

Procedure for Registration of a Partnership Firm

1. The law relating to a partnership firm is contained in the Indian Partnership Act, 1932.
2. Under Section 58 of the Act, a firm may be registered at any time (not merely at the time of its formation but subsequently also) by filing an application with the Registrar of Firms (the District Registrar, Registration and Stamps Department in the State of Andhra Pradesh) of the area in which any place of business of the firm is situated or proposed to be situated.
 - Application shall contain:-
 - ♣ Name of the firm
 - ♣ Place or principal place of business
 - ♣ Names of any other places where the firm carries on business
 - ♣ Date on which each partner joined the firm
 - ♣ Name in full and permanent address of partners.
 - ♣ Duration of the firm
 - Application shall be signed and verified by all the partners or their duly authorized agents.
 - **Application shall be accompanied by prescribed fee as well as the following documents:**
 - Application from applicant
 - Partnership Deed
 - ID Proof
 - Address Proof
 - And photographs of all partners
 - Rental agreement/Declaration Attestation by competent authority
 - Name of the firm should not contain any words which may express or imply the approval or patronage of the government except where the Government of India has given its written consent for the use of such words as part of the firm's name
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o Application shall be signed and verified by all the partners or their duly authorized agents. o Application shall be accompanied by prescribed fee as well as the following documents:

- ♣ Prescribed Registration Form for Incorporation of a firm. (Form No. 1 and Specimen of Affidavit)
- ♣ Certified true copy of the Partnership deed entered into.
- ♣ Ownership proof of the principal place of business
- ♣ Name of the firm should not contain any words which may express or imply the approval or patronage of the government except where the Government of India has given its written consent for the use of such words as part of the firm's name.

5. Under Section 59 of the Act, when the Registrar of Firms is satisfied that the provisions of section 58 have been duly complied with, he shall record an entry of the statement in the Register of Firms and issue a Certificate of Registration.
6. Penalty for furnishing false particulars (Section 70) : Any person who signs any statement, amending statement, notice or intimation under this Chapter containing any particular which he knows to be false or does not believe to be true or containing particulars which he knows to be incomplete or does not believe to be complete, shall be punishable with imprisonment which may extend to three months, or with a fine or with both.
7. Any alterations, subsequent to Registration shall be notified to the registrar:-
 - o Change in firm name and principal place of business (Section 60)--- These events shall require sending of a new application form along with the prescribed fee, duly signed and verified by all the partners.
 - o Change relating to opening and closing of branches. (Section 61)--- When a registered firm discontinues business at any place or begins to carry on business at any place, such place not being its principal place of business, any partner or agent of the firm may send intimation thereof to the Registrar.
 - o Change in the name and permanent address of any partner (Section 62)--- When any partner in a registered firm alters his name or permanent address, an intimation of the alteration may be sent by any partner or agent of the firm to the Registrar.
 - o Change in the constitution of the firm and its dissolution [Section 63(1)] ---- When change occurs in the constitution of the firm, any of the new, continuing or the outgoing partner, while when a registered firm is dissolved, any person who was a partner immediately before the dissolution or the agent of any such partner or person specially authorized on his behalf, may give notice of such a change to the Registrar, specifying the date thereof.
 - o Under Section 63(2)---When a minor who has been admitted to the benefits of partnership in a firm attains majority and elects to become or not to become a partner, he or his agent specially authorized in this behalf, may give notice to the Registrar that he has or has not become a partner.

- o Accordingly, the various forms prescribed under the Indian Partnership Act, 1932, for the alterations in the registered partnership firm are:-
 - ♣ Form No. II :- For change of principle place of business & change in the name of the firm.
 - ♣ Form No. III :- For change of the other then principle place of business.
 - ♣ Form No. IV :- For change of name of the partners & permanent address of the partners.
 - ♣ Form No. V :- For change of constitution of forms & addition or retirement of partner.
 - ♣ Form No. VI :- For dissolution of the firm
 - ♣ Form No. VII :- For minor partner attains the age of majority.

8. Partnership Act, 1932 does not provide for compulsory registration of firms. It is optional for partners to set the firm registered and there are no penalties for non-registration.

However, Section 69 of the Act which deals with the effects of non-registration denies certain rights to an unregistered firm. Under the Act :-

- o A partner of an unregistered firm cannot file a suit in any court against the firm or other partners for the enforcement of any right arising from a contract or right conferred by the Partnership Act unless the firm is registered and the person suing is or has been shown in the Register of Firms as a partner in the firm.
- o No suits to enforce a right arising from a contract shall be instituted in any Court by or on behalf of a firm against any third party unless the firm is registered and the persons suing are or have been shown in the Register of Firms as partners in the firm.
- o An unregistered firm or any of its partners cannot claim a set off (i.e. mutual adjustment of debts owned by the disputant parties to one another) or other proceedings in a dispute with a third party. Hence, every firm finds it advisable to get itself registered sooner or later.

9. However, non-registration of a Partnership firm shall not affect:-

- o The rights of third parties to sue the firm and/or its partners.
- o The firms or partners in the firms which have no place of business in the territories to which this Act extends, or whose places of business in the said territories are situated in areas to which the act does not apply.
- o any suit or claim or set-off not exceeding one hundred rupees in value which, in the Presidency-towns, is not of a kind specified in

Section 19 of the Presidency Small Cause Courts Act, 1882 (15 of 1882), or outside the Presidency- towns, is not of a kind specified in the Second Schedule to the Provincial small Cause Courts Act, 1887 (9 of 1887), to any proceeding in execution or other proceeding incidental to or arising from any such suit or claim.

o the enforcement of any right to sue for the dissolution of a firm or for accounts of a dissolved firm, or any right or power to realise the property of a dissolved firm.

o the powers of an official assignee, receiver or Court under the Presidency towns Insolvency Act, 1909 (3 of 1909), or the Provincial Insolvency Act, 1920 (5 of 1920), to realise the property of an insolvent partner.

10. Rectification of mistakes (Section 64 of the Act)

o The Registrar shall have power at all times to rectify any mistake in order to bring the entry in the Register of Firms relating to any firm into conformity with the documents relating to that firm filed under this Act.

o On application made by all the parties who have signed any document relating to a firm filed under this Act, the Registrar may rectify any mistake in such document or in the record or note thereof made in the Register of Firms.

11. Inspection of Register and filed documents (Section 66 of the Act)

o The Register of Firms shall be open to inspection by any person on payment of such fee as may be prescribed.

o All statements, notices and intimations filed under this Act shall be open to inspection, subject to such conditions and on payment of such fee as may be prescribed.

12. Grant of copies (Section 67 of the Act) The Registrar shall on application furnish to any person, on payment of such fee as may be prescribed, a copy, certified under his hand, of any entry or portion thereof in the Register of Firms.