

INDIA LEGAL UPDATE

November 6, 2023

MCA brings disclosure requirements for LLPs akin to Companies

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October 27, 2023
Legal Framework:
LLP Act, 2008 LLP Rules, 2009
Government Authority:
Ministry of Corporate Affairs (MCA)
Weblink:
MCA Notification

LEGAL UPDATE

MCA mandates Register of Partners and Declaration of Beneficial Interest by Limited Liability Partnerships (LLPs).

Notable Amendments are:

Rule 22A: Register of Partners

Every LLP shall maintain the Partner's Register in **Form 4A** from the date of its incorporation. Existing LLPs shall maintain such Register within 30 days from the commencement of these rules. The register should contain the following particulars:

- Name of the Partner; Address; Email Address; Permanent Account Number / Corporate Identification Number; Unique Identification Number; if any; Father / Mother / Spouse's Name; Occupation; Status; Nationality; Name and Address of Nominee;
- Date of becoming Partner;
- Date of Cessation;
- Amount and Nature of contribution with Monetary Value;
- Any other Interest, if any.

Any changes in the contribution amount, or in the name and details of the partners, or cessation of a partnership interest shall be recorded *within 7 days* and the register must be kept at the Registered Office of the LLP.

Rule 22B: Declaration in respect of a beneficial interest in any contribution

Declaration by Registered Owner: Any person whose name is entered in the Register of Partners of LLP but doesn't hold any beneficial interest (fully or partly) in contribution (Registered Partner) shall file a declaration with the LLP to that effect in **Form 4B** within 30 days from the date on which his name is entered in the Register of Partners specifying the name and other particulars of the person who actually holds any beneficial interest in such contributions.

Declaration by Beneficial Owner: Any person who holds or acquires a beneficial interest in a contribution not registered in their name (Beneficial Owner) shall file a declaration with the LLP in **Form 4C** within 30 days after acquiring such beneficial interest in the contribution of the LLP specifying the nature of his interest, particulars of the partner in whose name the contribution stand registered in books of LLP.

Declaration upon Change of Beneficial Interest: Any changes in the beneficial interest in contribution shall be reported by the Registered Partner and Beneficial Partner in **Form 4B and Form 4C**, respectively, within 30 days of such change.

However, if the beneficial interest of the registered partner is limited to the contribution stated against his name in the register of partners but he does not hold a beneficial interest in contribution against any other registered partner, then, he shall not be required to file such declaration.

Return of Beneficial Interest by the LLP: On receipt of declaration in Form 4B or Form 4C, the LLP shall record such declaration in the Register of Partners and shall file, within a period of 30 days from the date of receipt of declaration by it, a Return in **Form 4D** to the Registrar of Companies (RoC).

Designated Partner (DP) for Providing Information: Every LLP shall specify a DP who shall be responsible for furnishing information with respect to a beneficial interest in contribution in LLP to RoC and file information of such DP with the RoC in **Form 4**.

Until a DP is specified for the said purpose, every DP shall be deemed to be responsible for providing information with respect to a beneficial interest in contribution to LLP.

The MCA aims to enhance transparency in LLPs by ensuring that the true beneficiaries are identified. LLPs must maintain a partner register and assess their structures to comply with new rules. This aligns LLPs with the transparency standards applied to companies. Compliance is crucial for good corporate governance and transparency.

Queries?

If you have any queries about this article, please reach out to our experts:



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