

## PARTNERSHIP FIRM TO LLP CONVERSION GUIDE

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### Conditions for Converting a Partnership Firm to LLP:

1. **Legal Framework:** The conversion must comply with Section 55 of the Limited Liability Partnership Act, 2008, and Schedule II of the Act.
2. **Partner Consistency:** All partners of the partnership firm must remain partners in the LLP during the conversion application process.
3. **Digital Signature Certificate (DSC):** All partners must hold a valid DSC. At least two partners need a Designated Partner Identification Number (DPIN).
4. **Firm Registration:** The partnership firm must be registered under the Partnership Act, 1932.
5. **Unanimous Consent:** All partners must consent to the conversion.
6. **Same Partners Post-Conversion:** The LLP must have the same partners as the partnership firm during conversion. Partners can exit the LLP post-conversion.
7. **DIN/DPIN Requirement:** All designated partners must have a Director Identification Number (DIN) or DPIN.

### Procedure for Conversion of a Firm from Partnership to LLP

#### Step I: Name Approval and DSC

##### 1. Name Approval:

- Register and log in to the MCA portal.
- Select “RUN - LLP” under the MCA Services tab.
- Choose “Conversion of Firm into LLP” from the dropdown list.
- Provide two proposed names for the LLP.
- Upload supporting documents in PDF format and submit.
- Pay a fee of Rs. 200 for the form. The reserved name is valid for 90 days.

##### 2. Digital Signature Certificates:

- Designated partners must possess DSCs.
- DSCs are required for all e-forms to ensure successful submission.

#### Step II: Filing of Forms with the ROC

##### 1. Form 17 (Application and Statement for Conversion of a Firm into LLP):

- Fill in details such as:
  - Service Request Number (SRN) of the RUN - LLP form.
  - Proposed LLP name.
  - Firm’s name, address, registration, and partnership agreement details.
  - Number of partners and capital contribution.
  - Secured creditors’ details.
- Attachments required:
  - Statement of Consent of Partners.
  - Statement of assets and liabilities certified by a Chartered Accountant.
  - Copy of the latest Income Tax Return acknowledgement.
  - List of secured creditors and their consent.

##### 2. Form FiLLiP (Form for Incorporation of LLP):

- Provide details such as:
  - Auto-filed RUN - LLP details.
  - Registered office address and email.
  - Nature of business activities.
  - Partners’ details, their DINs, DPINs, and PANs.
  - Partners’ contribution amount.

- Attachments required:
  - Proof of registered office address.
  - Subscriber's consent.
  - NOC from the property owner and recent utility bills.
  - Approval from any regulatory authority, if necessary.
  - Identity and address proof of applicants.
  - NOC if LLP name is identical to an existing entity.
- E-sign the forms and certify by a Cost Accountant, Company Secretary, or Chartered Accountant in practice. Fees vary with capital contribution.

### Step III: Issue of Registration Certificate

- Upon approval, the Registrar issues the Certificate of Registration for the LLP.

### Step IV: LLP Agreement

- Submit the LLP Agreement in Form LLP - 3 within 30 days of incorporation. It must include:
  - LLP name.
  - Designated partners and other partners.
  - Capital contribution and profit-sharing ratios.
  - LLP governing rules.
  - Partners' rights and duties.

### Step V: Intimation to the Registrar of Firms

- Notify the Registrar of Firms about the LLP conversion within 15 days from incorporation in Form - 14, accompanied by:
  - LLP Incorporation Certificate copy.
  - Incorporation documents submitted in Form FiLLiP.

### Documents to be Filed

1. **Statement by Partners:** Filed with the Registrar, stating the firm's name, registration number, and registration date under the Indian Partnership Act 1932 or other laws.
2. **Incorporation Document:** Along with a statement by a chartered accountant/company secretary/cost accountant/advocate engaged in the LLP formation and other subscribers, confirming compliance with all incorporation requirements.

### Registration

- The Registrar may accept or refuse the LLP registration. Upon approval, a Certificate of Registration is issued. The LLP must inform the Registrar of firms within 15 days using Form 14. If registration is refused, an appeal can be made to the tribunal.

### Effect of Registration

1. **LLP Existence:** LLP comes into existence as per the certificate of registration.
2. **Asset and Liability Vesting:** All firm assets, liabilities, rights, and privileges transfer to the LLP.
3. **Firm Dissolution:** The firm stands dissolved and, if registered under the Indian Partnership Act 1932, it is removed from records.
4. **Pending Proceedings:** Any proceedings against the firm continue against the LLP.
5. **Contracts and Agreements:** All existing firm contracts and agreements remain in force with the LLP as the party.
6. **Appointments and Authority:** Existing appointments and authority conferred on the firm transfer to the LLP.

### Partners' Liability Before Conversion

- Partners are jointly and severally liable for pre-conversion liabilities and obligations. If a partner discharges an obligation, they are indemnified by the LLP.

### Conversion Notice

- For 12 months starting no later than 14 days after registration, the LLP must state in every official correspondence that it was converted from a firm to an LLP, including the firm's name and registration number (if any). Non-compliance results in fines ranging from Rs 10,000 to Rs 1,00,000, with continuing defaults fined between Rs 50 and Rs 500 per day.

### LLP Form No 17

#### 1. Part A: Application:

- SRN of RUN form, if filed.
- Firm's name and address.
- Registration details under the Indian Partnership Act 1932 or other laws.
- Firm formation agreement date.
- Number of firm partners.
- Number of LLP partners (auto-populated).
- Firm's total capital contribution.
- Partners' consent details.
- Details of LLP partners being shareholders of the company.
- Income tax return details.
- Pending proceedings in any court/tribunal/authority.
- Previous conversion application refusals and reasons.
- Conviction/order/judgement details against the firm.
- Secured creditors' consent for conversion.
- Required approvals for conversion.

#### 2. Part B: Statement:

- Partner's consent for conversion.
- Joint and several liabilities for pre-conversion liabilities.
- Compliance with LLP Act 2008 and rules.
- All firm partners are LLP partners.
- Required approvals and secured creditors' consent obtained.
- Accuracy of provided information.

#### ➤ Attachments

1. **Certified Statement of Assets and Liabilities:** By a Chartered Accountant in practice.
2. **Partners' Consent Statement.**
3. **Secured Creditors' Consent List.**
4. **Latest Income Tax Return Acknowledgement Copy.**
5. **Authority/Body Approvals (if any).**
6. **Optional Attachments (if any).**

#### ➤ Digital Signing and Certification

- The e-form must be digitally signed by a designated partner with a DIN/DPIN and PAN number if no designated partner has a DIN. Certification by a Chartered Accountant/Company Secretary/Cost Accountant in full-time practice is required, including membership or certificate of practice number. Notify the Registrar in Form 14.

#### ➤ Information to be Provided

- **Firm Name.**
- **Principal Address.**
- **Firm Registration Details:** Under the Partnership Act 1932 or other statutes.
- **LLP Details:** Into which the firm has been converted.
- **Certificate of Incorporation Copy:** Attached, and the partner digitally signs the form.