

# **Annual Compliance of LLP**

## **Regulatory Authority for LLP:**

Registrar of Companies (ROC), Ministry of Corporate Affairs (MCA)

## **Mandatory Compliances for an LLP**

Registered LLPs with the Ministry of Corporate Affairs (MCA) needs to file the following mandatory compliance requirements:

- I. Filing of Annual Return – LLP Form-11
- II. Filing Statement of Account & Solvency – LLP Form-8
- III. Filing of Income Tax Returns

### **1. Filing LLP Annual Return**

Annual Return or Form 11 is a summary of an LLP's Partners and indication of change in the management.

*Every LLP is required to file Annual Return in Form 11 to the Registrar within 60 days of closer of financial year i.e. has to be filed on or before 30th May every year.*

### **2. Filing of Statement of Account & Solvency**

(Filing of Annual Accounts/ Statement of Accounts/ Financial Statements/ P&L & Balance Sheet)

- a) LLP must maintain proper books of account. The accounts may be on cash basis or accrual basis.
- b) Statement of Solvency (Accounts) needs to be prepared every year ending on 31st March.
- c) LLP Form – 8 should be filed with the Registrar of Companies on or before 30th October every year.

d) It should be noted that LLPs / FLLPs whose annual turnover exceeds Rs. 40 lakh or partner's obligation of contribution exceeds Rs. 25 lakh are required to get their accounts audited by auditor of the LLP/ FLLP mandatorily.

NOTE: The threshold limit of Rs 1 crore for a tax audit is proposed to be increased to Rs 5 crore with effect from AY 2021-22 (FY 2020-21) if the taxpayer's cash receipts are limited to 5% of the gross receipts or turnover, and if the taxpayer's cash payments are limited to 5% of the aggregate payments.

Sl. No.	E-Form	Due Date
1.	Annual Return (Form 11)	within 60 days of closer of financial year (For F.Y. 2019-20 due date is 30-05-2020)
2.	Statement of Account & Solvency (Form 8)	on or before 30th October every year (For F.Y. 2019-20 due date is 30-10-2020)

### **3. Filing of Income Tax Return**

LLP can file its return of income in ITR 5. It is mandatory for LLP to file return of income electronically under digital signature if its accounts are required to be audited under section 44AB.

Sl. No.	Income Tax Return Particulars	Due Date
1.	<b>In case Audit is not required</b> <i>(Those LLPs whose annual turnover does not exceeds Rs. 40 lakh or partner's obligation of contribution exceeds Rs. 25 lakh are required to file</i>	31st July of every year

	<i>their Income Tax. They are not required to get their accounts audited by their Auditor)</i>	
2.	<p><b>In Case Audit is required</b></p> <p><i>(Those LLPs whose annual turnover exceeds Rs. 40 lakh or partner's obligation of contribution exceeds Rs. 25 lakh are required to file their Income Tax. They are required to get their books audited under the Income Tax Act.)</i></p>	30th September of every year
3.	<p><b>LLPs Involved in International Transaction</b></p> <p><i>(LLPs that entered into an international transaction with associated enterprises or undertook certain Specified Domestic Transactions are required to file Form 3CEB. Form 3CEB must be certified by a Chartered Accountant.)</i></p>	30th November of every year

### **Alternate Minimum Tax:**

Tax payable by LLP cannot be less than 18.5% (increased by Surcharge and HEC) of "adjusted total income" as per section 115JC.

### **Penalty or Consequences for not filing Form 11 and Form 8**

1. For LLP per day penalty of Rs. 100 till the filing is completed. (Separately for both forms)
2. For Designated Partner: From Rs. 10,000 to Rs. 100,000 Penalty
3. ROC can issue Notice to LLP and initiate legal proceedings (like strike off).