

COMPARISON AMONG COMPANY, LLP AND FIRM

BASIS	COMPANY	LLP	FIRM
GOVERNING LAW	'Companies Act, 1956'	'The Limited Liability Partnership Act, 2008' and various Rules made there under.	'The Indian Partnership Act, 1932' and various Rules made there under.
REGISTRATION	Registration with ROC is compulsory.	Registration with Registrar of LLP required.	Registration is optional.
CREATION	Created by Law	Created by Law	Created by Contract
DISTINCT ENTITY	Separate legal entity under the Companies Act, 1956.	Separate legal entity under the Limited Liability Partnership Act, 2008.	Not a separate legal entity
NAME	'Limited' in case of Public Company or 'Private Limited' in case of Private Company as suffix. (Sec. 13)	'Limited Liability Partnership' or 'LLP' as suffix. (Sec. 15)	Any name as per choice
FORMATION COST	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.	The Cost of Formation is negligible
PERPETUAL SUCCESSION	It has perpetual succession and members may come and go.(Sec. 34)	It has perpetual succession and partners may come and go.(Sec. 3(2))	It does not have perpetual succession as this depends upon the will of partners
CHARTER DOCUMENT	Memorandum and Article of Association is the charter of the	LLP Agreement is a charter of the LLP which denotes its	Partnership Deed is a charter of the firm which denotes its scope of

	company.	scope of operation and rights and duties of the partners vis-à-vis LLP.	operation and rights and duties of the partners
COMMON SEAL	Signature of the company and every company shall have its own common seal. (Sec. 34)	Signature and LLP may have its own common seal, depends upon the terms of the Agreement(Sec. 14)	There is no concept of common seal in partnership
FORMALITIES OF INCORPORATION	Various e-forms along the Memorandum & Articles of Association are filled with Registrar of Companies with prescribed fees	Various e-Forms and the LLP Agreement are filed with the Registrar of LLP along with the prescribed Fee.	In case of registration, Partnership Deed along with form / affidavit required to be filled with Registrar of firms along with requisite filing fee
TIME PERIOD REQUIRED	10 days (approx.) to incorporate (inclusive of time taken to obtain DIN)	10 days (approx.) to incorporate (inclusive of time taken to obtain DPIN)	It will take 7 days (approx.) to incorporate
LEGAL PROCEEDINGS	A company is a legal entity which can sue and be sued	A LLP is a legal entity can sue and be sued (Sec. 14)	Only registered partnership can sue third party
FOREIGN PARTICIPATION	Foreign Nationals can be a member in a Company.(Sec.41)	Foreign Nationals can be a Partner in a LLP.(Sec. 5)	Foreign Nationals can not form Partnership Firm in India
NUMBER OF MEMBERS	2 to 50 members in case of Private Company and 7 to infinite members in case of Public Company. (Sec. 12)	Minimum 2 partners and there is no limitation of maximum number of partners.(Sec. 6)	Minimum 2 and Maximum 10/20 (as per Companies Act, 1956) (Sec.11)
OWNERSHIP OF ASSETS	The company independent of the members has ownership of assets	The LLP independent of the partners has ownership of assets	Partners have joint ownership of all the assets belonging to partnership firm
RIGHTS / DUTIES / OBLIGATION OF THE PARTNERS / MANAGING PARTNERS / DIRECTORS	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.	Rights / Duties / obligation of the partners are governed by Partnership Deed.

LIABILITY OF PARTNERS/ MEMBERS	Generally limited to the amount required to be paid up on each share. (Sec.12)	Limited, to the extent their contribution towards LLP, except in case of intentional fraud or wrongful act of omission or commission by the partner.(Sec. 28)	Unlimited. Partners are severally and jointly liable for actions of other partners and the firm and liability extend to their personal assets.
TAX ABILITY	Income is taxed at a Flat rate of 30% Plus surcharge as applicable. (2%+1%)	Income is taxed at a Flat rate of 30% plus education cess as applicable. (2%+1%)	Income is taxed at a Flat rate of 30% plus education cess as applicable. (2%+1%)
MINIMUM TAX	Minimum Alternate Tax @ 18.5% + Surcharge@ 5% + Cess @3% i.e. 20%	Alternate Minimum Tax @18.5% + Cess @3% i.e. 19.05%	Not applicable
PRINCIPAL/AGENT RELATIONSHIP	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.(Sec. 26)	Partners are agents of the firm and other partners.
TRANSFER / INHERITANCE OF RIGHTS	Ownership is easily transferable.	Regulations relating to transfer are governed by the LLP Agreement.(Sec. 42)	Not transferable. In case of death the legal heir receives the financial value of share.
TRANSFER OF SHARE / PARTNERSHIP RIGHTS IN CASE OF DEATH	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 capital contribution + share in accumulated profits, if any. Legal heirs will not become partners	In case of death of a partner, the legal heirs have the right to get the refund of the capital contribution + share in accumulated profits, if any. Legal heirs will not become partners
IDENTIFICATION NUMBER OF DIRECTORS OR PARTNERS (DIN/DPIN)	Every director is required to have a Director Identification Number before being appointed as Director of any company(Sec. 266A)	Every Designated Partners is required to have a DPIN before being appointed as Designated Partner of LLP.(Sec. 7(6))	The partners are not required to obtain any identification number

DIGITAL SIGNATURE	As e-forms are filled electronically, at least one Director should have Digital Signatures	As e-forms are filled electronically, at least one Designated Partner should have Digital Signatures.	There is no requirement of obtaining Digital Signature
DISSOLUTION / WINDING-UP	Voluntary or Compulsory (by order of National Company Law Tribunal) (Sec. 425)	Voluntary or Compulsory (by order of National Company Law Tribunal) (Sec.63-65)	By agreement, mutual consent, insolvency, certain contingencies, and by court order.
TRANSFERABILITY OF INTEREST	A member can freely transfer his interest (Sec. 82)	A partner can transfer his interest subject to the LLP Agreement. (Sec. 42)	A partner can transfer his interest subject to the Partnership Agreement
ADMISSION AS PARTNER / MEMBER	A person can become member by buying shares of a company.(Sec.41)	A person can be admitted as a partner as per the LLP Agreement	A person can be admitted as a partner as per the partnership Agreement
CESSATION AS PARTNER / MEMBER	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.	A person can cease to be a partner as per the agreement
MANAGERIAL PERSONS FOR DAY TO DAY ADMINISTRATION AND CONTROLS	Directors are appointed to manage the business and other statutory compliances on behalf of the members.(Sec.269)	Designated Partners are responsible for managing the day to day business and other statutory compliances. (Sec. 7)	No requirement of any managerial persons, partners themselves administer the business
MEETINGS OF MEMBERS/ DIRECTORS/ PARTNERS	Board Meetings and General Meetings are required to be convened every year. (Min- 4 BM and 1 GM) (Sec.165,166,169,285)	There is no provision in regard to holding of any meeting.	There is no provision in regard to holding of any meeting
MAINTENANCE OF MINUTES	The proceedings of meeting of the board of directors / shareholders are	A LLP by agreement may decide to record the proceedings of	There is no concept of any minutes

	required to be recorded in minutes.(Sec-193)	meetings of the Partners/Designated Partners(Sec. 34)	
VOTING RIGHTS	Voting rights are decided as per the number of shares held by the members. (Sec. 87)	Voting rights shall be as decided as per the terms of LLP Agreement.	It depends upon the partnership Agreement
REMUNERATION OF MANAGERIAL PERSONS	Company can pay remuneration to its Directors Max.11% of N/P (as per Sec.-198)	Remuneration to partner will depend upon LLP Agreement (limit is not specified).	The firm may pay remuneration to its partners (limit is not specified)
CONTRACTS WITH PARTNERS/DIRECTOR	Restrictions on Board regarding some specified contracts, in which directors are interested.(Sec-297)	Partners are free to enter into any contract.	Partners are free to enter into any contract.
MAINTENANCE OF STATUTORY BOOKS AND RECORDS	Required to maintain books of accounts, statutory registers, minutes etc. (Sec.-49,58A,143,150,151, 152,158,193,209,301 303,307,372A etc...)	Required to maintain books of accounts. (Section-34)	Required to maintain books of accounts as Tax laws
ANNUAL FILING	Annual Financial Statement and Annual Return are required to be filed with the ROC every year.(Sec-220, 159,160)	Annual Statement of accounts & Solvency and Annual Return are required to be filed with Registrar of LLP every year. (Sec. 34(2), 35(1))	No return is required to be filed with Registrar of Firms
SHARE CERTIFICATES	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.	The ownership of the partners in the firm is evidenced by Partnership Deed, if any.
AUDIT OF ACCOUNTS	Companies are required to get their accounts audited annually.	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	Partnership firms are only required to have tax audit of their accounts as per the provisions of the Income Tax Act.

		audited annually. (sec. 34(4))	
APPLICABILITY OF ACCOUNTING STANDARDS.	Companies have to mandatorily comply with accounting standards	The necessary rules in regard to the application of accounting standards are not yet issued.	No Accounting Standards are applicable.
COMPROMISE / ARRANGEMENTS / MERGER / AMALGAMATION	Companies can enter into Compromise / arrangements / merger / amalgamation. (Sec. 390-396A)	LLP's can enter into Compromise / arrangements / merger / amalgamation. (Sec. 60-62)	Partnership cannot merge with other firm or enter into compromise or arrangement with creditors or partners
OPPRESSION AND MISMANAGEMENT	Provisions providing for remedy against Oppression and mismanagement exists. (Sec. 397-409)	No provision relating to redressal in case of oppression and mismanagement.	No remedy exist , in case of oppression of any partner or mismanagement of Partnership.
FIDELITY OR CREDIBILITY OF ORGANIZATION	Companies enjoy high degree of creditworthiness.	Enjoy Comparatively higher creditworthiness from Partnership due to Stringent regulatory framework but lesser than a company.	Creditworthiness of firm depends upon goodwill and creditworthiness of its partners.
WHISTLE BLOWING	No such provision is provided under the Companies Act, 1956.	Provision has been made to provide protection to employees & partners, providing useful information. (Sec. 31)	No such provision is provided under Partnership Act, 1932.

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