of partners. It is mandatory for all LLPs and even in the absence of a specific LLP Agreement, an LLP Agreement must be executed, specifically excluding applicability of any or all paragraphs of Schedule I (default LLP agreement). In case of failure of filing LLP Agreement within 30 days of incorporation, it will attract penalty of Rs.100 per day of default with no ceiling on the maximum fine. Therefore proper care must be taken to ensure that the LLP agreement is properly executed and filed within the due-date.

✓ **LLP Seal**

LLP seal would be required for opening bank account of the company and for applying for PAN. Therefore it is required to purchase two rubber seals – round type with LLP name on incorporation of a LLP.

✓ **Letterhead**

LLP stationary like letterhead, invoice and other official documents can be prepared with the LLP name and registered office of the LLP.

✓ **PAN Application**

After incorporation of a LLP, PAN application (Form 49A) is required to be filed online. After submission of an application, PAN acknowledgement must be signed and sealed by a Designated Partner of the LLP and then signed application must be couriered to the NSDL office for issue of PAN card. PAN card of the LLP will be sent to the registered office address of the LLP in 10 to 20 working days.

✓ **Bank Account**

As it is considered to be a corporate entity, bank account for a LLP can be easily opened. Here are the following documents of the LLP must be submitted for opening of LLP bank account:

- ✓ Copy of the LLP agreement.
- ✓ Copy of the Incorporation document and DPIN (Designated Partner Identification Number) of the designated partners.
- ✓ Copy of LLP-IN issued by the ROC.
- ✓ Copy of the Resolution to open a bank account.
- ✓ List of authorized person/s with the specimen signatures to operate the account duly attested by Designated Partners.
- ✓ Copy of PAN allotment letter.

All these documents must be signed by a Designated Partner and must have the seal of the LLP.

✓ **Auditor Appointment**

There is no requirement for audit of the book of accounts of a LLP unless turnover exceeds Rs.40 lakhs or capital contribution exceeds Rs.25 lakhs. Therefore there is no concept of appointment of auditor in a LLP.

✓ **Annual Return**

Each LLP is required to file the Annual Return with the Registrar of LLP in Form 11 within 60 days of closure of its financial year. Its financial year close by 31st March therefore Annual Return is required to be filed on or before 30th May every year.

✓ Annual Accounts

LLP has to maintain books of accounts according to double entry system and prepare a Statement of Accounts and Solvency for every year ending 31st March. LLP has to file such Accounts to the Registrar of LLP in Form 8 within 30 days from the end of 6 months of such financial year. Hence the accounts are required to be filed on or before 30th October every year.

In case annual turnover exceeds Rs.40 lakhs or whose contribution exceeds Rs.25 lakhs, shall be required to get its accounts audited by a qualified Chartered Accountant.

✓ Income Tax

Under Income Tax Act, LLP has to close its financial year as on 31st March every year and they has to file the returns with Income Tax Department.

Provisions related to Income Tax

In case of LLP, Income Tax is applicable at the flat rate of 30% on the total income. Where in case when total income exceeds Rs. 1 crore then surcharge is also levied at the rate of 10%. Besides this, education cess and secondary education cess is also applicable at the rate of 2% and 1% respectively.

✓ Minimum Alternate Tax (MAT)

Provisions of MAT are also applicable on LLP unlike Company. 18.05% MAT is applicable on adjusted total income.

✓ LLP Tax Filing

Income tax return of LLP is filed in Form ITR-5. It is filed using the DSC of the designated partner.

✓ LLP Tax Payment

LLP tax payment is done by two ways either physically through designated banks or through e-payment mode only. LLPs for whom accounts must be audited has to pay tax through e-payment mode only.

- ✓ **Challan ITNS 280** is provided along with the tax payment, to pay tax at designated banks.

* Important : Please see notes overleaf before filling up the challan		Single Copy (to be sent to the ZAO)	
CHALLAN NO./ ITNS 280	Tax Applicable (Tick One)* (0020) INCOME-TAX ON COMPANIES (CORPORATION TAX) <input type="checkbox"/> (0021) INCOME TAX (OTHER THAN COMPANIES) <input type="checkbox"/>	Assessment Year _____ - _____	
Permanent Account Number _____			
Full Name _____			
Complete Address with City & State _____			
Tel. No. _____		Pin _____	
Type of Payment (Tick One)			
Advance Tax (100) <input type="checkbox"/>		Surtax (102) <input type="checkbox"/>	
Self Assessment Tax (300) <input type="checkbox"/>		Tax on Distributed Profits of Domestic Companies (106) <input type="checkbox"/>	
Tax on Regular Assessment (400) <input type="checkbox"/>		Tax on Distributed Income to Unit Holders (107) <input type="checkbox"/>	
DETAILS OF PAYMENTS		FOR USE IN RECEIVING BANK	
Amount (in Rs. Only)		Debit to A/c / Cheque credited on	
Income Tax	_____	_____ - _____ - _____	
Surcharge	_____	D D M M Y Y	
Education Cess	_____	SPACE FOR BANK SEAL	
Interest	_____		
Penalty	_____		
Others	_____		
Total	_____		
Total (in words)			
CRORES	LACS	THOUSANDS	HUNDREDS TENS UNITS
_____	_____	_____	_____
Paid in Cash/Debit to A/c /Cheque No.		Dated	
Drawn on		(Name of the Bank and Branch)	
Date: _____		Signature of person making payment	
		Rs.	
Taxpayers Counterfoil (To be filled up by tax payer)		SPACE FOR BANK SEAL	
PAN	_____		
Received from	_____ (Name)		
Cash/ Debit to A/c /Cheque No.	_____	For Rs.	_____
Rs. (in words)	_____		
Drawn on	(Name of the Bank and Branch)		
on account of		Companies/Other than Companies/Tax	
Income Tax on		(Strike out whichever is not applicable)	
Type of Payment		(To be filled up by person making the payment)	
for the Assessment Year		_____ - _____	
		Rs.	

Conditions for Annual filing

- ✓ LLP Registered in India has to file the annual return within 60 days from the end of close of financial year.
- ✓ Statement of Account & Solvency by 30th October of the end of following fiscal year.
- ✓ The audit of Books & Accounts is applicable in case it cross the annual turnover limit of Rs.40 Lac in a year.

Annual return consists following:

- ✓ Audited Balance Sheet of the Company.
- ✓ Audited Profit & Loss Account.
- ✓ Confirmation about the situation of Registered Office Address.
- ✓ Current and details of change in contribution of partners.
- ✓ Detail about the changes in partners.

Conditions for Audit

Accounts not required to be audited	Accounts subject to Audit
31st July of every year	30th September of every year or such other date as may be notified by the Income Tax authorities.

Penalty Provisions in case of Non Compliance of Books of Accounts and Annual Return

The Limited Liability Partnership shall be punishable with fine under section 35 which shall not be less than Rs.25,000 but which may extend to Rs.5,00,000 and every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than Rs.10,000 but which may extend to Rs.1,00,000.



Thank You!

