

PROCESS FOR CONVERSION OF PARTNERSHIP FIRM INTO LLP

REGULATORY FRAMEWORK FOR CONVERSION OF FIRM INTO LLP:

1. Section 55 of the LLP Act, 2008 read with Rule 38 of LLP Rules, 2009
2. Schedule 2 of LLP Act, 2008

ELIGIBILITY FOR CONVERSION:

An existing partnership firm may apply to convert into a limited liability partnership if and only if the partners of the limited liability partnership into which the firm is to be converted, comprise all the partners of the firm and no one else.

STEP-BY-STEP PROCESS:

Step 1: Obtain Digital Signature Certificate (DSC) for all partners. It is mandatory to obtain DSC for all partners as the consent form required from all partners is to be signed digitally.

Step 2: Name Approval for LLP by RUN-LLP (Reserve Unique Name - LLP) to check and reserve the name for the proposed LLP. Attach copy of partners' resolution for conversion of the firm to LLP. Generally, the same name as the partnership firm is allowed for LLP with the mandatory addition of LLP after the name.

Step 3: Once the name is approved, file Form FiLLiP (Incorporation of LLP) with the following required documents:

- a. Address proof of LLP
- b. Partner details and identity/address proofs
- c. Subscriber sheet
- d. Consent of partners

Step 4: File Form 17 (Application for Conversion of Firm into LLP) along with required documents:

- a. Statement of partners consenting to conversion
- b. Statement of assets and liabilities dated not later than 15 days from the date of filing Form 17
- c. List of secured creditors (if any) along with their consent for conversion
- d. Copy of the latest Income Tax Return (ITR)
- e. Partnership deed of the firm

Step 5: Form 9 (Consent to act as Designated Partner) will be auto-generated.

Step 6: Once MCA verifies all documents, it issues a Certificate of Incorporation, marking the successful conversion of the firm into an LLP.

Step 7: Drafting and Executing LLP Agreement. This agreement must be executed on stamp paper of appropriate value and submission of the same in Form 3 (Details of LLP Agreement) within 30 days of incorporation. The objects of the LLP should mention that this LLP shall take over the business of the existing partnership firm in terms of Section 55, 58 of LLP Act 2008 and Rule 32(1) of the LLP Rules.

Step 8: File Form 14 (Notice of Conversion) with the Registrar of Firms within 15 days of the Certificate of Incorporation.

POST CONVERSION - IMPORTANT POINTS:

1. The partnership firm stands dissolved upon conversion and its Certificate of Registration (if any) is surrendered.
2. All assets, liabilities, rights, and obligations of the firm automatically vest in the LLP.
3. The LLP shall be liable for all obligations of the firm that arose before the conversion.
4. Any pending legal proceedings by or against the partnership firm can be continued by or against the LLP.
5. Employees of the firm are deemed to have been employed by the LLP on the same terms and conditions.
6. The LLP must obtain fresh registrations wherever applicable (GST, MSME, trade licences, etc.).