

SOLE Proprietorship

DO IT RIGHT. GET EXPERT HELP!



Startup Incorp



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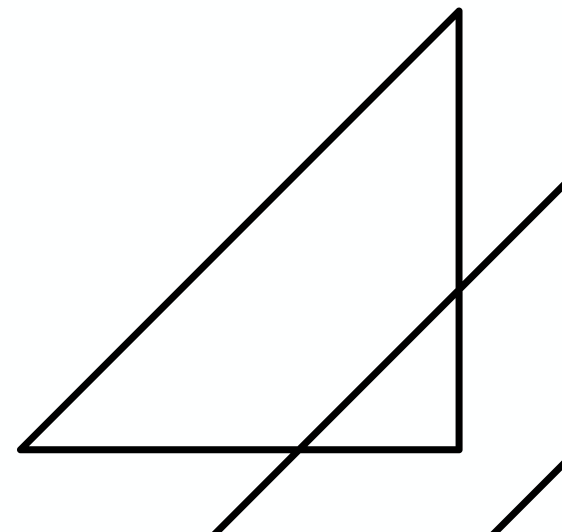
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OVERVIEW

TIMELINE

Starts Instantly

ELIGIBILITY

- Single Person Ownership
- Only a natural person can be a proprietor
- Only Indian citizens are eligible to start a sole proprietorship.
- NRI/PIO can start a proprietorship on a Non-Repatriation basis.
- Must have a Registered Address
- Unique Name
- Adequate Capital (No Min or Max Limit)

STEPWISE PROCESS

- Here are the steps to start a Sole Proprietorship:
- No registration is required.
- You can start at your discretion.
- The proprietor (owner) must be 18 or older.
- Apply for GST registration if needed.
- Obtain the MSME registration for the firm.
- Protect the brand or trademark.
- If planning for export and import, apply for IEC.

DOCUMENTS REQUIRED

- Documents Required to Setup Partnership
- Passport size colour photo
- PAN Card (Mandatory)
- Identity Proof of Proprietor
- Proof of Residence of Proprietor
- Proof of Registered Office Address
- NOC from the owner of registered office premises

CHECKLIST & DOCUMENTS

A Sole Proprietorship is a single-owner business in which the sole owner infuses all its capital and is entitled to its profits and liabilities. The sole owner's responsibilities extend to controlling the firm's management. There is no formal requirement for incorporating a Sole Proprietorship, as it is not regulated under any statute. So, it is apparent that it does not have a legal identity of its own. A sole proprietorship operates under the identity of its owner or Proprietor. This implies that in a Sole Proprietorship, the identity of the business and its owner are one and the same. For this reason, it cannot exist or be continued beyond the life of the Proprietor.

1

SINGLE OWNER

2

**FULL CONTROL OVER
MANAGEMENT**

3

**ENTITLEMENT TO 100%
PROFITS**

4

**UNRESTRICTED
LIABILITY**



5

**LIMITED
EXISTENCE**

**OPERATES ON THE
OWNER'S IDENTITY**

6

PROFIT DURING THE QUARTER

Since sole proprietorships are unregistered businesses, official incorporation is not necessary. Nonetheless, additional obligatory tax and regulatory registrations may establish their legal existence. These include setting up a business bank account, registering for GST, MSME, and Shops Act compliance. A table with two lists is shown below. The prerequisites for establishing a sole proprietorship are detailed in the first list. The documentation for the registration of proprietorship firms are in the second list. To successfully launch your proprietorship firm anywhere in India, consult these lists!

Minimum Requirements

- » Single Person Ownership
- » Only a natural person can be a proprietor
- » Only Indian citizens are eligible
- » Must have a Registered Address
- » Unique Name
- » Adequate Capital (No Min or Max Limit)
- » NRI/PIO can start a proprietorship on a Non-Repatriation basis.

List of Documents

- » Documents of the Proprietor
 - PAN Card
 - Aadhar Card
 - Two Coloured Photograph
 - Address Proof
 - Cancelled Cheque for Bank Details
- » Documents of the Proprietor
 - Proof of Address of Registered Office
 - NOC from the Owner of the Office Space
 - Rent Agreement, if applicable

HOW TO OPEN A BANK ACCOUNT FOR THE SOLE PROPRIETORSHIP FIRM

Since banking is a regulated industry in India, all commercial banks—private or public—must abide by the rules established by the Reserve Bank of India (RBI), which is in charge of overseeing all Indian banks. Opening a bank account is likewise subject to regulations. The RBI has published guidelines for the KYC documents that must be gathered before a bank can open an account for a sole proprietorship in order to avoid fraudulent activities and guarantee the legality of the business.

It is simple to open a bank account for a sole proprietorship. A proprietorship lacks a certificate of incorporation or registration because it is not an incorporated entity. But two documents must be in the proprietorship's name. The most popular documents are listed below, so selecting one will make the procedure quick and easy.

- **MSME Udyam Registration Certificate**
- **GST Registration Certificate**
- **Shops & Establishment Registration**
- **ITR of last FY, wherein the business name is mentioned.**

While the above are general guidelines, it's important to note that individual banks may have additional requirements or specific procedures. To ensure a smooth account opening process, it's advisable to check with your chosen bank for their exact documentation and process.

BENEFITS OF PROPRIETORSHIP FIRM REGISTRATION ONLINE

Starting a sole proprietorship is much more straightforward than registration for other business structures in India. Above the simplicity of formation, there are several key benefits that a Proprietorship Firm offers. The table below details all these benefits for your clear and comprehensive understanding.

1

**EASY TO
ESTABLISH**

2

**EASY TO
OPERATE**

3

**LESSER
COMPLIANCES**

4

**PRIVACY
INTACT**



5

**POCKET ALL
PROFITS**

**FULL MANAGERIAL
CONTROL**

6



Sole Proprietorship vs OPC

Sole Proprietorship

Pros

- Easy to Set Up
- Low Cost of Operations
- Lesser Compliances
- Quick & Easy to Dissolve
- Full Control over Management
- Effective Privacy
- Quick Decisions-Making Process
- No Profit Sharing
- Extremely Suitable for Small Businesses

Cons

- Unrestricted Liability
- Limited Investment Potential
- Limited Period of Existence
- No scope of Ownership Transfer

Both Sole Proprietorships and One-Person Companies are single-owner business structures. In the table below, we have compared proprietorship firm registration with one-person company registration quite comprehensively. This will help you make an informed decision while choosing between the two single-owner business entities.

A grayscale photograph of a city skyline, likely New York City, featuring several prominent skyscrapers. The image is overlaid with a large, semi-transparent orange rectangle in the center. Inside this rectangle, the text "THANK'S FOR WATCHING" is written in a bold, black, sans-serif font, arranged in three lines. The background shows a dense cluster of buildings, with some taller ones standing out against a hazy sky. The overall composition is clean and modern, with a strong contrast between the orange overlay and the grayscale background.

**THANK'S
FOR
WATCHING**