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## Comparison between existing Business Forms and LLP Result

Category	Company	LLP
<b>Prevailing Law</b>	Companies are prevailed by 'Companies Act, 1956'	Limited Liability Partnership are prevailed by 'The Limited Liability Partnership Act, 2008' and various Rules made there under
<b>Registration</b>	Registration with Registrar of Companies required.	Registration with Registrar of LLP required.
<b>Creation</b>	Created by Law	Created by Law
<b>Distinct entity</b>	Is a separate legal entity under the Companies Act, 1956.	Is a separate legal entity under the Limited Liability Partnership Act, 2008.
<b>Name of Entity</b>	Name to contain 'Limited' in case of Public Company or 'Private Limited' in case of Private Company as suffix.	Name to contain 'Limited Liability Partnership' or 'LLP' as suffix.
<b>Cost of Formation</b>	Minimum Statutory fee for incorporation of Private Company is Rs.6,000/- and minimum Statutory fee for incorporation of Public Company is Rs. 19,000/-	Minimum cost of Formation of LLP is Rs. 800 only, comparatively much lesser than the cost of formation of Company
<b>Perpetual Succession</b>	It has perpetual succession and members may come and go.	It has perpetual succession and partners may come and go
<b>Charter Document</b>	Memorandum and Article of Association is the charter of the company which defines its scope of operation.	LLP Agreement is a charter of the LLP which denotes its scope of operation and rights and duties of the partners vis-à-vis LLP.
<b>Common Seal</b>	It denotes the signature of the company and every company shall have its own common seal	It denotes the signature and LLP may have its own common seal, dependant upon the terms of the Agreement
<b>Formalities of Incorporation</b>	Various eforms along the Memorandum & Articles of Association are filled with Registrar of Companies with prescribed fees	Various eForms and the LLP Agreement are filed with the Registrar of LLP along with the prescribed Fee.
<b>Time line</b>	It will take 10 days (approx.) to incorporate (inclusive of time taken to obtain DIN)	It will take 10 days (approx.) to incorporate (inclusive of time taken to obtain DPN)
<b>Legal Proceedings</b>	A company is a legal entity which can sue and be sued	A LLP is a legal entity can sue and be sued
<b>Foreign Participation</b>	Foreign Nationals can be a member in a Company.	Foreign Nationals can be a Partner in a LLP.
<b>Number of Members</b>	2 to 50 members in case of Private Company and Minimum 7 members in case of Public Company.	Minimum 2 partners and there is no limitation of maximum number of partners.
<b>Ownership of Assets</b>	The company independent of the members has ownership of assets	The LLP independent of the partners has ownership of assets
<b>Rights / Duties / obligation of the Partners / Managing Partners / Directors</b>	Rights / Duties / obligation of the directors are governed by AOA and resolution passed by shareholders or directors.	Rights / Duties / obligation of the partners are governed by LLP Agreement.
<b>Liability of Partners/Members</b>	Generally limited to the amount required to be paid up on each share.	Limited, to the extent their contribution towards LLP, except in case of intentional fraud or wrongful act of omission or commission by the partner.
<b>Tax Liability</b>	Income of Company is Taxed at a Flat rate of 30% Plus surcharge as applicable.	Income of LLP is taxed at a Flat rate of 30% plus education cess as applicable.
<b>Principal/Agent Relationship</b>	The directors act as agents of the company and not of the members	Partners act as agents of LLP and not of the other partners.
<b>Transfer / Inheritance of Rights</b>	Ownership is easily transferable.	Regulations relating to transfer are governed by the LLP Agreement.
<b>Transfer of Share / Partnership rights in case of death</b>	In case of death of member, shares are transmitted to the legal heirs.	In case of death of a partner, the legal heirs have the right to get the refund of the

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		capital contribution + share in accumulated profits, if any. Legal heirs will not become partners
<b>Director Identification Number(DIN)</b>	Each director is required to have a Director Identification Number before being appointed as Director of any company.	Each Designated Partners is required to have a DIN before being appointed as Designated Partner of LLP.
<b>Digital Signature</b>	As eforms are filled electronically, atleast one Director should have Digital Signatures	As eforms are filled electronically, atleast one Designated Partner should have Digital Signatures.
<b>Dissolution</b>	Voluntary or by order of National Company Law Tribunal.	Voluntary or by order of National Company Law Tribunal.
<b>Transferability of Interest</b>	A member can freely transfer his interest	A partner can transfer his interest subject to the LLP Agreement
<b>Admission as partner / member</b>	A person can become member by buying shares of a company.	A person can be admitted as a partner as per the LLP Agreement
<b>Cessation as partner / member</b>	A member / shareholder can cease to be a member by selling his shares.	A person can cease to be a partner as per the LLP Agreement or in absence of the same by giving 30 days prior notice to the LLP.
<b>Requirement of Managerial Personnel for day to day administration</b>	Directors are appointed to manage the business and other statutory compliances on behalf of the members.	Designated Partners are responsible for managing the day to day business and other statutory compliances.
<b>Statutory Meetings</b>	Board Meetings and General Meetings are required to be conducted at appropriate time.	There is no provision in regard to holding of any meeting.
<b>Maintenance of Minutes</b>	The proceedings of meeting of the board of directors / shareholders are required to be recorded in minutes.	ALLP by agreement may decide to record the proceedings of meetings of the Partners/Designated Partners
<b>Voting Rights</b>	Voting rights are decided as per the number of shares held by the members.	Voting rights shall be as decided as per the terms of LLP Agreement.
<b>Remuneration of Managerial Personnel for day to day administration</b>	Company can pay remuneration to its Directors subject to law.	Remuneration to partner will depend upon LLP Agreement.
<b>Contracts with Partners/Director</b>	Restrictions on Board regarding some specified contracts, in which directors are interested.	Partners are free to enter into any contract.
<b>Maintenance of Statutory Records</b>	Required to maintain books of accounts, statutory registers, minutes etc.	Required to maintain books of accounts.
<b>Annual Filing</b>	Annual Financial Statement and Annual Return is required to be filed with the Registrar of Companies every year.	Annual Statement of accounts and Solvency & Annual Return is required to be filed with Registrar of LLP every year.
<b>Share Certificate</b>	Share Certificates are proof of ownership of shares held by the members in the Company	The ownership of the partners in the firm is evidenced by LLP Agreement.
<b>Audit of accounts</b>	Companies are required to get their accounts audited annually as per the provisions of the Companies Act, 1956,	All LLP except for those having turnover less than Rs.40 Lacs or Rs.25 Lacs contribution in any financial year are required to get their accounts audited annually as per the provisions of LLP Act 2008.
<b>Applicability of Accounting Standards.</b>	Companies have to mandatorily comply with accounting standards	The necessary rules in regard to the application of accounting standards are not yet issued.
<b>Compromise / arrangements / merger / amalgamation</b>	LLP's can enter into Compromise / arrangements / merger / amalgamation	
<b>Oppression and mismanagement</b>	No provision relating to redressal in case of oppression and mismanagement	
<b>Credit Worthiness of organization</b>	Will enjoy Comparatively higher creditworthiness from Partnership due to Stringent regulatory framework but lesser than a company.	
<b>Whistle Blowing</b>	Provision has been made to provide protection to employees & partners, providing useful information during an investigation or convicting any partner or firm.	

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