

Centre eases tax rules for startups

TIMES NEWS NETWORK

New Delhi: Large listed companies and alternate investment funds can invest any amount in start-ups without worrying about tax scrutiny on valuations, while angel investors can infuse Rs 25 crore, as the government stepped in to address concerns of nascent companies. It also decided to allow start-ups to claim a three-year tax holiday in a 10-year period, instead of a seven-year block.

Further, the tax department sought to allay concerns on assessment notices that have been issued, asking its officers to not pursue them. It is also advising its appeals wing to expedite decisions in 100-odd cases where a demand notice has been issued. An entity with a turnover of up to Rs 100 crore, against Rs 25 crore

TOI EXCLUSIVE



Flipkart co-founder Sachin Bansal (R) has invested ₹650cr in Ola, co-founded by Bhavish Aggarwal. Soon after the announcement on Tuesday, the two spoke to **TOI's Madhav Chanchani and Digbijay Mishra** about the deal, and why more Indian startups should go global | **P 30**

earlier, will be considered a start-up through a new system that requires less paperwork to register with the department for promotion of industry and internal trade.

► **No sop if graft found, P 22**

'No concession if startups engage in corrupt practices'

► Continued from P 1

Startups can now do it through a system of self-declaration, where they will have to certify that they will not undertake investment in real estate, shares or buying aircraft or yacht. The move is meant to ensure that shell companies do not benefit from the concession. "In case, we find misuse of the provision, the concession can be withdrawn from the company," CBDT member Akhilesh Ranjan said. So far, there are over 16,000 recognised startups and the names of the new ones will be shared with the tax department, which will ensure that there is no scrutiny related to valuation of the registered entities.

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SURESH PRABHU | Union minister of commerce & industry

tion issues cropped up. We took up the issues with line ministries,” commerce and industry minister Suresh Prabhu told reporters after the new rules were notified.

On February 9, **TOI** was the first to report that the government was planning to offer more tax sops to start-ups, including allowing large listed companies to invest freely. There will be no cap on investments made by listed companies with networth of Rs 100 crore or turnover is Rs 250 crore or more, industry secretary Ramesh Abhishek said. “The decision will be applicable to new start-ups and also those who are already in business and have

received investment,” he said.

Start-ups heaved a sigh of relief. “It removes the cloud of suspicion on the entire early stage start-up investment climate. It is a positive step because start-ups, founders, and investors were facing significant challenges due to angel tax. Finally, there is a clear path for tax litigation to end and for these issues to be resolved to the satisfaction of the start-up community,” said Piyush Jain, co-founder and CEO, ImpactGuru.com that provides crowd funding solutions. Tax experts suggested that it will ease the rules and help startups focus on their business.

Full report on www.toi.in