

Tax Exemptions to Startups for 3 Years

Excerpt from the Finance Act 2016: Definition of eligible Startup for the exemption

(4) The provisions of sub-section (5) and sub-sections (7) to (11) of section 80-IA shall apply to the start-ups for the purpose of allowing deductions under sub-section (1).

Explanation.—For the purposes of this section,—

(i) “eligible business” means a business which involves innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property;

(ii) “eligible start-up” means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:—

(a) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2019;

(b) the total turnover of its business does not exceed twenty-five crore rupees in any of the previous years beginning on or after the 1st day of April, 2016 and ending on the 31st day of March, 2021;

(c) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government; and

(iii) “limited liability partnership” means a partnership referred to in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008.’.

Act is available at <http://indiabudget.nic.in/ub2016-17/memo/mem1.pdf>