



### DISADVANTAGES OF LIMITED LIABILITY PARTNERSHIP (LLP) IN SINGAPORE



#### LEGAL & LIABILITY LIMITATIONS

- NO PROTECTION FOR PERSONAL NEGLIGENCE**  
Partners remain liable for their own wrongful acts.
- LIABILITY FOR OWN ACTIONS**  
Limited liability does not cover personal misconduct.
- POTENTIAL DISPUTES AMONG PARTNERS**  
Lack of clear agreements can lead to conflicts.
- WEAKER LEGAL STRUCTURE THAN COMPANY**  
Less robust governance compared to companies.
- DIFFICULTY IN ENFORCING PARTNER OBLIGATIONS**  
Depends heavily on LLP agreement terms.

#### OPERATIONAL & STRUCTURAL CHALLENGES

- NO CLEAR MANAGEMENT HIERARCHY**  
Absence of directors may lead to inefficiencies.
- DEPENDENCE ON PARTNER COOPERATION**  
Business success relies on mutual trust and alignment.
- POTENTIAL DECISION-MAKING DELAYS**  
Consensus-based decisions can slow operations.
- LIMITED SCALABILITY STRUCTURE**  
Not ideal for large or complex organisations.
- CHANGES IN PARTNERS MAY DISRUPT OPERATIONS**  
Entry/exit of partners can affect stability.

#### TAX & FINANCIAL DISADVANTAGES

- NO CORPORATE TAX BENEFITS AT ENTITY LEVEL**  
LLP cannot enjoy corporate tax incentives directly.
- PARTNERS TAXED INDIVIDUALLY**  
Income taxed regardless of profit distribution.
- CORPORATE PARTNERS TAXED AT 17%**  
Company partners subject to corporate tax rate.
- LIMITED TAX PLANNING FLEXIBILITY**  
Fewer structuring options compared to companies.
- NO RETAINED EARNINGS TAX DEFERRAL**  
Profits taxed even if retained within LLP.

#### BUSINESS & STRATEGIC LIMITATIONS

- LOWER PERCEPTION COMPARED TO PTE. LTD.**  
May be seen as less prestigious than a company.
- DIFFICULT TO RAISE CAPITAL**  
Cannot issue shares to attract investors.
- NOT SUITABLE FOR HIGH-GROWTH BUSINESSES**  
Limited scalability for expansion-driven ventures.
- LESS ATTRACTIVE TO INVESTORS**  
Investors prefer structured equity ownership.
- TRANSFER OF OWNERSHIP IS LESS STRAIGHTFORWARD**  
No share-based transfer mechanism like companies

CORPORATE SERVICE PROVIDER (CSP) / REGISTERED FILING AGENT (RFA)

EMPLOYMENT CUM RECRUITMENT AGENCY, HR COMPLIANCE & IMMIGRATION SERVICES

