

# What are the Compliance Requirements After One Person Company Registration?



## Introduction

One Person Company (OPC) is a business structure designed for solo entrepreneurs who want to operate a corporate entity without the need for multiple shareholders. The concept of one person company registration offers a legal framework that provides the benefits of a private limited company while allowing a single individual to own and manage the business. While OPCs enjoy certain privileges, they must adhere to specific compliance requirements after registration to ensure legal and financial stability. Understanding these obligations is crucial for entrepreneurs to avoid penalties and ensure smooth operations.

## Annual Filing and Financial Statements

After [OPC registration](#), it is mandatory to file annual financial statements with the Ministry of Corporate Affairs (MCA). The financial statements include the balance sheet, profit and loss account, and other relevant documents. The company must file Form AOC-4 within 180 days from the end of the financial year. This ensures transparency in financial reporting and helps regulatory authorities monitor the financial health of the business.

The company must also file its annual return in Form MGT-7A. This document provides information about the company's structure, management, and compliance status. Failing to submit these filings on time may result in penalties and legal consequences.

## Income Tax Compliance and GST Filings

Every business entity, including those under one person company registration, must comply with income tax regulations. An OPC is required to file an annual income tax return using Form ITR-6. The due date for filing the return is typically July 31 for businesses that do not require an audit and October 31 for those that do. If the company's annual turnover exceeds the prescribed limit, a tax audit under Section 44AB of the Income Tax Act is necessary.

For businesses registered under GST, regular GST return filings are mandatory. Depending on the turnover and business activities, an OPC must file monthly, quarterly, or annual GST returns. Non-compliance with GST regulations may result in fines and suspension of GST registration.

## Board Meetings and Maintenance of Statutory Records

Unlike private limited company registration, an OPC does not need to conduct frequent board meetings, as it has only one director. However, at least one board resolution must be recorded every six months. The company must maintain minutes of all decisions taken, ensuring that corporate governance practices are followed.

It is also essential to keep statutory records updated, including the register of members, books of accounts, and financial statements. These records should be maintained at the registered office and made available for inspection when required by regulatory authorities.

## Appointment of an Auditor and Audit Compliance

Even though an OPC has a single shareholder, it must appoint a statutory auditor within 30 days of incorporation. The auditor is responsible for reviewing the company's financial records and preparing the audit report. Audits are essential for businesses, whether they fall under OPC registration, private limited company registration, or [public limited company registration](#), as they ensure financial transparency and compliance with accounting standards.

An OPC that meets the turnover and capital threshold for mandatory audits must undergo an annual financial audit. The audit report, along with financial statements, must be submitted to the MCA. Non-compliance with audit regulations can lead to legal action and penalties.

## Director's Compliance and DIN KYC

The director of an OPC must comply with specific regulatory requirements. Every year, the director must submit the Director's KYC (Know Your Customer) through Form DIR-3 KYC. This ensures that the director's details are updated in the MCA records. If this form is not filed on time, the director's DIN (Director Identification Number) may be deactivated, restricting the ability to conduct business operations.

In addition, any changes in the director's details, such as address or personal information, must be updated with the MCA through relevant forms. This keeps the company's records accurate and ensures compliance with corporate laws.

## Compliance with RBI and FEMA Regulations

If an OPC receives foreign investment, it must comply with RBI and FEMA (Foreign Exchange Management Act) regulations. The company must report any foreign direct investment (FDI) within 30 days of receipt and submit an annual return on foreign liabilities and assets. This requirement applies to all companies receiving foreign investments, including those under [partnership company registration](#) and public limited company registration.

Failure to comply with these regulations can lead to penalties and restrictions on foreign transactions. Businesses looking to expand internationally must ensure they meet these regulatory obligations.

## Conversion to a Private or Public Limited Company

An OPC can operate as a one-person entity only until it crosses specific thresholds. If its paid-up share capital exceeds Rs. 50 lakh or its annual turnover surpasses Rs. 2 crores, it must be converted into a private limited company or register a public limited company. This conversion process requires filing an application with the MCA and updating all statutory records.

Entrepreneurs must plan for this transition in advance to ensure seamless operations. The conversion process involves appointing additional directors, modifying the Memorandum of Association (MOA), and updating company records with the Registrar of Companies (ROC).

## Closure or Strike-Off Compliance

If an entrepreneur decides to close the OPC, they must follow the proper strike-off process. The closure application must be submitted to the MCA using Form STK-2, along with relevant supporting documents. Before applying for closure, the company must clear all outstanding liabilities, including taxes, loans, and employee dues.

Failing to formally close the company can result in continued compliance obligations, leading to unnecessary penalties. Proper closure ensures that the company is legally removed from MCA records, preventing future liabilities.

Managing post-registration compliance can be overwhelming for entrepreneurs. Corpbiz offers expert guidance in handling [company registration](#) and compliance-related filings. Whether it is GST registration, annual filings, or audit compliance, Corpbiz simplifies the process, ensuring businesses remain compliant with regulatory requirements. With professional assistance, entrepreneurs can focus on business growth without worrying about legal complexities.

## Conclusion

Compliance is an essential aspect of running a successful OPC. From annual financial filings and tax compliance to statutory audits and regulatory reporting, meeting these requirements ensures smooth business operations and legal security. Entrepreneurs must stay updated on compliance obligations to avoid penalties and legal issues. Whether transitioning to a private or public limited company or ensuring regular GST filings, understanding and fulfilling compliance requirements is key to long-term success. By staying proactive and seeking expert assistance, businesses can navigate regulatory complexities and focus on achieving their growth objectives.

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