



LLP vs Pvt. Ltd. Company: Difference Between Pvt. Ltd. and LLP

When a layperson wants to start a business, choosing the most suitable business form for the new business entity is often doubtful. An entrepreneur may choose many business forms, but private limited companies and LLP are the most commonly chosen ones. Till now someone may need a [senior lawyer in Gurgaon](#) for your legal help.

Signup

The Private Limited Company Registration and LLP Registration processes are similar, with some changes in documentation and forms.

1. Obtaining Digital Signature Certificates (DSC) for the intended Directors,
2. Obtaining Director Identification Numbers (DIN),
3. Obtaining MCA name approval, and
4. Filing for incorporation.

LLP registration is similar.

1. Obtaining Digital Signature Certificates (DSC) for potential Partners,
2. Obtaining Director Identification Numbers (DIN)/Designated Partner Identification Numbers (DPIN),
3. Obtaining MCA name approval, and
4. Filing for incorporation.



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PLC and LLP are registered with the Ministry of Corporate Affairs and given a Certificate of Incorporation. PLC and LLP incorporation take roughly 20 days on average.

Fees:

The Government charge for an LLP is much lower than for a PLC. LLPs were created to serve small enterprises; hence they have cheaper incorporation fees. LLP registration requires fewer documents to be produced on non-judicial stamp paper and notarized than LLC registration.

Features:

LLP and PLC have numerous similarities. LLP and PLC are independent legal entities with their assets and responsibilities. Private Limited Company ownership is flexible. LLP and PLC have perpetual existence unless closed by promoters or competent authority.

Ownership:

Private Limited Company gives promoters more ownership and ownership-sharing freedom. Private Limited Companies are owned by their shareholders, who can number up to 200. A private limited corporation distinguishes between shareholders and management. Private limited business benefits ownership and control.

In an LLP, owners and management aren't separated. Partners own and operate an LLP. A Partner in an LLP is both an owner and manager, whereas, in a Private Limited Company, shareholders (owners) do not necessarily have management abilities.

Compliance:

LLP and PLC tax compliance are comparable. An LLP's yearly turnover and capital contribution must be less than Rs.40 lakhs for an audit. LLPs must file Forms 8 and 11.

A private limited corporation must file annual financial accounts with the Ministry of Corporate Affairs.

Fines/Penalties:

Non-compliance or late document filing with the Ministry of Corporate Affairs is usually higher for an LLP, as a fixed price of Rs.100 per day is levied with no cap on the responsibility. MCA may penalize LLPs for noncompliance. Therefore, LLP promoters must be aware of necessary dates and file required documents on time.

To Sum Up

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