

9. Legal Aspects & Compliances

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Introduction:-

Legal Aspects refers to an Enterprise to run its business in accurate pathway as per applicable rules/ regulations/ Acts/ laws on it. To better understand the legal responsibilities of organisation, this Session has been framed. The main objective is to make attentive Enterprise to carry on its business activities in lawful manner and to ensure timely compliances to avoid any delay fees/ penalty provisions.

However, when an Enterprise is being formed, there are various parameters like-

- ✓ Environment Protection
- ✓ Customer Satisfaction
- ✓ Manpower Rights
- ✓ Casualty Precautions
- ✓ Taxation Deadlines
- ✓ Retirement Benefits
- ✓ Female Security
- ✓ Corporate Social Responsibility
- ✓ Cyber Protection

These are needed to focus on priority basis in order to smooth functioning of business activities. To strictly follow all abovementioned purposes, Govt. makes Acts and updates required amendments therein on time to time basis. ***Perfect Legal Framework Makes Business Perfect.***

To quickly understand Indian Legal Framework for an Enterprise Set Up, this Session has been designed with four parts:-

- I. Main Applicable Laws/ Acts on Micro Enterprises in India**
- II. Legal Framework of Business Enterprise (from Inception to Running Phase)**
- III. Latest Compliance Calendar for an Enterprise (monthly/ quarterly/ half-yearly / yearly basis)**
- IV. Practical Session- Case Studies on legal Consequences**

Compliance calendar has been given in last page of this Write- up, which is as per current Laws and Acts governing in India. Any amendments in checklist can be seen from their respective department websites.

Let's understand in detail about Enterprise's Legal & Compliance Structure-

III. Main Applicable Laws/ Acts on Micro Enterprises in India

While India is often criticized for its intricate Legal Mechanism, even in some cases, these laws & regulations are easier than many developed country laws. Main characteristic is that almost all these regulations are consistent across the country.

In general, there are more than 1000 Acts applicable on any business set-up in India, here we will be discussing on most important Legal Regulations applicable on any ordinary organisation. Even it depends upon proposed Enterprise structure, that whether it is going to start business activity in India – as Trading concern/ Manufacturing Concern/ Service Providing Concern. Most crucial way to start business is setting up of manufacturing concern, as major regulations are there; the Enterprise needs to take care of.

Following Check-points can provide a thorough Idea to start Business Venture of Manufacturing Concern under Legal Framework-

- ✓ Get Industrial Land- use approvals
- ✓ Factory License from local Authority
- ✓ NOC from Deputy Commissioner of Industries
- ✓ NOC from Pollution Control Board
- ✓ NOC from Fire Department
- ✓ Electricity Connection from State Electricity Board
- ✓ Water Connection from State Water Board
- ✓ After Factory setup- register for EPF/ ESI

Main Applicable Acts on abovementioned (trading/ manufacturing/ service providing) segments are as follows:-

For Any Business Concern-

		GOVERNING ACT
For Enterprise Registration	Sole Proprietorship –	Shop & Establishment Act, 1958
	Partnership	Indian Partnership Act, 1932
	Company	Indian Companies Act, 2013
	LLP	Limited Liability Partnership Act, 2008
For Name/ Logo/Word mark Registration		Trademarks Act, 1999
For Income Tax Registration		Income Tax Act, 1961
For GST Registration		Goods & Services Tax Act, 2017
For Factory License		Factories Act, 1948
For Employees future protection		Employees Provident Fund & Miscellaneous Provisions Act, 1952
For Casualty Cases		Employees State Insurance Act, 1948
For Employees Wages Security		Minimum Wages Act, 1948
For Bonus provisions		Payment of Bonus Act, 1965
For Online Transactions		Information technology Act, 2000
For Financial Transactions		Banking Regulation Act, 1949
For any business contract		Indian Contract Act, 1872
For E commerce activities		Consumer protection (E Commerce) Rules, 2020

II. Legal Framework of Business Enterprise (from Inception to Running Phase)

To do business in legal way, it is very much required to understand composite framework of every Legal prospective applicable on a particular Enterprise from starting business to running it in WIN- WIN situation.

The steps which are required to take are summed up in a brief way to start and run a Micro Business Enterprise in legal way:-

INCEPTION PHASE

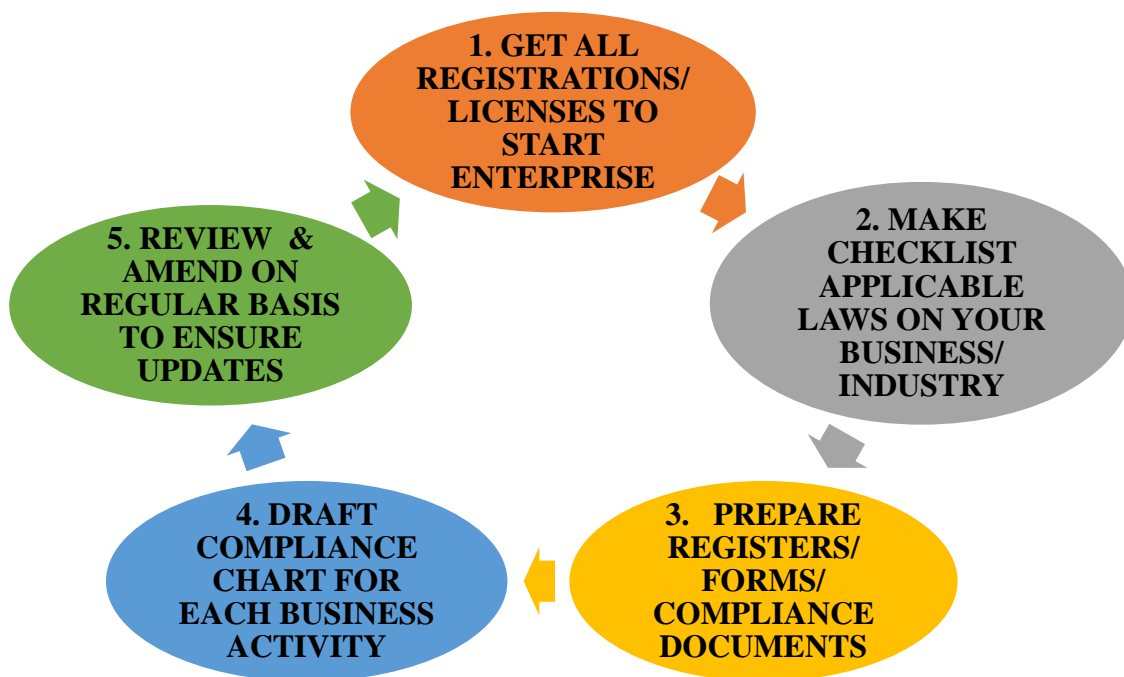
- Register your Business Organisation with Unique name and valid registered address
- Register in IT, GST, MSME, Open Bank A/c
- Get License as per Industry Law
- In case, export-oriented business– get IEC Code from DGFT/ License from DGFT
- Get approval from Water & Electricity Board
- Register in PF (If 20 or more persons are employed in Enterprise)

- Register in ESI (If 10 or more persons are employed in Enterprise & salary not more than 21000 p.m.)

RUNNING PHASE

- Pay Employees Salary/Wages/ Bonus/ Perquisites as per related Compliance Acts
- Pay monthly/ quarterly / yearly tax amounts/ file returns on time
- Export goods/ services as per Indian Customs
- Check Business Turnover/ no. of employees/ capital/ expansion of Enterprise on quarterly basis (as some Acts becomes applicable on reaching a specific limit)

A collaborative strategy of drafting Road- Map of all compliances plays a vital role here. Let's understand this Road- Map of an Enterprise to make it LEGALLY WISE-



III. Latest Compliance Calendar for an Enterprise (monthly/ quarterly/ half-yearly / yearly basis)

In order to become prompt for every business activity compliance, following Compliance Calendar has been drafted to follow by an Enterprise-

SPECIFIC HEAD	PERIOD	DUE DATE
INCOME TAX -		
TDS/TCS Payment	Monthly basis	7 th of Following Month (30 TH April for TDS/TCS Payment till 30 th march of F.Y.)

TDS Return Filing	Quarterly basis	31 st of Following Quarter (31 st May for Last Quarter of F.Y.)
TCS Return Filing	Quarterly basis	15 th of Following Quarter (15 TH May for Last Quarter of F.Y.)
Income Tax Return	Yearly basis	31 st July of A.Y.- Individual/HUF
		30 TH September of A.Y. – For other persons
Advance Tax Payment	Quarterly basis	15 days before end of Quarter (Installment – wise)
GST-		
GSTR-1	Monthly basis	10 th of Following month
GSTR-3/3B	Monthly basis	20 st of Following month
GSTR-9	Yearly basis	31 st December of following year
GSTR-7-TDS DECUCTOR	Monthly basis	10 TH of Following month
EPF-		
PF Payment	Monthly basis	15 th of Following month
PF Return	Monthly basis	25 th of Following month
PF Return Annual	Yearly basis	25 th April of Following year
ESIC-		
ESIC Payment	Monthly basis	21 st of Following month
ESIC Return	Half-yearly basis	-12 th November (April-September)
		- 12 th May (October – March)
ROC -		
Filing of Annual Accounts	Yearly basis	31 st October of Following year
Filing of Annual Return	Yearly basis	30 th November of Following year
Director KYC Verification	Yearly basis	30 th April of Following year
LLP-		
Filing of Annual Accounts	Yearly basis	31 st October of Following year

It can be please considered that due dates for current financial year has been totally extended due to COVID Condition as we can say this year as abnormal one. Above list has been prepared for a Standard year basis.

There are also other parameters of due dates related to different laws, which need to be checked through their respective regulations, for example Trademark registration need to be renewed at every 5th year. Application can be filed on or before 6 months of expiry of registration.

VI. Practical Session- Case Studies on legal Consequences

It will be discussed during the Session in order to interact with participants.