

Tax breaks for start-ups: speed up the scrutiny, DIPP tells IMB

Amiti Sen



NIRMALA SITHARAMAN, Union Commerce Minister

To date, just one firm has made the grade

New Delhi, July 24:

The Department of Industrial Policy & Promotion (DIPP) has urged the Inter-Ministerial Board (IMB) examining applications from start-ups for tax concessions to expedite the process of scrutiny and give its recommendations early.

“The tax breaks are for just three years and not monumental. We have urged the IMB to try and give its decisions early,” a DIPP official told *BusinessLine*.

So far, the IMB has recommended just one start-up for tax breaks. Two others that have been turned down will be reconsidered once they submit their applications afresh. “The applicants have not been rejected. It is just that their papers were not in order and we have asked them to apply again with the right documents,” the official said.

The IMB comprises officials from the , the Department of Science and Technology and the Department of Biotechnology.

Till date, 728 applications have been received for start-up recognition. Of these, 180 applications are complete and recognised as start-ups by the DIPP.

Income tax exemption for three years in a block of five years for start-ups is one of the most lucrative incentives in the package announced earlier this year. However, the incentive is only for start-ups incorporated between April 1, 2016 and March 31, 2019.

Commerce & Industry Minister Nirmala Sitharaman had said on Saturday that the Centre is open to examining the option of extending tax breaks to start-ups incorporated before April 1, 2016. “People have asked us what is so sacrosanct about April 2016 and why can’t start-ups incorporated before that also be considered (for sops). Well, these are the laid down rules. We can deliberate on that (changing it),” she said at a seminar on start-ups.

The Centre has already decided to expedite the process of extending IPR-related benefits to start-ups by requiring them to take a certificate of recognition just from the DIPP and not the IMB. A panel of facilitators has been constituted to assist start-ups in filing applications and DIPP has decided to bear the facilitation cost.

India ranks third in the world in number of start-ups, with the tally crossing 4,200 last December.

Extending CSR

The Centre also proposes to write to about 150 more corporates, in addition to the 50 already contacted, to contribute towards strengthening incubation facilities in the country through their CSR initiatives. “There is ample scope for companies to facilitate incubation as part of their CSR initiatives,” the DIPP official said.

(This article was published on July 24, 2016)

□