

Start-ups seeks easier access to tax benefits

Sitharaman said issues such as government funding of startups and online selling of prescription drugs were discussed, apart from sectoral issues

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Nirmala Sitharaman

At a meeting with Commerce Minister Nirmala Sitharaman on Thursday, a number of start-up enterprises asked for easier access to tax benefits and more incubation facilities, among others. The minister later told journalists that issues such as government funding and online selling of prescription drugs were also discussed.

The 'Startup India' plan, launched by Prime Minister Narendra Modi earlier this year, offers incentives such as no income tax on profit for three years and exemption from compliance with labour laws for this period, too, for eligible start-ups (there are conditions).

Last week, the minister had announced that start-ups are now eligible for most such benefits after receiving a certificate from the department of

industrial policy and promotion (DIPP), as opposed to the earlier process of vetting by an inter-ministerial board.

However, the relaxed norms will not be valid for availing of tax benefits, which a lot of start-ups covet. DIPP has 782 applications from start-ups wanting these. Only 180 had the required documents, one of these being the incubator's certificate qualifying them as an innovative business.

While 88 have been listed by DIPP as possible contenders to receive most benefits, so far only one has managed to get approval of the inter-ministerial board for tax benefits, among a potential list of three.

Last week, the first states conference on the Startup India initiative was held by DIPP. The governments of Gujarat, Telangana, Karnataka, Rajasthan and Kerala presented the work they'd done on a system to encourage start-ups. A total of 28 start-ups participated.

Apart from mapping potential incubation centres across the country, with a focus on tier-II and III cities, DIPP has asked states to suggest names of educational institutions for the purpose.

"While the government is showing initiative in discussing the problems faced by various start-ups, we feel progress is slow." a start-up founder said on condition of anonymity.

Facing various sectoral challenges, the start-ups have been told by DIPP that their concerns will be sent on to the respective line ministries. A senior official said another meeting was on the cards to involve other stakeholders,

including other ministries. The meeting will be held within a week, he added.

Also, since currently only 278 government-approved incubators can certify and recommend start-ups, DIPP has also certified 20 private bodies, including Nasscom and iSprit, as incubators under the Startup India Action Plan. Also, a cap of Rs 5,000 has been put on the maximum fee charged by incubators for providing letter of recommendation to start-ups.