Deed of Dissolution Of Partnership

**(Involving immovable property)**

**THIS DEED OF DISSOLUTION** is made at ............ this day [Date, Month, Year], between

Mr. A residing at ............ having PAN …………………….. hereinafter referred to as 'the Party of the First Part,' Mr. B residing at ............ having PAN ……………………… hereinafter referred to as 'the Party for the Second Part,' and Mr. C residing at ............ having PAN ………………….. hereinafter referred to as 'the Party of the Third Part.' (which respective expressions shall, unless repugnant to the contrary to the subject or the context, mean and include their respective heirs, successors, executors, administrators, nominees, representatives, and assigns of the respective parties)

**WHEREAS** the Parties hereto have been conducting business in partnership in the Firm named M/s. **XYZ & CO** as per the Deed of Partnership dated ............, registered with ………………….. having unique registration, no…………………since............

**AND WHEREAS** due to certain differences between the parties (or other reasons), the parties have agreed to dissolve the partnership effective from ............ as per the terms herein recorded.

**AND WHEREAS** the assets of the partners include: (i) the land and premises purchased by and belonging to the Party of the First Part, (ii) the lands and premises described in the Second and Third Schedules hereto, purchased or acquired by the Firm during its operations, (iii) the goodwill, stock-in-trade, furniture, other articles, bank balances, and outstanding.

**AND WHEREAS** accounts of the partnership business have been settled up to the dissolution date, with the total value of the assets ascertained to be Rs. ........... including bank balances and outstanding debts, excluding the Firm's debts and liabilities.

**AND WHEREAS** each partner is entitled to an equal share in the assets and profits of the firm, as per the Deed of Partnership.

**AND WHEREAS** it is agreed that:

* the property described in the First Schedule will be returned to the Party of the First Part,
* the property described in the Second Schedule will be assigned to the Party of the Second Part,
* the property described in the Third Schedule will be retained by the Party of the Third Part.

**AND WHEREAS** for equalization of shares, the Party of the Third Part will pay Rs... to each of the Parties of the First and Second Parts.

**AND WHEREAS** the business of the firm will be continued by the Party of the Third Part alone in the same name, and he will be entitled to retain the property described in the Third Schedule, all stock-in-trade, furniture, articles, and moneys, subject to payment of the sums payable to the Parties of the First and Second Part, and subject to all Firm debts and liabilities.

**AND WHEREAS** the parties have agreed to record the terms of and effectuate the dissolution of the Firm as follows:

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. **Effective Date of Dissolution:**  It is mutually agreed and declared that the partnership heretofore existing under the name of M/s. ... is hereby dissolved with effect from the ... day of [Date, Month, Year].
2. **Settlement of Accounts** : The accounts of the business, assets, profits, and losses of the said partnership firm have been duly settled and signed by the Parties. The Parties confirm the same, and no party is liable to the others in respect thereof, except as provided herein.
3. **Continuation by Third Part**: The business of the Firm shall henceforth be carried on solely by the Party of the Third Part. The Parties of the First and Second Part shall be considered retired from the partnership, with no further claims except as specified hereinafter.
4. **Property of the First Part**: The property described in the First Schedule shall no longer form part of the Firm's assets and shall remain the personal property of the Party of the First Part. The Parties of the Second and Third Part hereby release and renounce all their rights, titles, and interests therein as partners of the Firm, subject to the payment of taxes, rates, assessments, dues, and duties payable thereon to the relevant authorities.
5. **Property of the Second Part:** The property described in the Second Schedule shall also cease to be part of the Firm's assets and shall belong solely to the Party of the Second Part. The Parties of the First and Third Part hereby grant, transfer, and release all their respective shares, rights, titles, and interests therein as partners of the Firm, subject to the payment of taxes, rates, assessments, dues, and duties payable thereon to the relevant authorities.
6. **Release of Interests:** The property described in the Third Schedule shall be the exclusive property of the Party of the Third Part. The Parties of the First and Second Part hereby grant, transfer, and release all their respective shares, rights, and titles therein to the Party of the Third Part, subject to the payment of all taxes, rates, assessments, dues, and duties payable thereon to the relevant authorities.
7. **Property of the Third Part**: The Parties of the First and Second Part also release or renounce in favour of the Party of the Third Part all their share, right, title, and interest, as well as any claims and demands in or to the stock-in-trade, furniture, other articles, moneys, goodwill, debts, and outstandings belonging to the Firm.
8. **Dissolution of Partnership**: The Party of the Third Part agrees and covenants to pay to each of the Parties of the First and Second Parts a sum of Rs... by quarterly equal installments with interest thereon at ... % p.a. The first installment shall be paid on the ... day of ..., and subsequent instalments on the ... day of each subsequent quarter. In case of default in payment of any two instalments, the entire remaining sum or any part thereof shall become due and payable immediately. The payment of said amounts shall remain secured by the property described in the Third Schedule and allotted to the Party of the Third Part.
9. **Settlement of Accounts**: The Party of the Third Part covenants with the Parties of the First and Second Part that he will pay and be liable for all debts and liabilities of the Firm as of the date of dissolution, including income tax, other taxes, and government dues. The Party of the Third Part shall indemnify and keep indemnified the Parties of the First and Second Parts against such liabilities, as well as against any loss, costs, charges, and expenses incurred by them on account of such debts and liabilities.
10. **Continuation by Third Party**: Each of the Parties hereto hereby releases the other Parties from all proceedings, accounts, claims, and demands in respect of the said partnership, without prejudice to any rights, claims, and remedies under this agreement.
11. **Appointment of Attorney**: The Parties of the First and Second Part hereby jointly and severally appoint, nominate, and constitute the Party of the Third Part as their attorney or agent, with authority to collect all assets and property of the partnership, demand, sue for, recover, receive, sign, and give discharge for all debts, estate, effects, or other moneys due or owing or belonging to the partnership, settle accounts, compound or release debts or claims, and institute legal actions or proceedings for compelling payment, discharge, or delivery of any moneys or other property belonging to the partnership.
12. **Non-Compete Clause**: The Parties of the First and Second Part shall not, for a period of one year from the date hereof, carry on, engage, or be concerned or interested either directly or indirectly in the same business carried on by the said partnership in the city of ...
13. **Permits and Licenses**: All permits and licenses held by the Firm shall belong exclusively to the Party of the Third Part. The Parties of the First and Second Part shall have no right or claim thereto.
14. **Signing of Documents:** Each of the Parties hereto agrees and undertakes to sign all applications, documents, and other papers as may be required to properly transfer the properties and other assets allotted, assigned, or released to the other Parties, including all licenses and permits in the Government or Municipal records or otherwise. The costs, charges, and expenses in respect thereof shall be borne by the party requiring such documents to be signed.
15. **Assurance of No Undisclosed Debts**: Each of the Parties hereto assures the others that, except as recorded in the books of account of the Firm and other records, none of them has received, collected, or discharged any claim, demand, or credit due or to become due to the Firm. Nor have they incurred any debt, liability, or obligation that may charge or affect the partnership or any of its property and assets.
16. **Notice of Dissolution**: The notice of the dissolution of the firm in the prescribed form shall be given by the Party of the Third Part within the prescribed time as required by the Partnership Act and Rules made thereunder. The Party of the Third Part shall publish the dissolution in the Government Gazette as early as possible.
17. **Expenses of Deed:**  All expenses of and incidental to stamp and registration of this Deed shall be borne by the Parties hereto in equal shares.
18. **Custody of Original Deed**: The original of this Deed shall remain in the custody of the Party of the Third Part and shall be produced by him to the other Parties whenever required for inspection or production before any Court, Government Officer, Central or State, including the Offices of the Income Tax and Sales Tax Department. One duplicate signed copy of this Deed shall remain with each of the other two Parties hereto.
19. **Personal Tax Liability**: Notwithstanding anything hereinbefore contained, all liability for income tax on the personal income, including capital gains tax, of any Party hereto, including any interest thereon and penalties imposed in respect thereof incurred before or after dissolution, shall be that of the Party whose income it is. Such Party shall indemnify and keep indemnified the other Parties against such liability, as well as against any costs, charges, and expenses incurred on that account.
20. **Cessation of Business**: That the business hitherto run in the name and style of .... hitherto has come to an end.

**IN WITNESS WHEREOF**, the Parties have put their respective hands the day and year first above written.

***THE FIRST SCHEDULE ABOVE REFERRED TO***

***THE SECOND SCHEDULE ABOVE REFERRED TO***

***THE THIRD SCHEDULE ABOVE REFERRED TO***

Signed and delivered by the within-named Party of the First Part Mr. A in the presence of

Signed and delivered by the within-named Party of the Second Part Mr. B in the presence of

Signed and delivered by the within-named Party of the Third Part Mr. C in the presence of