Tax Talks

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STARTUPS and their Benefits

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Pre-requisites for STARTUP Recognition: -

Company Age	The period of existence and operations should not exceed 10 years from the date of incorporation.
Company Type	Incorporated as a Private Limited Company, a Registered Partnership Firm, or a Limited Liability Partnership
Annual Turnover	Should have an annual turnover not exceeding Rs. 100 crore for any of the financial years since its incorporation.
Original Entity	An entity should not have been formed by splitting up or reconstructing an already existing business.
Innovative & Scalable	Should work towards development or improvement of a product, process, or service and/or have a scalable business model with high potential for the creation of wealth and employment.

Benefits :

Income Tax Exemption		
Exemption Eligible startups can be exempted from paying income tax for 3 consecutive financial years out of their first ten years since incorporation	**Eligibility Criteria** **Type of Entity**: Must be a private limited company or LLP (Limited Liability Partnership). **Turnover Limit**: Annual turnover should not exceed ₹100 crore in any financial year since incorporation. **Recognition as a Startup**: Must be recognized by the DPIIT (Department for Promotion of Industry and Internal Trade).	

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	Innovation & Scalability: The business should be engaged in innovation, development, or improvement of products, processes, or services or should have a scalable business model.	
Startup India Seed Fund Scheme		
Grant Up to Rs. 20 Lakhs as grant for validation of Proof of Concept, or prototype development, or product trials. The grant shall be disbursed in milestone-based instalments. These milestones can be related to development of prototype, product testing, building a product ready for market launch, etc.	**Eligibility Criteria for Startups** The eligibility criteria for a startup to apply under the Startup India Seed Fund Scheme shall be as follows: 1. A startup, recognized by DPIIT, incorporated not more than 2 years ago at the time of application 2. Startup must have a business idea to develop a product or a service with market fit, viable commercialization, and scope of scaling. 3. Startup should be using technology in its core product or service, or business model, or distribution model, or methodology to solve the problem being targeted 4. Preference would be given to startups creating innovative solutions in sectors such as social impact, waste management, water management, financial inclusion, education, agriculture, food processing, biotechnology, healthcare, energy, mobility, defence, space, railways, oil and gas, textiles, etc. 5. Startup should not have received more than Rs 10 lakh of monetary support under any other Central or State Government scheme. This does	**Debt** Up to Rs. 50 Lakhs of investment for market entry, commercialization, or scaling up through convertible debentures or debt or debt-linked instruments

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	not include prize money from competitions and grand challenges, subsidized working space, founder monthly allowance, access to labs, or access to prototyping facility 6. Shareholding by Indian promoters in the startup should be at least 51% at the time of application to incubator for the scheme, as per Companies Act, 2013 and SEBI (ICDR) Regulations, 2018 7. Any startup will not receive seed support more than once each as per provisions of para 8.1 (i) and 8.1 (ii) respectively	

Other Relaxations

- Startups shall be allowed to self-certify compliance with 6 labour laws and 3 environmental laws through a simple online procedure.

- In the case of labour laws, no inspections will be conducted for a period of 5 years. Startups may be inspected only on receipt of a credible and verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer.

- In the case of environment laws, startups that fall under the 'white category' (as defined by the Central Pollution Control Board (CPCB)) would be able to self-certify compliance, and only random checks would be carried out in such cases.

- **EMD Exemption:** DPIIT recognised startups have been exempted from submitting Earnest Money Deposit (EMD) or bid security while filling government tenders.

- Various Grants, loans, subsidy and training from various departments depending upon the type of products or services.

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