

इस कंपनी ने नवीनतम वित्तीय वर्ष की समाप्ति से सात वर्ष की अवधि, जिसमें कंपनी द्वारा प्रीमियम पर शेयर जारी किए गए हैं, के लिए उद्योग संवर्धन तथा आंतरिक व्यापार विभाग, वाणिज्य एवं उद्योग मंत्रालय द्वारा जारी अधिसूचना संख्या दिनांक..... के पैरा 4(iii) में उल्लिखित परिसंपत्तियों में निवेश नहीं किया है तथा न ही करेगी।

2. मैं जानता हूँ कि उपर्युक्त के अनुपालन में विफल रहने पर दी गई छूट पूर्वप्रभाव से वापस ले ली जाएगी।

स्थान.....

दिनांक.....

* हस्ताक्षर:.....

नाम:.....

पदनाम:.....

*इस घोषणा पर आयकर अधिनियम की धारा 140 के तहत आयकर रिटर्न पर हस्ताक्षर करने के लिए प्राधिकृत व्यक्ति द्वारा हस्ताक्षर किए जाएंगे।

MINISTRY OF COMMERCE AND INDUSTRY

(Department for Promotion of Industry and Internal Trade)

NOTIFICATION

New Delhi, the 19th February, 2019

G.S.R. 127(E).— This notification is being issued in supersession of the Gazette Notification No. G.S.R. 364(E) dated April 11, 2018 as modified vide Gazette Notification No. G.S.R. 34 (E) dated January 16, 2019.

Definitions

1. In this notification,—

(a) An entity shall be considered as a Startup:

- i. Upto a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.
- ii. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.
- iii. Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

Explanation-

An entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds one hundred crore rupees.

(b) "Act" means the Income-tax Act, 1961;

- (c) “Board” means the Inter-Ministerial Board of Certification comprising of the following members:
- (i) Joint Secretary, Department of Promotion of Industry and Internal Trade, Convener
 - (ii) Representative of Department of Biotechnology, Member
 - (iii) Representative of Department of Science & Technology, Member
- (d) "CBDT" means Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963 (54 of 1963);
- (e) “limited liability partnership” shall have the meaning as assigned to it in clause (n) of sub-section(1) of Section 2 of the Limited Liability Partnership Act, 2008;
- (f) “partnership firm” means a firm registered under section 59 of the Partnership Act, 1932;
- (g) “private limited company” shall have the meaning as assigned to it in clause (68) Section 2 of the Companies Act, 2013;
- (i) “turnover” shall have the meaning as assigned to it in clause (91) Section 2 of the Companies Act, 2013;
- (j) All references to “Forms” in this notification shall be construed as references to the forms set out in Appendix-I hereto;
 - (k) “DPIIT” means Department for Promotion of Industry and Internal Trade.

Recognition

2. The process of recognition of an eligible entity as startup shall be as under: —
- (i) A Startup shall make an online application over the mobile app or portal set up by the DPIIT.
 - (ii) The application shall be accompanied by—
 - (a) a copy of Certificate of Incorporation or Registration, as the case may be, and
 - (b) a write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.
 - (iii) The DPIIT may, after calling for such documents or information and making such enquires, as it may deem fit, —
 - (a) recognise the eligible entity as Startup; or
 - (b) reject the application by providing reasons.

Certification for the purposes of section 80-IAC of the Act

3. A Startup being a private limited company or limited liability partnership, which fulfils the conditions specified in sub-clause (i) and sub-clause (ii) of the Explanation to section 80-IAC of the Act, may, for obtaining a certificate for the purposes of section 80-IAC of the Act, make an application in Form-1 along with documents specified therein to the Board and the Board may, after calling for such documents or information and making such enquires, as it may deem fit, —
- (i) grant the certificate referred to in sub-clause (c) of clause (ii) of the Explanation to section 80-IAC of the Act; or
 - (ii) reject the application by providing reasons.

Exemption for the purpose of clause (viib) of sub-section (2) of section 56 of the Act

4. A Startup shall be eligible for notification under clause (ii) of the proviso to clause (viib) of sub-section (2) of section 56 of the Act and consequent exemption from the provisions of that clause, if it fulfils the following conditions:

- (i) it has been recognised by DPIIT under para 2(iii)(a) or as per any earlier notification on the subject
- (ii) aggregate amount of paid up share capital and share premium of the startup after issue or proposed issue of share, if any, does not exceed, twenty five crore rupees:

Provided that in computing the aggregate amount of paid up share capital, the amount of paid up share capital and share premium of twenty five crore rupees in respect of shares issued to any of the following persons shall not be included—

- (a) a non-resident; or
- (b) a venture capital company or a venture capital fund;

Provided further that considerations received by such startup for shares issued or proposed to be issued to a specified company shall also be exempt and shall not be included in computing the aggregate amount of paid up share capital and share premium of twenty five crore rupees.

iii) It has not invested in any of the following assets,—

- (a) building or land appurtenant thereto, being a residential house, other than that used by the Startup for the purposes of renting or held by it as stock-in-trade, in the ordinary course of business;
- (b) land or building, or both, not being a residential house, other than that occupied by the Startup for its business or used by it for purposes of renting or held by it as stock-in-trade, in the ordinary course of business;
- (c) loans and advances, other than loans or advances extended in the ordinary course of business by the Startup where the lending of money is substantial part of its business;
- (d) capital contribution made to any other entity;
- (e) shares and securities;
- (f) a motor vehicle, aircraft, yacht or any other mode of transport, the actual cost of which exceeds ten lakh rupees, other than that held by the Startup for the purpose of plying, hiring, leasing or as stock-in-trade, in the ordinary course of business;
- (g) jewellery other than that held by the Startup as stock-in-trade in the ordinary course of business;
- (h) any other asset, whether in the nature of capital asset or otherwise, of the nature specified in sub-clauses (iv) to (ix) of clause (d) of Explanation to clause (vii) of sub-section (2) of section 56 of the Act.

Provided the Startup shall not invest in any of the assets specified in sub-clauses (a) to (h) for the period of seven years from the end of the latest financial year in which shares are issued at premium;

Explanation.— For the purposes of this paragraph,-

- (i) “specified company” means a company whose shares are frequently traded within the meaning of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and whose net worth on the last date of financial year preceding the year in which shares are issued exceeds one hundred crore rupees or turnover for the financial year preceding the year in which shares are issued exceeds two hundred fifty crore rupees.

(ii) the expressions “venture capital company” and “venture capital fund” shall have the same meanings as respectively assigned to them in the explanation to clause (viib) of sub Section(2) of Section 56 of the Act.

Declaration

5. A startup fulfilling conditions mentioned in para 4 (i) and para 4 (ii) shall file duly signed declaration in Form 2 to DIPP that it fulfills the conditions mentioned in para 4. On receipt of such declaration, the DPIIT shall forward the same to the CBDT.

Scope

6. Notification referred in para 4 shall apply irrespective of the dates on which shares are issued by the Start up from the date of its incorporation, except for the shares issued in respect of which an addition under section 56(2)(viib) of the Act has been made in an assessment order made under the Act before the date of issue of the notification.

7. Notification referred to in para 4 shall be applicable only in respect of applicability of the provisions of section 56(2)(viib) of the Act to the Startup and shall not grant any exemption in respect of applicability of other provisions of the Act.

Revocation

8. (1) In case it is found that any certificate referred to para 3 has been obtained on the basis of false information, the Board reserves the right to revoke such certificate or approval.

(2) Where the certificate or approval has been revoked under sub-para (1), such certificate or approval shall be deemed never to have been issued or granted by the Board.

9. In case the Startup which has furnished declaration in Form-2 invests in any of the assets specified in para 4(iii) before the end of seven years from the end of the latest financial year in which the shares are issued at premium, the exemption provided under section 56(2)(viib) of the Act shall be revoked with retrospective effect.

Effect

10. This notification shall come into effect on the date of its publication in the Official Gazette. The Government will carry out a review of this notification on or before 31.03.2021.

[F. No. 5(4)/2018-SI]
ANIL AGRAWAL, Jt. Secy.

APPENDIX-I

Form-1

Application for certificate for the purposes of section 80-IAC of the Income-tax Act, 1961

1. Name of the Startup -
2. Date of incorporation/ registration of Startup -
3. Incorporation No./ registration No.
4. Address and business location-
5. Nature of business
6. Contact details of Startup (Phone No. and Email)-
7. Permanent Account No.
8. Existing/ proposed activities -

(Enclose copy of Memorandum of Association, LLP/partnership Deed, Board Resolution etc.)

Declaration

I/ We hereby certify that the above information furnished by me is true and no relevant information has been concealed.

For (Name of the Startup)

(Name of the authorised signatory) Designation

Place: _____

Date: _____

This form shall be accompanied by the following documents (if applicable)-

1. Annual Accounts of the startup for the last three financial years
2. Copies of income-tax returns for the last three financial years

Form 2

Declaration by a Startup for exemption under Section 56(2)(viib) of the Income Tax Act, 1961

<To be issued on Company Letterhead>

I, _____ Son/ Daughter of _____ having Permanent Account Number (PAN) _____ in my capacity as _____ of _____ (Company's Name) _____ having DPIIT recognition number _____ and Permanent Account Number (PAN) _____ hereby certify and declare that the said company has not invested and shall not invest for a period of seven years from the end of the latest financial year in which shares are issued at premium by the said company in any of the assets specified in para 4(iii) of the notification number _____ dated _____ issued by Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry.

2. I understand that failure to comply with the above declaration will result in revocation of exemption with retrospective effect.

Place: _____

Date: _____

*Signature:

Name: _____

Designation: _____

*This declaration is to be signed by a person who is authorised to verify the return of income under section 140 of the Act.