

LLP ANNUAL FILINGS CHECKLIST



For a Limited Liability Partnership (LLP), regular filing of returns is essential to uphold LLP compliance standards and steer clear of substantial penalties for non-compliance. LLPs benefit from a relatively lighter annual compliance burden compared to private limited companies. Nevertheless, the potential fines for non-compliance can be significant. While a Private Limited company might face penalties of INR 1 lakh for non-compliance, LLPs could incur penalties of up to INR 5 lakh. At IndiaFilings, we understand the critical importance of adhering to these annual compliances of LLP requirements, and our services are tailored to assist LLPs in meeting their obligations efficiently and effectively.

Limited Liability Partnerships (LLPs) Compliance Requirements

Limited Liability Partnerships (LLPs) are recognized as separate legal entities, and therefore, they are bound by specific compliance obligations. The responsibility for ensuring compliance rests with the Designated Partners of the LLP. The key LLP compliance requirements for LLPs include the following:

- Maintenance of Proper Book of Accounts
- Filing of Annual Return
- Filing of Statement of Accounts
- Filing of Income Tax Return (ITR - 5)
- Filing of Tax Audit (If Applicable)

Ensuring annual compliances of LLP with these obligations not only maintains the legal status of the LLP but also helps in building transparency, credibility, and financial accountability.

Maintenance of Proper Book of Accounts

In LLP annual filing, one must diligently maintain accurate and up-to-date financial records. These records should encompass details of the LLP's financial transactions, profits, expenses, assets, and liabilities. Proper bookkeeping is crucial to assess the financial health and performance of the LLP.

Filing of Annual Return - LLP Form 11

LLPs are required to file an annual return with the Ministry of Corporate Affairs for each financial year. This annual return is submitted using Form 11, and it provides essential information. This form gathers essential details about the LLP, including the total number of designated partners, comprehensive partner information, contributions received by partners, and a summary of all partners involved.

Filing Deadline

All LLPs are required to submit Form 11 within 60 days after the conclusion of the financial year. This means that Form 11 should be filed by May 30th each year.

Importance of Timely Filing

It's crucial for LLPs to adhere to this deadline, as failure to do so can have consequences. One significant implication is that an LLP will not be permitted to close or wind up its operations until it has filed all its annual returns, including Form 11.

Penalty for Late Filing

In the event that an LLP neglects to submit its LLP annual filing forms within the stipulated timeframe, it will incur a penalty of Rs.100 for each day of delay performed.

Duration of Penalty

The penalty will be applicable from the due date of filing the return and will continue until the actual return is filed.

Filing of Statement of Accounts – LLP Form 8

LLPs must submit a Statement of Accounts & Solvency annually, which details the financial position of the LLP, including its assets and liabilities. This statement is filed using Form 8.

Due Date

LLPs are required to file Form 8 within 30 days from the conclusion of six months after the financial year ends. This means that Form 8 should be filed within this timeframe to maintain LLP compliance.

Signing and Certification

Form 8 can be digitally signed by two designated partners of the LLP. Additionally, it must be certified by a company secretary, chartered accountant, or cost accountant.

Form Components: Form 8 consists of two main parts:

- Part A - The Solvency Statement: This section provides a statement of the LLP's solvency, offering insights into its financial health and stability.
- Part B - Statement of Expenditure & Income, Statement of Accounts: Part B contains detailed information about the LLP's income and expenses, along with a comprehensive statement of its accounts.

Penalty for Late Filing

It's essential for LLPs to adhere to the filing timeline for Form 8. Failure to file this form on time can result in penalties, specifically a daily fine of Rs.100.

Ensuring LLP annual Compliance with the filing requirements outlined in Form 8 is vital to maintain good standing and avoid financial penalties.

Audit and Tax Filing Requirements for LLPs

Limited Liability Partnerships (LLPs) are subject to specific audit and tax filing obligations as per the provisions of the Limited Liability Partnership Act 2008, and the Income Tax Act, 1961. Here are the key requirements:

Tax Audit

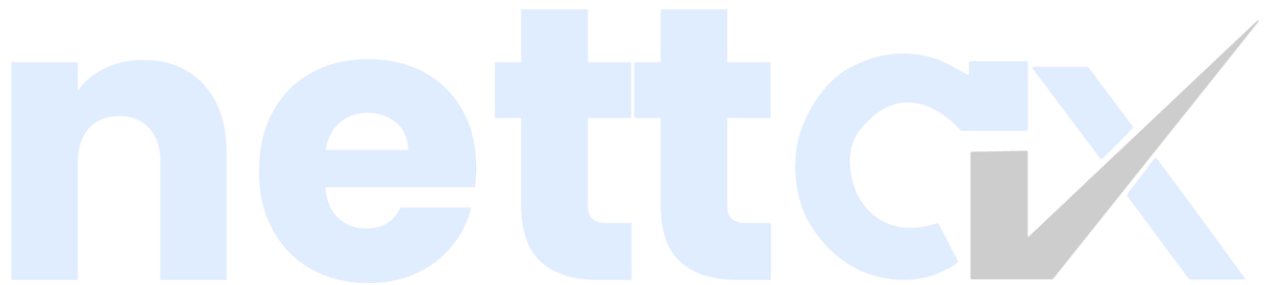
Audit Requirement: LLPs with an annual turnover exceeding Rs. 40 lakhs or a contribution surpassing Rs. 25 lakhs are obligated to have their books of account audited by practicing Chartered Accountants. The deadline for filing the tax return for such LLPs is September 30th.

Note: From Assessment Year 2021-22 (Financial Year 2020-21) onwards, the threshold limit for a tax audit has been raised to Rs. 5 crore under certain conditions. This applies if the taxpayer's cash receipts constitute less than 5% of the gross receipts or turnover and if cash payments are limited to 5% of the aggregate payments as per the Income Tax Act 1961.

Benefits of LLP annual filing

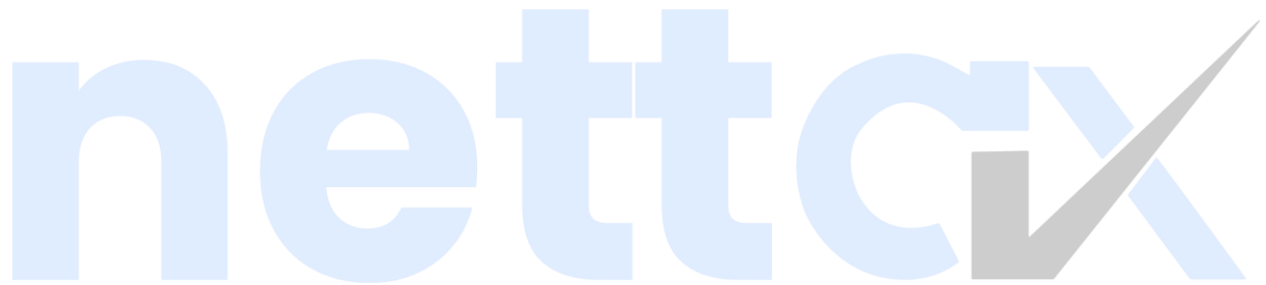
The benefits of LLP annual compliance are listed as follows:

- **Higher Credibility:** Meeting the annual compliances of LLP enhances the organization's credibility, aiding in loan approvals and helping with various requirements.
- **Record of Financial Worth:** These filings create a financial track record for LLPs, attracting potential investors and partners.
- **Stays Active and Penalty-Free:** Consistent compliance keeps LLPs from being declared defunct, preventing penalties and additional fees.
- **Conversion and Closure:** Regular filings simplify the process of converting LLPs into other business structures and expedite partnership dissolution.





Good Luck For Your Business



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