

What Licenses & Permits are Required by Retail Shops in India?

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BRIEF SUMMARY

The legal and regulatory landscape of retail businesses often gets overlooked by their entrepreneurs due to the lack of information, awareness, and concern to operate legitimately. Hence, the purpose of creating this blog is to give you detailed insights into the major regulatory licenses and permits your retail business needs. These include a PAN, Tax Deduction Number or TAN, Trade License, Shops Act Registration, and Professional Tax Registration wherever applicable. Let's delve deeper into the procedures, eligibility criteria, and the significance of each license in detail.

Despite being one of the world's largest retail markets, a mere 12% of retail businesses in India operate within the organized sector, equipped with required registrations and licenses necessary for legal compliance. Digitization of licensing services across regulatory authorities has undoubtedly eased their application processes. However, the scarcity of precise information about these processes has left entrepreneurs struggling in the public domain. Our blog endeavors to shed light not just on the requirement of licenses and permits for retail shops in India, but also simply its application process and documentation needs for their easy yet comprehensive understanding.

Licenses And Permits Required By Retail Shops In India

Obtaining licenses and permits required by retail shops in India ensure their legal compliance with local laws and regulations. Additionally, beyond mere legal obligations, these licenses play a pivotal role in ensuring the seamless

functioning of business operations as well. From crucial tax documents like business PAN and TAN to labour law registrations under the Shops Act and Professional Tax Act, each of these licenses and permits hold a distinct significance in running a retail business in India. Besides, certain industry-specific licenses may be required to comply with sectoral regulations too. Let's delve deeper into the list of licenses required for retail businesses, with their key eligibility criteria, procedures, and documents.

Permanent Account Number (PAN)

PAN or Permanent account number is a unique 10-digit alphanumeric code assigned to all individual and non-individual taxpaying entities by the Income Tax Department of India. Besides serving as proof of identity, PAN cards are needed by businesses for opening bank accounts, tax registrations, and filing income tax and GST returns. Besides, the Income Tax department tracks all of your business transactions, bank account activities, and tax compliances using your business PAN card. Therefore, acquiring a PAN card was made mandatory in the Income Tax Act, of 1961.

You can apply for a business PAN card online by filling Form 49 A on the NSDL or the UTTISL websites by selecting 'firm' in the 'type of application' section. Provide other details like the name of the business, address of the office, date of incorporation, etc. You will receive your e-PAN card within 7 days and have it delivered to your registered office address within 15 days from the date of application. The application fee amounts to Rs.107 for Indian applicants.

Taxpayer Account Number (TAN)

Like PAN, TAN is also a unique 10-digit alphanumeric code issued by the Income Tax Department. Your business needs to apply for a TAN in case it is involved in a Tax deduction at the source activity for its employees, staff, or any other entity providing service to it. Under Section 203A of the Income Tax Act, 1961, it is mandatory to quote the Tax Deduction Account Number (TAN) allotted by the Income Tax Department (ITD) in all TDS returns and Challans while depositing the tax in a designated Bank. Additionally, it is mandatory for employees to quote TAN while claiming TDS in their [Income tax returns](#). You

can apply for it online by filling out Form 49B available on the NSDL website. The application fee, inclusive of taxes is Rs.65 only.

Trade License

Trade licenses are issued by municipal corporations or state governments to newly established businesses resident and operational within their boundaries. These licenses allow businesses to carry out a particular business activity at a certain location mentioned in the license application. Trade licenses do not provide any ownership rights for the property which the business is operating from. Besides enabling businesses to trade products and services, it also helps government regulatory bodies monitor and control all business operations carried out within the state.

Trade Licenses are categorized into Industrial, Shops, and Food Establishment licenses. The Shops license is essential for shops involved in the sale of hazardous substances like firecrackers, firewood, fireworks, etc. If your shop sells food or related items, you must also acquire the Food and Establishment license. As a shop owner, you are eligible to apply for a trade license only if you are 18 years of age or above, have no criminal record, and are running a legal business in the shop.

The application should be submitted 30 days before the business begins operations. You can apply for a trade license on the official website of the state government or directly apply to the office of the municipal corporation. You will receive it within 7-10 days from the date of application. Once issued, the license will be valid for a year, after which it needs to be renewed. The renewal application has to be submitted within 30 days from its expiry. However, trade licenses get renewed in January only. The following documents are required to be submitted along with the application for a trade license:

1. Business PAN card
2. Business Incorporation Certificate
3. Aadhar card, if the applicant is an individual

4. Property tax payment receipt from the municipality
5. Lease Agreement with the owner of the property
6. No Objection Certificate from neighbors in the premises where the shop is located
7. The layout of the property
8. Occupancy Certificate
9. Loan sanction document

Shops and Establishment Registration

Registration under the [Shops and Establishments Act](#) is required for all businesses in India employing full-time, part-time, and contract workers. The provisions in the act primarily ensure better working conditions for employees regarding hours of work, minimum wage, maternity leave, sick leave, number of holidays, hygienic workplace, etc. Registration under the Act indicates that the businesses are certainly focussing on the welfare of their employees.

All businesses in India must mandatorily register under the act within 30 days after their dates of registration. Different states have different provisions under the act, which businesses registered within their boundaries must follow. The procedure for registering under the act also differs from state to state. The application for registration is filed to the State labor department and usually requires proof of address of the business, proof of the identity of the owner, business PAN card, payment or bank statement, and details of the employees as supporting documents. The validity of the registration also differs from state to state.

Professional Tax Registration

Professional tax is levied on professionals including employees, employers, and businesses. It is a state tax levied differently by different states in India. If the state where a business is located has provisions for mandatory registration under the act, the business must acquire a [professional tax registration](#) within 30 days from the start of business activities. Usually,

employers, including businesses, deduct the tax at source from their employees by submitting it to the government on their behalf.

Employees can claim TDS for the professional tax while filing their tax returns. The procedure for registration is different for different states. However, the supporting documents required for registration are almost similar across states where the tax is applicable. These include proof of office address, business PAN card, certificates of registration and incorporation, Professional tax enrollment certificate, and a blank canceled check from the business bank account.

Certificate of Occupancy

A Certificate of Occupancy (CoO) is an essential document required in various property-related scenarios such as construction, property acquisition, modification, or change in the property's use. Issued by the local zoning department, the CoO signifies that the property has undergone a thorough inspection to ensure compliance with safety standards and building codes mandated by the law. The inspection covers crucial aspects like plumbing, fire safety, electrical systems, and more. Whether you're constructing a new property, purchasing one, making modifications, or altering its usage, obtaining a CoO is paramount. This certification serves as a legal affirmation that the property aligns with prescribed safety norms, providing confidence to occupants and authorities alike.

Industry-Specific Licenses

Beyond the generic licenses, retail shops often require industry-specific certifications to cater to the nuances of their business domain. For instance, a food business necessitates an FSSAI (Food Safety and Standards Authority of India) registration to ensure compliance with food safety regulations. On the other hand, a pharmacy requires a retail license, emphasizing adherence to pharmaceutical guidelines. These industry-specific licenses serve as specialized endorsements, acknowledging that the business is not only compliant with general regulations but also meets the specific standards and requirements dictated by the industry it operates in. Securing these licenses

is imperative for both legal standing and consumer trust within their respective sectors.

CONCLUSION

The significance of securing licenses and permits for retail shops in India cannot be overstated. Beyond being legal necessities, these certifications serve as the foundation of a thriving business landscape. From basic documents like PAN to industry-specific licenses, the list, though long and exhaustive, is extremely easy to obtain with our assistance! Our services start with a free consultation, and approach towards complete filing and documentation support at affordable prices. We are here to make legal adherence effortless for your retail businesses. Talk to our Licensing Experts now!