

Planning to Apply for a GST Number? Know Whether Sole Proprietorship or Private Limited Company Fits You Best!"



Introduction

Are you planning to start your business and confused between **Sole Proprietorship vs Private Limited Company**? Many new entrepreneurs face this question while beginning their journey. Choosing the right structure is very important because it affects everything — from registration, taxation, and GST to compliance and credibility.

At Taxlegit, we help individuals and startups understand the difference between both business types and assist in completing all registration formalities, including **applying for a GST number**, without any stress.

Understanding Sole Proprietorship



A [Sole Proprietorship vs Private Limited Company](#) is the simplest business structure in India. It is owned and managed by one individual. There is no legal separation between the owner and the business, which means you are personally responsible for all profits and losses.

This model is best for freelancers, small shop owners, and single professionals who want full control of their business. It is easy to start and doesn't require complex paperwork. You just need a PAN card, Aadhaar card, business address proof, and GST registration if your turnover crosses the prescribed limit.

Advantages of Sole Proprietorship

- Easy and quick setup
 - Low registration cost
 - Full control of decisions
 - Minimal compliance and annual filing
- #### Limitations of Sole Proprietorship

- Unlimited personal liability
- Difficult to raise funds from investors
- Business identity depends on the owner's reputation

Understanding Private Limited Company



A **Private Limited Company** is a separate legal entity registered under the **Companies Act, 2013**. It is ideal for startups, growing firms, and businesses that want to raise investment or gain credibility.

It requires a minimum of two directors and two shareholders. Once registered, your business name is protected and your personal assets are safe from company liabilities.

Advantages of Private Limited Company

- Limited liability protection
- Better credibility among clients and investors
- Easy to raise funding or loans
- Perpetual succession (company continues even if the owner changes)

Limitations of Private Limited Company

- Higher registration cost than proprietorship
- More compliance and documentation
- Annual filing and auditing required

Sole Proprietorship vs Private Limited Company – Key Differences

Feature	Sole Proprietorship	Private Limited Company
Ownership	Single person	Minimum 2 members
Legal Status	Not separate from owner	Separate legal entity
Liability	Unlimited	Limited
Registration	Simple, few documents	MCA registration required
Tax Benefits	Taxed as individual	Taxed as company
Growth Potential	Limited	High
Credibility	Lower	High





When comparing both, the **Private Limited Company** gives more structure, trust, and security, while the **Sole Proprietorship** is best for quick, small-scale setups.

How to [Apply for GST Number](#) for Your Business

Whether you register as a sole proprietor or a private limited company, getting a **GST number** is mandatory if your annual turnover exceeds ₹40 lakhs (₹20 lakhs for service providers).

At **Taxlegit**, we make it simple:

1. Collect basic business details and documents
2. File your GST application online
3. Receive your GSTIN within a few working days



We ensure the process is smooth, transparent, and error-free. With your GST number, you can legally issue invoices and claim input tax credit.

Conclusion

Choosing between **Sole Proprietorship vs Private Limited Company** depends on your business goals. If you want flexibility and low compliance, proprietorship is suitable. But if you plan to scale, raise funds, or build brand credibility, go for **Private Limited Company registration**.

At **Taxlegit**, we handle all registration services — from company formation and **GST number application** to compliance support. Our team ensures your business gets the right start with proper guidance and hassle-free registration.