Incorporation of Private Limited Company

Features of Private Limited Company

- Separate Legal Status
- Capacity to borrow
- Easy Transfer of shares
- Minimum number of Members : 2 ; Maximum number of Members : 200
- Minimum Capital : Nil {*omitted by Companies (Amendment) Act, 2015*}
- Limited Liability
- Minimum number of Directors : 2
- Foreign investment permitted (subject to applicable Sectoral Cap as per FDI guidelines)
- Capacity to sue or to be sued

Procedure for Incorporation of Company

- Obtain Digital Signature Certificate (DSC) for the proposed Director / Promoter not having DSC;
- Obtain Directors Identification Number (DIN) for proposed Director / Promoter not having DIN by applying to Ministry of Corporate Affairs (MCA) in **Form DIR-3;**

  Requirements for **Form DIR-3**

  - Passport Size Photograph
  - Identity Proof: PAN (**mandatory**) duly attested by Practicing Chartered Accountant / Practicing Company Secretary / Practicing Cost Accountant
  - Address Proof: Passport / Aadhar / Telephone Bill / Electric Bill (not older than 2 Months) duly attested by Practicing Chartered Accountant / Practicing Company Secretary / Practicing Cost Accountant
  - Educational Qualification
  - Email Id and Mobile Number

- Apply for Reservation of Name in **Form INC-1** along with the prescribed fees

- On approval of Name of the proposed Company is received, the following Forms need to be filed;

  - **Form INC-7**
  - **Form INC-22**
  - **Form DIR-12**

- On scrutiny and examination of the aforesaid forms, the concerned Registrar of Companies (ROC) shall issue **Certificate of Incorporation of Company** along with **Corporate Identification Number** (CIN).

Note: Certificate of Commencement of business is **not required** to be filed in Form **INC-21** as the same has been **omitted** by the Companies (Amendment) Act, 2015.

Requirements for **Form INC-7, Form INC-22, Form DIR-12**

- Memorandum of Association & Articles of Association (MOA & AOA) along with subscribers sheet
- **INC-8** duly notarized
- **INC-9** duly notarized
- **INC-10** duly verified by Banker or notarized
- Affidavit for non - acceptance of deposit
- Full address of Police Station under whose jurisdiction the registered office is situated
- Utility Bill (not older than two months) of the registered office premise
- Conveyance/Lease deed/Rent Agreement
- NOC from the owner of the premise, if taken on lease
- **Form DIR-2**
- Directors Directorship details in other Companies / LLPs, if any.

*Note: For Incorporation fees please refer **Table of Fees Rules** and **Stamp duty** will be levied as per prevailing stamp rate of the concerned State.*

Taxation of Companies

Direct Tax

Corporate Tax Rates

Particulars	**Domestic Company**
Rate of Tax	30% of the Total Income
Surcharge	• 5% of Income Tax, if taxable income exceeds Rs. 1 crore upto Rs. 10 crore • 10% of Income Tax, if taxable income exceeds Rs. 10 crore
Education Cess	2%
S.H.E.C.	1%

Minimum Alternate Tax (MAT) @ 18.5% on Book Profits plus surcharge and cess, as applicable.

Due date for filing of returns: **September 30** of the relevant Assessment year

Note: Maximum of MAT or Income Tax should be considered.

Indirect Tax

Service Tax

Service Tax Registration is mandatory if the annual turnover exceed Rs. 9 Lakhs Service Tax is charged at 14% (**notified**) plus 2% Swachh Bharat Cess (**not yet notified**) as per Finance Act, 2015.

VAT

VAT is levied on goods sold by the Company. The criteria for registration and charging VAT varies from State to State based on the rules and regulations formulated by the concerned state.

Mandatory Compliances

- Quoting of CIN on all letterheads, invoices, notices etc.
- Printing of share certificate and MOA & AOA
- Opening Bank Accounts
- Maintaining Books of Accounts
- Appointment of First Statutory Auditor
- Board Meeting Compliances as per Companies Act, 2013 and rules made thereunder
- Maintaining Minutes Book
- Annual General Meeting every year
- Annual Filings with the MCA
- Appointment of Company Secretary in whole-time employment if paid up capital exceeds Rs. 5 Crore
- Maintaining Statutory Registers
- Keeping Books of Accounts and Statutory Registers at the Registered Office of the Company

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Disclaimer: *The article has been prepared considering the relevant provisions of the Companies Act, 2013 and the rules made thereunder. The contents of the article are personal views of the author and the readers are requested to cross-check the provisions before acting upon the same. The author is not responsible for any damages or penalties caused.*