



PENALTIES
UNDER LLP

Penalties Under LLP By NAVRATAN AGRAWAL

S. No.	Title	Section	Provision	Penalty for Non - Compliances
1.	No. of Designated Partners	7(1)	<p>Every Limited Liability Partnership shall have at least two designated partners who are individuals and at least one of them shall be a resident in India.</p> <p>Provided that in case of a Limited Liability Partnership in which all the partners are bodies corporate or in which one or more partners are individuals and bodies corporate, at least two individuals who are partners of such limited liability partnership or nominees of such bodies corporate shall act as designated partners.</p> <p>Explanation.—For the purposes of this section, the term “resident in India” means a person who has stayed in India for a period of not less than one hundred and eighty-two days during the immediately preceding one year.</p>	The Limited Liability Partnership and its every partner shall be punishable with fine which shall not be less than Rs 10000 but which may extend to Rs 5,00,000 .
2.	Consent of	7(4)	Every Limited Liability	The Limited Liability

	Designated Partners		Partnership shall file with the Registrar the particulars of every individual who has given his consent to act as designated partner in such form and manner as may be prescribed within thirty days of his appointment.	Partnership and its every partner shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1,00,000 .
3.	Compliances for being Designated Partners	7(5)	An individual eligible to be a designated partner shall satisfy such conditions and requirements as may be prescribed.	The Limited Liability Partnership and its every partner shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1,00,000 .
4.	Liability of Designated Partners	8	<p>Unless expressly provided otherwise in this Act, a designated partner shall be—</p> <p>(a) responsible for the doing of all acts, matters and things as are required to be done by the Limited Liability Partnership in respect of compliance of the provisions of this Act including filing of any document, return, statement and the like report pursuant to the provisions of this Act and as may be specified in the Limited Liability Partnership agreement; and</p> <p>(b) liable to all penalties imposed on the Limited Liability Partnership for any contravention of those provisions.</p>	The Limited Liability Partnership and its every partner shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1,00,000 .
5.	Vacancy in Designated Partner	9	A Limited Liability Partnership may appoint a designated partner within thirty days of a vacancy arising for any reason and provisions of sub-section (4) and sub-section (5) of section	The Limited Liability Partnership and its every partner shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1,00,000 .

7 shall apply in respect of such new designated partner :

Provided that if no designated partner is appointed, or if at any time there is only one designated partner, each partner shall be deemed to be a designated partner

6.	Statement by professional regarding Compliances of Incorporation	11(1)	<p>For a Limited Liability Partnership to be incorporated,—</p> <p>(c) there shall be filed along with the incorporation document, a statement in the prescribed form, made by either an advocate, or a Company Secretary or a Chartered Accountant or a Cost Accountant, who is engaged in the formation of the Limited Liability Partnership and by anyone who subscribed his name to the incorporation document, that all the requirements of this Act and the rules made there under have been complied with, in respect of incorporation and matters precedent and incidental thereto.</p> <p>If a person makes a statement under clause (c) of sub-section (1) which he—</p> <p>(a) knows to be false; or</p> <p>(b) does not believe to be true</p>	<p>The person making such false or untrue statement shall be punishable with imprisonment for a term which may extend to 2 years and with fine which shall not be less than Rs 10,000 but which may extend to Rs 5,00,000.</p>
7.	Registered Office of LLP.	13	<p>(1) Every Limited Liability Partnership shall have a registered office to which all communications and notices may be addressed and where</p>	<p>The Limited Liability Partnership shall be punishable with fine which shall not be less than Rs 2000 but which may extend to Rs 25,000.</p>

they shall be received.

(2) A document may be served on a limited liability partnership or a partner or designated partner thereof by sending it by post under a certificate of posting or by registered post or by any other manner, as may be prescribed, at the registered office and any other address specifically declared by the Limited Liability Partnership for the purpose in such form and manner as may be prescribed.

(3) A Limited Liability Partnership may change the place of its registered office and file the notice of such change with the Registrar in such form and manner and subject to such conditions as may be prescribed and any such change shall take effect only upon such filing.

8.	Change of Name on Government Direction	17	<p>(1) Notwithstanding anything contained in sections 15 (Name) and 16 (Reservation of Name), where the Central Government is satisfied that a Limited Liability Partnership has been registered (whether through inadvertence or otherwise and whether originally or by a change of name) under a name which—</p> <p>(a) is a name referred to in sub-section (2) of section 15 (identical or too nearly resembles to that of any other partnership firm or Limited</p>	<p>The Limited Liability Partnership shall be punishable with fine which shall not be less than Rs 10,000 but which may extend to Rs 5,00,000 and every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than Rs 10,000 but which may extend to Rs 1,00,000.</p>
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9.	Use of 'LLP' & 'Limited Liability Partnership' in business name	20	<p>No person or persons shall carry on business under any name or title of which the words "Limited Liability Partnership" or "LLP" or any contraction or imitation thereof is or are the last word or words unless duly incorporated as limited liability partnership,</p>	<p>Such person shall be punishable with fine which shall not be less than Rs 50,000 but which may extend to Rs 5,00,000.</p>
10.	Name of LLP on invoices & Official Correspondence	21	<p>(1) Every Limited Liability Partnership shall ensure that its invoices, official correspondence and publications bear the following, namely :—</p> <p>(a) the name, address of its registered office and</p>	<p>The Limited Liability Partnership shall be punishable with fine which shall not be less than Rs 2000 but which may extend to Rs 25,000.</p>

			<p>registration number of the limited liability partnership; and</p> <p>(b) a statement that it is registered with limited liability.</p>	
11.	Intimation for change of Name & Address of Designated Partner	25(1)	<p>Every partner shall inform the Limited Liability Partnership of any change in his name or address within a period of fifteen days of such change.</p>	Such partner shall be punishable with fine which shall not be less than Rs 2000 but which may extend to Rs 25,000 .
12.	Cessation of Partners	25(2)	<p>A Limited Liability Partnership shall—</p> <p>(a) where a person becomes or ceases to be a partner, file a notice with the Registrar within thirty days from the date he becomes or ceases to be a partner; and</p> <p>(b) where there is any change in the name or address of a partner, file a notice with the Registrar within thirty days of such change.</p>	The Limited Liability Partnership and every designated partner of the limited liability partnership shall be punishable with fine which shall not be less than Rs 2000 but which may extend to Rs 25000 .
13.	Unlimited Liability in case of Fraud.	30(1)	<p>In the event of an act carried out by a Limited Liability Partnership, or any of its partners, with intent to defraud creditors of the Limited Liability Partnership or any other person, or for any fraudulent purpose, such limited liability Partnership or partners shall be punishable for such fraudulent transaction. Provided that in case any such act is carried out by a partner, the Limited Liability Partnership is liable to the same extent as the partner unless it is established</p>	The liability of the Limited Liability Partnership and partners who acted with intent to defraud creditors or for any fraudulent purpose shall be unlimited for all or any of the debts or other liabilities of the limited liability partnership.

by the Limited Liability Partnership that such act was without the knowledge or the authority of the limited liability partnership.

14.	Liability of the person knowingly party for any fraud transaction.	30(2)	Where any business is carried on with intent to defraud creditors of the Limited Liability Partnership or any other person, or for any fraudulent purpose, every person who was knowingly a party to the carrying on of the business in the manner aforesaid shall be punishable.	Such person shall be punishable with imprisonment for a term which may extend to 2 years and with fine which shall not be less than Rs 50,000 but which may extend to Rs 5,00,000 .
15.	Compensation to the victim in case of fraud	30(3)	Where a Limited Liability Partnership or any partner or designated partner or employee of such limited liability partnership has conducted the affairs of the limited liability partnership in a fraudulent manner, then without prejudice to any criminal proceedings which may arise under any law for the time being in force, the limited liability partnership and any such partner or designated partner or employee shall be liable to pay compensation to any person who has suffered any loss or damage by reason of such conduct. Provided that such Limited Liability Partnership shall not be liable if any such partner or designated partner or employee has acted fraudulently without knowledge of the limited liability partnership.	The Limited Liability Partnership and any such partner or designated partner or employee shall be liable to pay compensation to any person who has suffered any loss or damage by reason of such conduct
16.	Books of	34	(1) The Limited Liability	The Limited Liability

<p>Accounts</p>	<p>Partnership shall maintain such proper books of account as may be prescribed relating to its affairs for each year of its existence on cash basis or accrual basis and according to double entry system of accounting and shall maintain the same at its registered office for such period as may be prescribed.</p> <p>(2) Every Limited Liability Partnership shall, within a period of six months from the end of each financial year, prepare a Statement of Account and Solvency for the said financial year as at the last day of the said financial year in such form as may be prescribed, and such statement shall be signed by the designated partners of the limited liability partnership.</p> <p>(3) Every Limited Liability Partnership shall file within the prescribed time, the Statement of Account and Solvency prepared pursuant to sub-section (2) with the Registrar every year in such form and manner and accompanied by such fees as may be prescribed.</p> <p>(4) The accounts of Limited Liability Partnerships shall be audited in accordance with such rules as may be prescribed :</p> <p>Provided that the Central Government may, by notification in the Official</p>	<p>Partnership shall be punishable with fine which shall not be less than Rs 25,000 but which may extend to Rs 5,00,000 and every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than Rs 10,000 but which may extend to Rs 1,00,000.</p>
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			Gazette, exempt any class or classes of limited liability partnerships from the requirements of this sub-section.	
17.	Annual Return	35	(1) Every limited liability partnership shall file an annual return duly authenticated with the Registrar within sixty days of closure of its financial year in such form and manner and accompanied by such fee as may be prescribed.	The Limited Liability Partnership shall be shall be punishable with fine which shall not be less than Rs 25000 but which may extend to Rs. 5,00,000 The designated partner of such limited liability partnership shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1,00,000 .
18	Liability for any Miss-statement as required by LLP Act 2008.	37	If in any return, statement or other document required by or for the purposes of any of the provisions of this Act, any person makes a statement— (a) which is false in any material particular, knowing it to be false; or (b) which omits any material fact knowing it to be material,	Any person making such statement shall be punishable with imprisonment for a term which may extend to 2 years , and shall also be liable to fine which may extend to Rs. 5,00,000 but which shall not be less than Rs. 1,00,000 .
19.	Investigation	47(5)	If any person fails without reasonable cause or refuses— (a) to produce before an inspector or any person authorised by him in this behalf with the previous approval of the Central Government any book or paper which it is his duty under sub-section (1) or sub-section (2) to produce; or (b) to furnish any information which it is his duty under sub-section (2) to furnish; or	Such person shall be punishable with fine which shall not be less than Rs. 2000 but which may extend to Rs 25,000 rupees and with a further fine which shall not be less than Rs. 50,000 but which may extend to Rs 500 for every day after the first day after which the default continues.

(c) to appear before the inspector personally when required to do so under sub-section (4) or to answer any question which is put to him by the inspector in pursuance of that sub-section; or

(d) to sign the notes of any examination

20.	Filing of Tribunal Order	60(3)	An order made by the Tribunal under sub-section (2) shall be filed by the limited liability partnership with the Registrar within thirty days after making such an order and shall have effect only after it is so filed.	The limited liability partnership, and every designated partner of the limited liability partnership shall be punishable with fine which may extend to Rs. 1,00,000.
21	Liability for any subsequent and offence	70	In case a limited liability partnership or any partner or designated partner of such limited liability partnership commits any offence, the limited liability partnership or any partner or designated partner shall, for the second or subsequent offence, be punishable for such offence.	Imprisonment as provided, but in case of offences for which fine is prescribed either along with or exclusive of imprisonment, fine shall be twice the amount of fine for such offence.
22.	Failure to comply with Tribunal Order.	73	Whoever fails to comply with any order made by the Tribunal under any provision of this Act shall be punishable for such non Compliance of the order.	Such person shall be punishable with imprisonment which may extend to 6 months and shall also be liable to a fine which shall not be less than Rs. 50,000.
23.	General Penalty	74	Any person guilty of an offence under this Act for which no punishment is expressly provided shall be liable as mentioned here.	Such person shall be liable to a fine which may extend to Rs. 5,00,000 but which shall not be less than Rs. 5000 and with a further fine which may extend to Rs. 50 for everyday after the first day after which the default continues.