

Conversion of a Limited Company into an LLP

Mumbai, Jul 9, 2010

The Secretarial team at Rajendra & Co., Chartered Accountants have today completed, successfully and seamlessly, the conversion of a limited liability company into a Limited Liability Partnership (LLP) and the LLP has today obtained its LLP Identification number from the Registrar.

Akshay Shah, Partner, who spearheaded the conversion process commented that *"it was a new experience and an exciting one at that. LLP is a relatively new concept in India, particularly from the procedural standpoint and the conversion was done in a record time and after answering all queries raised by the Registrar. We are pleased that we could complete the exercise for the clients benefit within a short span."*

The Finance Act, 2010 amended the Income Tax Act 1961 to provide a concession from capital gains tax on transfer of assets by smaller sized companies (having business receipts not exceeding Rs. 60 lakhs in the last three years) to a LLP provided shareholders of the company became partners of the LLP and subject to certain additional conditions.

The process of conversion however is quite a detailed one and requires various compliances to be done in respect of the limited company seeking conversion along with skillful drafting of the LLP agreement. Akshay Shah further stated that *"the learning curve on this one is quite steep and we are glad that we covered a fairly large distance with the first conversion. We look forward to doing more such transactions for our clients in the coming few months."*