

DEDUCTION UNDER SECTION 80-IAC FOR STARTUPS :: AN OPPORTUNITY

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Sl. No.	CRITERIA	CONDITIONS
1	Eligible Business	"a business which involves innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
2	Eligible Start-up	<ol style="list-style-type: none">1. is a company or a Limited Liability Partnership (LLP)2. is engaged in Eligible Business (as above).3. is incorporated between 1 April 2016 to 31 March 2019 (both dates inclusive)4. total turnover of its business does not exceeds Rs. 25 crore in any of the following five financial years ie., FY 2016-17 To FY 2020-215. certified by the Inter-Ministerial Board of Certification in respect of Eligible Business
3	Amount of Deduction	100% of profits and gains derived from eligible business
4	Period of Deduction	3 consecutive assessment years
5	Commencement of Deductions	At the option of the Assessee, any 3 consecutive Assessment years out of 5 years beginning from the year in which the eligible start-up is incorporated.
6	Restrictions	<ol style="list-style-type: none">1. Should not be formed by SPLITTING UP or the RECONSTRUCTION of a business already in existence; or2. Not formed by TRANSFER of Plant & Machinery used for any purpose. However, if any 'second-hand' Plant & Machinery,<ol style="list-style-type: none">a. used outside India by any person other than the assessee, isb. imported into India, andc. no depreciation on the said Plant & Machinery has been allowed under the Income-tax act, 1961.shall not be regarded as Transfer of used Plant & Machinery. Further, where, the total value of the Plant & Machinery, transferred does not exceed 20% of the Total Value of Plant & Machinery used in the Business, the above condition is deemed to be complied with.
7	Separate Books of Accounts and Audit	<ul style="list-style-type: none">✓ Separate Accounts are required for Eligible Business.✓ Accounts are required to be Audited by a Chartered Accountant.✓ To furnish Audit Report in Form No. 10CCB, along with Return of Income
8	Related Party Transactions	<p>POWER OF ASSESSING OFFICER TO RECOMPUTE PROFITS:</p> <ul style="list-style-type: none">✓ Transfer of any goods or services held for the purpose of any other business to the eligible business other than Fair Market Value (FMV).✓ Owing to close connection between the assessee & any other person, the course of business is so arranged that the business between them produces more than 'ordinary profits.'

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