**NAME:- Nwaneke Nneka juliet**

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**Question**

**List and discuss at least five other reasons (apart from privacy and cost of operations) why it may be beneficial to convert a limited liability company to a partnership business.**

All partners should become the shareholders in the same portion in which their capital accounts stand in the books .partners will receive considerations by way of allotment of shares in the company.

Rights and control

In a partnership business, all the partners have equal rights and authority over the business unlike Shareholders in a limited liability company that control and own a significant amount, or majority, of the corporation’s voting stock have a dominant voice in the management of the business in comparison to shareholders that do not own as much stock.

Taxes

Businesses as partnerships do not have to pay income tax; each partner files the profits or losses of the business on his or her own personal income tax return. This way the business does not get taxed separately unlike limited liability company where the profits of the corporation are taxed as they are earned at a corporate level, and the profit is also taxed to the shareholders when it is distributed out as dividends.

Registration and Record Keeping for Partnerships and Limited liability company’s

If a partnership is not registered with a state, there are no specific requirements for keeping records or minutes of meetings. The partnership may function in any way that works for the partners.

Because an Limited liability company is bound by state requirements and it must maintain a strict separation from the members' personal affairs, an Limited liability company has some requirements to keep records and to hold meetings. Check with your attorney to see what the requirements are for your state.

Limited liability company and partnerships formed in a state must make reports to their state periodically. Typically these reports are due either yearly or every other year.

Lower cost of formation

The cost of registering a partnership business is low as compared to the cost of incorporating a private limited or a public limited liability company.

No requirement of compulsory audit

All the companies, whether private or public, irrespective of their share capital, are required to get their accounts audited. But in case of LLP, there is no such mandatory requirement. As per the provisions of LLP act, accounts to be audited annually except for LLPs having a turnover less than Rs. 40 lacs or Rs. 25 lacs contribution in any financial year.