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CLIENT ALERT

February 14, 2022

MCA UPDATE - NOTIFICATION OF LLP AMENDMENT ACT, 2021 AND APPOINTMENT OF ADJUDICATING OFFICERS UNDER THE LLP ACT, 2008

On August 13, 2021, the Limited Liability Partnership (Amendment) Act, 2021 (“**LLP Amendment Act**”) received the assent of the President of India. The LLP Amendment Act aims to improve ease of doing business for limited liability partnerships (“**LLPs**”) by decriminalizing several minor, technical or procedural violations under the Limited Liability Partnership Act, 2008 (“**LLP Act**”). The Ministry of Corporate Affairs (“**MCA**”) has, vide its notification bearing no. S.O. 621 (E) dated February 11, 2022, notified April 1, 2022 as the effective date for the provisions of the LLP Amendment Act.

Further, in exercise of the powers conferred under Section 76A of the LLP Act, the MCA has, vide notification bearing no. S.O. 622 (E) dated February 11, 2022, appointed registrar of companies (“**ROCs**”) as adjudicating officers for adjudication of penalties under the LLP Act with effect from April 1, 2022. It was also clarified that appeals, if any, is to be filed before the regional directors (“**RDs**”) having jurisdiction over the ROCs and such appeal is to be disposed off by the RDs in accordance with notification published by the MCA vide: (i) G.S.R. 887(E) dated December 16, 2011, (ii) G.S.R. 763(E) dated October 15, 2012, (iii) G.S.R. 832(E) dated November 3, 2015 and (iv) S.O. 2652(E) dated July 25, 2019.

The LLP Amendment Act reduces the total number of penal provisions from 24 (twenty four) to 22 (twenty two), out of which: (i) the newly introduced in-house adjudication mechanism will adjudicate upon 12 (twelve) offences by imposing only monetary penalties, (ii) 7 (seven) offences will be compoundable and (iii) 3 (three) offences will be non-compoundable. The LLP Amendment Act also introduces the concept of small LLPs and start-up LLPs in order to incentivize such class of LLPs by making them liable to pay lesser penalties in the event of default, subject to a maximum of Rs. 1,00,000/- (Rupees One Lakh only) for such LLPs and Rs. 50,000/- (Rupees Fifty Thousand only) for every partner or designated partner or any other person, as the case may be.

For More Information:

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