

START - UP INDIA

✚ Start – up India is a strategy intended to cherish innovation, sustainable economic growth and generate large scale of employment. The action plan contains several positive initiatives for Indian Startups that look at easing up various regulatory, legal, financial and other challenges faced by them. The most encouraging aspect is that Government is now looking at startups as a serious growth engine for India and want to help them achieve success.

✚ The policy will initiated through three different areas i.e,

- i. Simplification and Handholding
- ii. Funding Support and Incentives
- iii. Industry-Academia Partnership and Incubation.

✚ After announcement of the Start – Up action plan on **16th January, 2016**, the policy has been put up for action on **1st April, 2016** after launching its Website.

✚ In respect of Notification dated **17th February, 2016**, an entity shall be considered as a Start – up:

- i. Upto **5 years** from the date of Incorporation / Registration,
 - ii. If its turnover of any financial years has not exceeded **Rs. 25 crore**,
- And
- iii. It's working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property;

Provided that **splitting up or reconstruction of an entity already in existence** shall **not** be considered as a **Start – up**.

** An existing entity that meets the above criteria can visit the Startup India Portal and Mobile app and get itself recognized for various benefits.

MEANING OF ENTITY : “Entity” under startup action plan means a **private limited company** (as defined in Companies Act, 2013) or a **registered partnership firm** (registered under section 59 of the Partnership Act, 1932) or a **limited liability partnership** (under the Limited Liability Partnership Act, 2002).

REGISTRATION AS A START – UP UNDER START – UP INDIA POLICY

- ✓ Visit <http://startupindia.gov.in/registration.php>
- ✓ Fill in the details of Webpage
- ✓ Download a system generated verifiable **Certificate of Recognition**.

START-UP RECOGNITION

The process of recognition of Start – up shall be through mobile app / portal of DIPP. Start-up will be required to submit an application with following documents:

- A recommendation (with regard to innovative nature of business) specified by DIPP; or

- A letter of support by any incubator which is funded (in relation to a project) from Government of India or State Government to promote innovation; or
- A recommendation (with regard to innovative nature of business) specified by DIPP, from any incubator recognized by Government of India; or
- A letter of funding of not less than 20% in equity by any Incubation Fund/Angel Fund/Private Equity Fund/Accelerator/Angel Network duly registered with SEBI that endorses innovative nature of the business. DIPP may include any such fund in a negative list for such reasons as it may deem fit; or
- A letter of funding by Government of India or any State Government as part of any specified scheme to promote innovation; or
- A patent filed and published in the Journal by the Indian Patent Office in areas affiliated with the nature of business being promoted.

NOTE** the list of incubators recognized for the above purpose are published on the Start-up India portal for reference.

WHEN WOULD AN ENTITY CEASE TO BE A START – UP

1. After completion of 5 years from Incorporation / Registration.
2. If turnover of any F.Y. exceeded Rs. 25 crore.
 - After ceasing, Start – Up would be required to intimate DIPP (Department of Industrial Policy & Promotion), Ministry of Commerce and Industry **within 21 days**.

TAX BENEFITS

To obtain tax benefits, Start – up shall be required to obtain a certificate of an eligible business from the Inter-Ministerial Board of Certification of :

1. Joint Secretary, Department of Industrial Policy and Promotion,
2. Representative of Department of Science and Technology, and
3. Representative of Department of Biotechnology.

Note : (Tax Benefits will be available from 1st April, 2016)

BENEFITS → Start –up shall avail 100 % tax exemption on profits made in any three out of first five years.

In case of **IPR** → Start – ups shall be provided an 80% rebate in filing patents.

Some Important Aspects :

1. **Startup India Hub** : Through the startup India Hub, Government wants to create a single point of contact for the startup ecosystem.

2. Rolling out of Mobile app and portal : Govt plans to introduce a mobile app through which startups quickly registered themselves with relevant agencies. The app also have features like tracking status of registration, downloading certificate and various other things.
3. Launch of Atal Innovation Mission : Govt will provide a platform for promotion of startup businesses and other self-employment activities , particularly in technology driven areas through Atal Innovation Mission (AIM)
4. Without PAN Registration : An entity without a PAN can also be registered as Startup. It is advisable that A valid PAN of entity is provided at the time of registration, as each entity is separately taxable person.