

Comparison of Private Limited Company with Limited Liability Partnership

Characteristics	Private Limited Company	Limited Liability Partnership
Incorporation under & Governing Law	Companies Act, 2013	Limited Liability Partnership Act, 2008
Restriction on Withdrawal of capital	Yes, Lengthy procedure to be followed	No Restriction
Foreign Direct Investment	Allowed	Allowed
External Commercial Borrowing	Allowed	Not Allowed
Restriction on Dividend Distributions	Yes, subject to Regulations	No Restriction
Dividend Distribution Tax	Applicable @ 20.56%	No Dividend Distribution Tax
Inward Loan Restriction	Yes	No Restriction
Outward Loan Restriction	Yes	No Restriction
Registration fee & Stamp duty on increase of capital	Relatively higher	Nominal
Taxation	25% if turnover of the company does not exceed Rs. 250 crore in the previous year 2017-18. Or else 30%	30%
Surcharge	7% where total income exceeds one crore rupees but not exceeding ten crore rupees 12% where total income exceeds ten crore rupees.	12% of tax where total income exceeds Rs. 1 crore.
Cess	4% of income tax plus surcharge	4% of income tax plus surcharge
chargeability of Tax in the hands of recipient	Dividend income is upto Rs. 10 lakhs - No tax Dividend income to the extent it is in excess of Rs 10 lakhs - 10%	No Taxability in the hands of partners
Minimum Alternate Tax	18.5% of Book profit plus surcharge plus cess	18.5% of Book profit plus surcharge plus cess
Covered under Insolvency and Bankruptcy Law	Yes	Yes