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 **WHY LIMITED LIABILITY COMPANIES COVERT TO A PARTNERSHIP BUSINESS**

The following are reasons why a limited liability company will convert to a partnership

1. UNLIMITED LIABILITY
2. TAXATION
3. BETTER MANAGEMENT
4. SIMPLE AND ECONOMICAL
5. FLEXIBILITY

**UNLIMITED LIABILITY:** Liability of every partner in a partnership firm is unlimited as any of the partners may be called upon to pay all the debts even if its from personal property. Unlike the limited liability where the liability is limited

**TAXATION:** Partnership do not have to pay income tax each partner files the profit or losses of the business on his or her own personal income tax return. While a limited liability company has to pay company income tax and personal income tax.

**BETTER MANAGEMENT:** Business of a partnership firm is very well managed by all the partners as they take interest in the daily affairs of business because of the ownership profit and control. While a liability company is managed by directors and they have to get their remuneration.

**SIMPLE AND ECONOMICAL:** Partnership is simple and economical to form and operate while limited liability has to follow some legal proceedings.

**FLEXIBILITY:** A partnership offers considerably more flexibility in structuring remuneration for members in a tax efficient manner.

In partnership they do not make distinction between ownership and management while each of the partner is a member. If a limited liability company should convert, the onerous responsibilities of directors and the cost and administration of issuing of transferring and buying share capital’.

In a partnership new member can be easily be introduced. The members of a partner can agree on an annual basis exactly how the profits of the business are to be divided among themselves and there is almost complete freedom in deciding the right structure for the business.