



SOLE PROPRIETORSHIP REGISTRATION

✚ Sole Proprietorship means any business which is carried out by a single person. In simple words a Sole Proprietorship is a business that is owned, managed and controlled by one person.

✚ It is the most common type of business in India and it is used by most micro and small businesses operating in the unorganised sectors.



- ✚ It is simple to start and have minimal regulatory compliance requirements for operating.
- ✚ In order to run sole proprietorship business smoothly, sole proprietor needs to obtain few registrations which are as follows:
 - ❖ Registration under MSME Act (Not Compulsory)
 - ❖ Registration under Shop & Establishment Act / Labour License (Not compulsory)
 - ❖ GST Registration (Mandatory – If applicable)
 - ❖ FSSAI Registration (If applicable)
- ✚ We at **CVM Tax Consultancy**, will help you to establish an identity towards Proprietorship Firm during the process of obtaining various required registrations /licenses.





*Unlimited
Liability*

*Limited
Capital*

**LIMITATIONS OF
SOLE
PROPRIETORSHIP**

Limited Size

*Lack of
Continuity*



Comparison with other Business Structures

Particulars	Sole Prorietorship	Partnership	Limited Liability Partnership (LLP)	One Person Company
Recommended For	Small & Midsize Business	Regular Business	Professional Services Firms	Want to be sole owner
Persons Required	Maximum - 1	Minimum - 2	Minimum - 2	Maximum - 1
Investment	Moderate	Possible to take loan from Bank	Possible, but unlikely	Possible, but severely limited
Limited Liability Protection	No	No	Yes	Yes
Statutory Compliances	Minimal	Minimal	Low	Low
Perpetual Existence	No	No	Yes	Yes
Tax Advantages	Minimal	Minimal	Few Benefits	Few Benefits



FAQ'S On Sole Proprietorship Business Structures

What is Number of people are required to start sole Proprietorship Business Registration?

- Only one person is required to start a Proprietorship and a Proprietorship can have only one owner.

Do I need to deposit certain amount as capital in bank account ?

- No. There is no legal provision to deposit certain amount in bank account.

Do I need to file Separate ITR for me and my sole proprietorship firm ?

- No. You will file single ITR which will show income and loss details of owner plus business.

Will my proprietorship firm have a separate legal identity?

- No, the proprietorship firm and the proprietor are one and the same legally. The PAN of the firm and the proprietor will be the same. There will be no separate legal identity for the business. The assets and liabilities of the business and the proprietor will be the same.

Can I issue share Certificate in my business name ?

- No. Under proprietorship firm concept of issuing of share certificate, debentures is not available.

What is the capital required to start a proprietorship?

- There is no limit on the minimum capital required to start a proprietorship.

What are the requirements to be a proprietor?

- The proprietor must be an Indian citizen and resident. Non-resident Indians and persons of Indian origin with prior approval from the Government of India.

How can I transfer my proprietorship?

- A business operated under a proprietor cannot be transferred to another person unlike a limited liability company. Only the assets in the proprietorship can be transferred to another person through approvals, registrations, etc., cannot be transferred to another person.

Can other people invest in a proprietorship?

- Proprietorship firms are business entities that are owned, managed and controlled by one or more investors.

Can I later convert my proprietorship into a company or LLP?

- Yes, there are procedures for converting your proprietorship business into a company or LLP, but the same are cumbersome, expensive and time-consuming. Therefore, it is wise for entrepreneurs to plan in case they are expecting it to be operational at a bigger scale or they want to raise investment.

What documents are required to open a current account in the name of a sole proprietorship firm?

- You will need PAN, address proof, MSME / Shop Act certificate, Business address proof, etc.



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