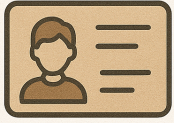


Various Registration and Licenses



1 - PAN (Permanent Account Number)

- PAN stands for **Permanent Account Number** and an essential document for taxpayers.
- 10 character alphanumeric code (eg: MCLS P1234N)

Imp Utility of PAN

1. **Unique Identification**: Each PAN holder has unique number.
2. **Transaction Tracking**: Links and tracks all transactions such as tax payments, TDS/TCS credit and returns.
3. **Data Retrieval**: Helps retrieve (recall) the PAN holder's information for matching investment, borrowing and business activities.
4. **Identity proof**: used in significant transactions, eg:
 - Sale/purchase of unlisted company shares exceeding ₹ 1 lakh
 - Sale/purchase of immovable property value exceeding ₹ 10 lakh.
 - Deposit in bank exceeding ₹ 49,000.

Benefits of Linking Aadhar with PAN

1. **ANDid PAN Inactivation**: Unlinked PAN becomes inoperative.
2. **Mandatory for filing ITR**: As per section 139AA, ITR can't be filed without linking PAN and Aadhar.
3. **Avoid Duplicate PAN**: Helps govt detect fake PAN used for money laundering.
4. **Ease in eKYC**: Bank, Mutual fund, stock Brokers use Aadhar PAN link for eKYC

How to apply - Two methods online and offline (Form 49A)

2 TAN (Tax Deduction Account Number)

- It is a 10 digit alphanumeric number used by Income Tax Department.
- TAN must be obtained by individuals or entities responsible for deducting tax at source (TDS) or TCS.

Who must apply for TAN?

1. TDS/TCS Deductor/Collector: Anyone who is required to deduct TDS.
2. Section 194B: TDS on rent exceeding ₹ 50000/month.
3. Section 194M: TDS on payment exceeding ₹ 50 lakh/year.

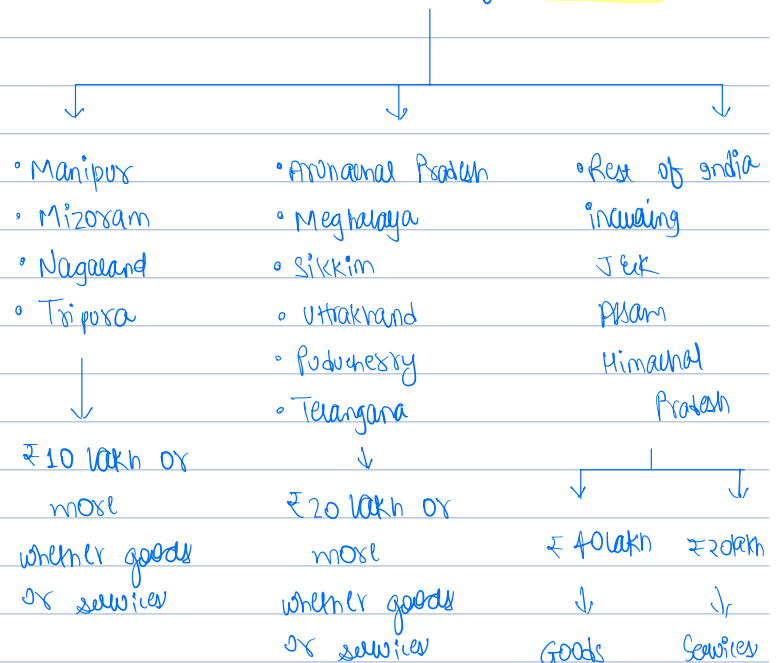
How to apply - Two methods online and offline (Form 49B)

3 GST (Goods and Service Tax)

- GST is an **indirect tax** levied on supply of goods and services.
- It is governed by **CGST Act 2017**.
- There are 4 classification of GST - CGST, SGST, IGST, UTGST

Imp GST Registration

Registration is applicable if organisation is crossing the threshold of **Turnover**.



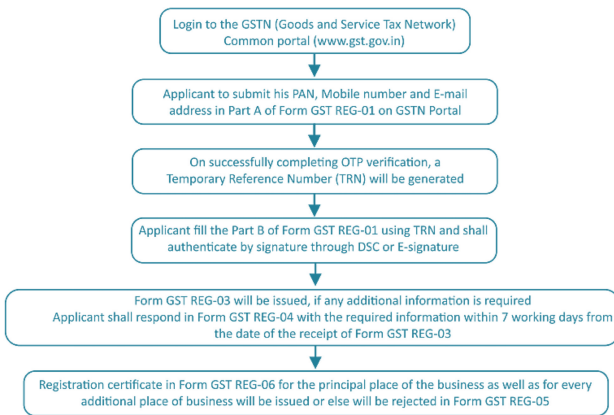
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Compulsory Registration

As per section 24, certain person must compulsorily register for GST.

- (1) Person making inter state taxable supply
- (2) Person registered as Casual Taxable Person (CTP)
- (3) Person registered as Non Resident Taxable Person (NRTD)
- (4) Person requiring to deduct tax under section 51.
- (5) Person registered as Input Service Distributor (ISD)
- (6) Supplier who supply goods through Electronic Commerce operators
- (7) Person required to pay tax under section 9 (RCM)

Procedure for GST Registration



Imp

Documents required for GST Registration

Following documents are required for GST Registration:

1. Copy of certificate of incorporation
2. PAN (Permanent Account Number)
3. Consent by directors / designated partner for obtaining registration.
4. Declaration to authorised signatory.
5. Bank Account details: Scanned copy of cancelled cheque
6. Photo of all partner / director
7. PAN card / Aadhar card of partner / director

<p>Who is Casual Taxable Person?</p> <p>A person who occasionally undertakes transaction involving supply of goods or services in a state or union Territory, where he has no fixed place of business. Thus, a person who comes to different state for business purpose temporarily.</p>	<p>Who is NRTD?</p> <p>Non Resident Taxable Person (NRTD) is a person who occasionally undertakes transaction of supply of goods and services, but who has no fixed place of business in India. NRTD is someone who has business outside India, but comes to India for business purpose temporarily.</p>
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Composition Scheme under GST

What and why?

- It is an alternative tax method under GST for small taxpayers.
- It simplifies tax payment process for business with annual turnover upto ₹ 1.5 crore (₹ 75 lakh in some states)
- This scheme is optional - eligible business can choose to pay taxes at prescribed percentage of their turnover instead of regular tax rate.

Tax Rate under Composition Scheme

Manufacturers & Traders - 1% (0.5 CGST + 0.5 SGST)

Restaurant - 5% (2.5% CGST + 2.5% SGST)

Other Service provider - 6% (3% + 3%)

Who can opt for Composition scheme?

- Manufacturer of goods
- Traders
- Service providers with T10 upto ₹ 50 lakh.

Imp

Who can't opt for Composition scheme

1. Goods not taxable under GST leg: alcohol
2. Engaged in inter state supply
3. E-Commerce operators
4. Casual Taxable Person
5. Non Resident Taxable Person
6. Input Service Distributor
7. Registered as TDS deductor

#4 Registration under Shops & Establishment Act

It is an important regulation that applies to most **business** in India. It governs operation of **Commercial Establishment** like Shop, business centers, offices, warehouse, hostel, parks and more.

This act regulates working conditions for employees including - **Wages**, Hours of work, **Leave**, **Holiday**, other work conditions

Every **Shop** or **Commercial establishment** must apply for License under this act.

Definition of Shops

Any premise where

- Goods are sold (retail (wholesale))
- Services are rendered (salon, restaurant, etc.)

Definition of Commercial establishment

Refers to premise (place) where any trade, business or undertaking. It may include

- Societies, charitable or trust establishment
- Educational institutes
- Banking, insurance, stock related business
- Restaurant, hotel, club, theatre
- **Factories** are **not covered** by this act (regulated by Factories Act)

Imp Application Process for License

Application must contain:

- Name of employer
- Address of establishment
- Name of establishment
- Category of establishment (hotel, office, shop)
- Number of employees
- other relevant details

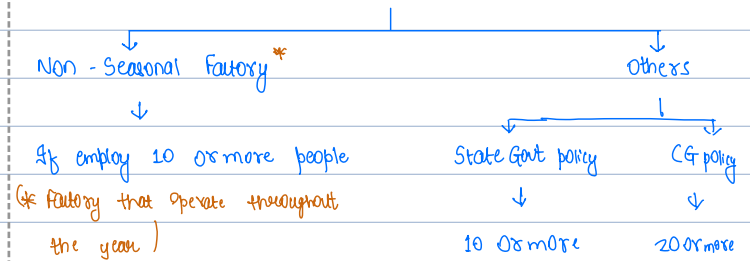
Registration of Shops & Establishment

1. Submit an application to Inspector within 30 days of starting operation.
2. Verification by inspector.
3. Valid for 5 years and renewed thereafter.

#5 Employee State Insurance (ESI) Registration

- ESI is a social security scheme offered by Govt. of India.
- The scheme is self-financed, meaning both employees and employers contribute to it.
- Scheme provides protection against sickness, maternity, disability and other medical care.

Applicability



Wage limit

Employee covered under ESI if gross monthly wage is upto ₹ 21000 (25000 for disabled person)

Contribution Rates

Employee Contribution = 0.75% of gross wages

Employer Contribution = 3.25% of gross wages

ESI Registration Procedure

For Employers

- Make Online application with Ministry of Labour and Employment, on Shram Soudha Portal
- Unique labour Identification Number [LIN], 10 digit number is allotted to all employers.

For Employees - form book of no. 228

6 - Employee Provident Fund (EPF)

- The Employee Provident fund scheme is a social security scheme.
- This scheme provide financial stability and security to employees

Applicability

- when Company employ 20 or more person.
- Obtain registration within 1 month of crossing threshold.

Contribution limit (NOT in course)

- Employer Contribution = 12% of Basic wage + Dearness Allowance
- Employee's Contribution = 12% of Basic + DA

Registration - from book Pg 229-230

Imp.

7 Importer Exporter Code (IEC)

Requirement for having IEC

- Import Export Code (IEC) is a key business identification number mandatory for exporting or importing goods.
- However, IEC not mandatory for exporting services unless availing benefit under Foreign Trade Policy.
- Once issued, Valid for lifetime, no renewal required.
- Exporters can't take benefit of export from DEPT, custom, if they don't have IEC.
- Banks require IEC while sending money abroad or crediting money in your account.
- Sole Proprietorship, Partnership firm, Trust, LLP, Company, HUF and society - all can obtain IEC.

Procedure for Applying for IEC

1. Login to DEFT Portal
2. Verify PAN Details
3. Prepare required documents
 - ↳ Proof of establishment (Incorporation / Registration)
 - ↳ Address proof (including NOC if required)
 - ↳ Bank Account details (Cancelled Cheque)
4. Digital Signature or Aadhar Verification
5. Active Bank account
6. Submit and pay fee
7. Certificate issued by DEFT.

8 - FSSAI (Food Safety and Standard Authority of India)

- FSSAI is an autonomous (Independent) body established to regulate food safety in India.
- FSSAI ensure manufacture, storage, distribution, sale and import of food product meet quality standards.
- Act - Food Safety and Standard Act, 2006
- 14 digit registration / license number awarded by regulator.

Application Process

- Submit form A or form B on FSSOS Portal.
(Food safety compliance system)
- Decision within 7 days.
- Registration Certificate.

Imp.

	FSSAI Registration	FSSAI License
Applicability	For small scale business	For large food business.
Turnover	upto 12 lakh/year	More than 12 lakh/year.
Type of license	NA	State - 12 lakh to 20 crore Central - more than 20 crore
Application form	Form A	Form B
Validity	As decided by authority	1-5 years, renewable
Issuing authority	Local authority	State / Central authority

FSSAI License There are two types of FSSAI license

- (i) FSSAI State License: Needed for small to medium sized food companies which has annual turnover of ₹ 12 lakh to ₹ 20 crore. Required for medium sized food manufacturers, processor and transporter.
- (ii) FSSAI Central License: Mandated for all food giants with annual turnover of more than ₹ 20 crore. Large food manufacturer, transporters require central license.

8 Drug License

A drug license is legal authorisation to operate a pharmacy business that involves the sale or distribution of drugs, medicines and diagnostic tools for human and animals.

- Issued by Drugs and Cosmetics Act, 1940, and Regulated by Central Drugs Standard Control Organisation [CDSCO] & State Drugs Standard Control Organisation [SDSCO]

Types of Drug Licenses

1. Retail Drug License (ROL)

- To operate general chemist shop.
- Require degree or diploma in pharmacy

2. Wholesale Drug License (WDL)

- To operate wholesale distribution of drug.
- Graduate with 1 year experience or Senior Secondary leaving certificate (10th) holder with 4 yrs of experience.

Prerequisite for obtaining Drug License

1. Area Requirement

Minimum 10 square meter for retail or wholesale outlet.
Minimum 15 square meter if combining retail and

2. Storage Facilities

- Refrigerators and Air Conditioners are mandatory for storing temperature sensitive drugs.

3. Technical Staff

- For wholesale Graduate with 1 year experience
- For Retail - Registered pharmacist

Documents required for Drug License

1. Certificate of incorporation / Registration
2. Details of Pharmacist / Competent Person
3. Blue print of premise (key plan)
4. Proof of address (Registry or Rent Agreement)
5. Covering letter (Intent to open business)
6. Affidavit that entrepreneur is not convicted.
7. Fees payment proof

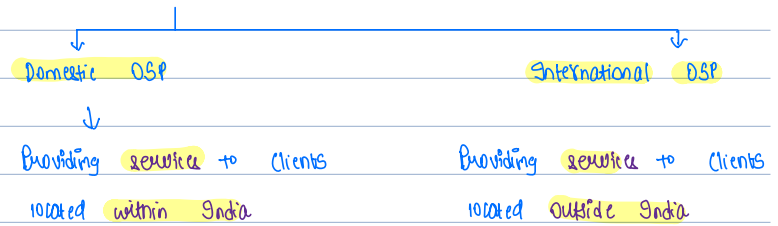
10 Telecom License for OSP (Other Service Providers)

What is OSP?

As per New Telecom Policy, 1999, OSP means entities engaged in providing internet services or Commercial Communications (like call center, BPO, tele networking)

These entities must obtain Telecom License from Department of Telecommunications under Ministry of Communications and Information Technology.

Types of OSP Licenses



Eligibility for OSP License

- Companies registered under Companies Act 2013
- LLP registered under LLP Act 2008
- Partnership firm
- Organisation registered under Shops and Establishment Act.

Process to obtain OSP license

1. file an online application in Form-1 through DoT portal along with all required documents.
 - Certificate of incorporation / Registration.
 - Memorandum and Article of Association
 - Copy of LLP Agreement / Partnership deed
 - Board Resolution or Authorization letter
 - Note on nature of business of proposed OSP
 - List of directors or designated partners.
 - Present Shareholding pattern of Company.

All documents must be certified by CA, CS, Public Notary, Director or Partners.

2. The OSP license is location specific meaning each site where services are provided must be registered separately.

3. If there is change in Point of presence (where equipments are placed), OSP must notify DoT.

OSP license valid for 20 years, can be extended for further 10 years.

11 Industrial Licensing Policy

NO person can establish industrial undertaking* unless they obtain a license from central Government under Industries (Development and Regulation) Act, 1951.

* Industrial undertaking means entity engaged in manufacturing, production or processing of goods. [eg: factories, production unit]

Post 1991 (After 1991), most industries are exempted from requiring industrial license for manufacturing.

Following industries still require compulsory licensing:

1. Alcoholic Drinks
2. Cigarette and Tobacco products
3. Electronic aerospace and defense equipment
4. Explosives
5. Hazardous Chemicals
6. Manufacturing of items reserved for small scale industrial sector by larger unit. (eg: Agarbatti, Papad, Bedsheet)

Not required if no of workers less than 50 and 100 in case no electricity is used.

Locational Restriction

Required

↳ If industry proposed to be located within 25km of urban area.

Not Required

- ↳ units located in designated industrial area (eg: SEZ)
- ↳ Non polluting industries like electronics, software.

Procedure for applying license

1. Submit application in form FC-11 on G2B Portal.
2. Scrutiny of application
3. Application forwarded to relevant ministry for comment.
4. Review by licensing committee
5. DPIIT approves or rejects the license based on committee recommendation.

Industrial Entrepreneurs Memorandum (IEM)

Industries exempted from industrial licensing but has investment in IEM of ₹ 50 crore or more, and Turnover of ₹ 250 crore or more, must file IEM online via G2B Portal in Part A format.

Part B to be filed after commencement of production

12 Insurance Regulatory and Development Authority of India

IRDAI was established to oversee and regulate the insurance sectors in India.

There are four types of insurance business:

- (i) Life Insurance business
- (ii) General Insurance business
- (iii) Health Insurance Business
- (iv) Reinsurance Business

Eligibility for Registration

- ↳ A public company registered under CA 2013
- ↳ Any statutory body established by act of parliament.
- ↳ Minimum equity capital for
 - Life, General or Health - ₹ 100 crore
 - Reinsurance Company - ₹ 200 crore

Ineligibility for Registration

- A previous registration application was rejected or withdrawn within last two financial years.
- A Foreign investor or Indian promoter, exited an existing insurance venture in last two financial years.
- A prior Certificate of Registration was cancelled.
- Applicant's name does not include the words 'Insurance' or 'Assurance'.

Procedure for Registration

Step 1: Application in Form IRDAI/R1 with following documents:

- Certified copy of MOA & AOA
- Details of directors
- Annual Report of Indian promoter and foreign investor for last 5 years.
- Shareholder's agreement b/w Indian & foreign promoter.
- 5 years business projections, approved by board of directors.

Step 2: If application in Form R1 approved, file form R2 to get certificate of registration.

NOTE: IRDAI may request additional information. If application is rejected, applicant can appeal to Securities Appellate Tribunal within 30 days.

Step 3: Grant of Certificate of Registration

- IRDAI will grant certificate after verifying the application.
- Begin the operation in 12 month. (extension upto 24 month)

Payment of non refundable fees of ₹ 5Lakh to be remitted by Bank draft.

13 - Pollution Control & Environmental Clearances

Entrepreneurs setting up industrial projects need to obtain clearance related to pollution control and environment compliance.

State Pollution Control Board issues Pollution license.

Types of Permission / license

1. Consent to Establish [CTE]
 - Prior to set up the business.
 - Valid for 1-7 years.
2. Consent to Operate [CTO]
 - Before commencing production
 - Valid for 5 years.

Industry Categorisation by Pollution Index

Category	Pollution Index Score	No. of Industries	Examples
Red	60 and above	60	Thermal plant, Cement, Oil Refinery
Orange	41-59	83	Iron mill, textile, Battersy Mill, Bakery product.
Green	21-40	63	Printing press
White	20 or below	36	solar power, wind power, warehousing

Central Pollution Control Board has categorised industries based on their pollution index score.

Red, orange and Green category require CTE & CTO.

White category are exempt from CTE & CTO clearance.

Conditions for White Category Exemption

1. Located in area specifically designated for them. (SEZ, Industrial park)
2. Investment in P&M doesn't exceed ₹ 1 crore.
3. No discharge of trade effluent (waste) into streams, water, sewers or land.
4. No air or noise pollution
5. NO hazardous or toxic waste is handled or discharged.

14 Banking License

Any entity intending to operate as banking company must apply for banking license under Banking Regulation Act 1949.

Requirement for Licensing

1. Must be a company registered under Companies Act 2013
2. Have a minimum capital of
 - ₹ 500 crore (Universal Bank)
 - ₹ 200 crore (Small finance Bank)

For details refer Pg no. 274

15 Non Banking Financial Company [NBFC]

NBFC is a company registered under CA 2013 engaged in financial services such as

- Lending
- Advance
- Asset finance
- Insurance
- Other related services

Difference between Bank and NBFC

1. NBFC can't accept Demand Deposit
2. NBFC can't issue Cheques.
3. Deposits under NBFC are not covered by Deposit Insurance and Credit Guarantee Corporation.

Conditions for NBFC license

Apply for NBFC license under section 45-1A of RBI Act 1934.

1. Financial Activity as Principal Business [50-50 Test]
 - 50% of total asset should be financial asset.
 - 50% of gross income should come from financial asset.
2. Minimum Net Owned Funds of atleast ₹ 200 lakh [2 crore].

$$\text{Net owned fund} = \text{Paid up Equity Capital} + \text{Free Reserve} + \text{Share Capital} - \text{Accumulated losses} - \text{Intangible asset} - \text{Investment in share of other NBFC exceeding 10\% of owned funds}$$

3. Commence business as NBFC.

Imp: Entities Exempt from NBFC License

Following are entities that provide financial services are exempt from registering as NBFC because they are regulated by other specialised authorities.

1. Housing finance company [Regulated by National Housing Board]
2. Insurance company [IRDAI]
3. Stock brokers and Mutual fund [SEBI]
4. Nidhi Company [CA 2013]
5. Chit fund company [regulated by state govt]

Documents required for NBFC License

1. Certificate of Incorporation
2. MOA & AOA
3. Last 3 years audited financial statements.
4. Auditor's certificate certifying Net owned fund
5. Copy of board resolution
6. Confirmation of non acceptance of public deposit
7. Director's profile
8. 3 year business plan