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importance of a partnership deed:It helps partners to define the nature of their relationship.It regulates the nature of business and liabilities, rights and duties of all partners.It helps to avoid misunderstandings between the partners since all of the terms and conditions of the partnership are specified in the deed.In the case of a dispute amongst the partners, it will be settled as per the terms of the partnership deed.There will be no confusion between the partners regarding the profit and loss sharing ratio amongst them.It mentions the role of each individual partner.It contains the remuneration that is to be paid to partners, thereby avoiding any dispute or confusion.It ensures smooth functioning of the firm as the terms and liabilities between partners are in a written form.Types of Partnership DeedsGeneral Partnership Deed: The general partnership deed contains the terms and conditions of a general partnership, where each partner shares equal responsibility for the management of the firm business and are jointly liable for debts or obligations.Limited Partnership Deed: The limited partnership deed establishes a limited partnership, which includes general and limited partners. The general partners have unlimited liability for the debts of the partnership firm, while the limited partners have limited liability and do not participate actively in the management of the business.Contents of a Partnership DeedThe partnership deed contains the following details:The partners of the firm should decide the firm's name which adheres to the provisions of the Partnership Act. The firm name is the name under which the business is conducted.The deed should include details of all the partners, such as their names, addresses, contact number, designation, and other particulars.The deed should mention the business that the firm undertakes. It may be dealing with producing goods or rendering services.The deed should mention the duration of the partnership firm, i.e. if the firm is constituted for a limited period, for a specific project or for an unlimited period.The deed should contain the principal place of business where it carries on the partnership business. It should also mention the names of any other places where it conducts business.Each partner will contribute an amount of capital to the firm. The entire capital of the firm and the share contributed by each partner are to be mentioned in the deed.The ratio of sharing profits and losses of the firm amongst partners should be noted in the deed. It can be shared equally amongst all partners, or according to the capital contribution ratio or any other agreed ratio.The details of the salary and commission payable to partners should be mentioned in the deed. The salary and commission can be paid to the partners based on their role, capabilities or any other capacity.The drawings from the firm allowed to each partner and interest to be paid to the firm on such drawings, if any should be mentioned in the deed.The deed should mention whether the business can borrow loans, the interest rate of loans, properties to be pledged, etc. It can also mention if a partner of the firm can borrow loans from the business or not.Duties and obligations of partnersThe rights, duties and obligations of all the partners of the firm should be mentioned in the deed to avoid future disputes.Admission, death and retirement of partnersThe deed should mention the date of admission of the partner, the regulations governing the admission of a new partner, resignation, or changes after the death of a partner of the firm.The deed should contain details about the audit procedure of the firm. It should mention the details of how the partnership accounts are to be prepared and maintained.Note: The above contents/clauses are general clauses and there may be some other clauses that can be added to the partnership deed.How to Draft a Partnership Deed?The partnership deed can be oral or written. However, it is better when the partnership deed is written since it helps to avoid any future conflict and is also useful for tax purposes and registration of the partnership firm. The partnership deed can be drafted by all the partners after coming to a mutual agreement regarding the clauses of the deed. Below are the points to be kept in mind while drafting the partnership deed:The deed should contain the clauses as mentioned above.It must be executed by at least two or more partners.It should be drafted by mutual agreement between the partners.Ambiguous clauses and sentences must be avoided. The clauses must clearly state the details/description.It should be printed on an e-stamp paper of a value of Rs.200 or more.It should be signed by all the partners on all pages of the deed.Partnership Deed RegistrationThe partnership deed is registered under the Indian Registration Act, 1908. It must be printed on non-judicial stamp paper with a value of Rs.200 or more based on the capital of the partnership firm. It has to be signed by all the partners and each partner should have a copy of the partnership deed.After the deed is signed by the partners, it must be registered with the Sub-Registrar/ Registrar Office of the jurisdiction where the partnership firm is located. The stamp duty for registering the partnership deed varies from state to state. The respective states Stamp Act prescribes the stamp duty to be paid to the Sub-Registrar at the time of registration. The notarization of the partnership deed is required along with its registration. The registration of the partnership deed makes it legally valid.Steps to Register Partnership DeedStep 1: Draft the partnership deed on stamp paper and get it signed by all the partners Step 2: Make an appointment with the Sub-Registrar/ Registrar Office and get the deed registered and notarized. Ensure witnesses are present at the Office of the Sub-Registrar/ Registrar to affix their signatures to the deed.Step 3: Submit the Partnership Deed along with the required documents to the Registrar of Firms.Step 4: Get the Partnership Firm Registration Certificate from the Registrar of Firms.Documents Required for Partnership Deed RegistrationThe documents required for registration of a partnership deed are as follows:PAN card of all the partners.Address proof of all the partners, such as voter ID, Aadhar card, driving licence, etc.Address proof of the firmRelated ArticlesDocuments Required for Partnership Registration in IndiaPartnership Firms Registration Procedure Under Indian Partnership ActPartnership Firm Tax Return Filing eFile Procedure Can't get yourself started on taxes? Get a Cleartax expert to handle all your tax filing start-to-finish Get Cleartax expertise now Is an oral partnership deed valid?Is a partnership deed required for partnership firm registration?What is the stamp duty on partnership deed?Should the partnership deed be registered?Does a partnership deed need to be notarised?Can a partnership deed be changed or modified?

**What is a deed of a partnership. What is a deed of partnership in business. What is partnership deed explain its contents.**