

TAXATION OF LIMITED LIABILITY PARTNERSHIP

1. **The word “Firm” shall include Limited Liability Partnership (LLP).**
2. **The word “Partner” shall include a partner of LLP.**
3. **The word “Partnership” shall include a LLP as defined in LLP Act.**
4. Tax rate: Flat rate of 30% (12% surcharge if TI exceeds ₹1 crore) plus 4% health & education cess in all cases. LTCG and STCG shall be taxable as per section 112 and 111A.
5. **The remuneration and interest paid by LLP to its partners shall be allowed as per section 40(b).**
6. The share of profit received by the partner of LLP shall be exempt under section 10(2A).
7. The remuneration and interest received by partner of LLP shall be taxable as per section 28.
8. No implications under the Income Tax Act on conversion of partnership firm into a LLP.
9. **Capital gains shall be exempt when a company is converted into a LLP.**
10. The ROI shall be signed by designated partner or where designated partner is not able to sign due to unavoidable reasons, any partner shall sign ROI.
11. **Recovery of taxes/penalty/interest of LLP: Where any tax/penalty/interest due from LLP in respect of any income of any previous year cannot be recovered, in such case, every person who was a partner of the LLP at any time during the relevant previous year, shall be jointly and severally liable for the payment of such tax unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the limited liability partnership.**
12. Section 44AD and 44ADA cannot be opted for by an LLP.