LLP Settlement Scheme 2020

End Date: September 30, 2020

The Limited Liability Partnership Act came into effect in the year 2008 to provide a corporate business vehicle that enables professional expertise and entrepreneurial initiative to combine and operate in flexible, innovative and efficient manner. In simple words, it provides benefits of limited liability, while allowing its members the flexibility for organizing their internal structure as a partnership. This makes LLP a preferred option for small enterprises.

LLPs Plagued with Non Compliance

A large number of these LLP have defaulted in filing the requisite forms, a gross non-compliance under the Act. As a result the records in the electronic registry are not updated and not available to the stakeholders for inspection. Further, due to such non-filing the LLPs and their designated partners are liable for criminal prosecution and the said LLPs cannot be closed till all compliances are completed. Therefore, to avoid this prosecution the LLPs are necessarily required to file pending forms and documents.

REASONS FOR THE SCHEME

The section 69 of LLP Act 2008 states that if forms are not filed within prescribed time, it can be filed later with an additional fee for **Rs 100/- per day of such delay**. This is in **addition** to any fee payable for filing of such document or return. The steep fines have resulted in excessive financial burden over the enterprises.

LLP Settlement Scheme

The Government taking cognizance of the same decided to give a Onetime relaxation in additional fees to the defaulting LLPs. Thus, vide Gazette Notification No. G.S.R. 59 (E) Dated 30th January, 2020 introduced a scheme namely **"LLP Settlement Scheme, 2020”.**

Salient Featured of LLP Settlement Scheme:

**Duration:**

The scheme is can be availed between **April 01, 2020 to September 30, 2020**.

**Nature:**

One-time condonation of delay in filing statutorily required documents with the Registrar.

**Applicability:**

Any "defaulting LLP" is permitted to file belated documents, which were due for filing till 31st August 2020 in accordance with the provisions of this Scheme.

**Manner of Payment of Late fees:**

•Statutory Filing Fees as per LLP Act & Rules

**And**

•Additional fees NIL

**Immunity from prosecution**

The defaulting LLPs, which have filed their pending documents till 30th September 2020 and made good the default, shall not be subjected to prosecution by Registrar for such defaults

**Forms covered under this scheme: All LLP Forms**

**Exception**

This Scheme shall **not apply** to **LLPs** which have made an **application** in Form 24 to the Registrar, **for striking off** its name from the register as per provisions of Rule 37(1) of the LLP Rules, 2009.

Failure to avail this scheme

On the conclusion of the Scheme, the Registrar shall take necessary action under the LLP Act, 2008 against the defaulters which have not availed this Scheme This includes penalty and prosecution of designated partners.