

GOVERNMENT OF INDIA
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 2527
TO BE ANSWERED ON: 01.08.2018

SPECIAL TARIFF FOR IT STARTUPS

**2527 SHRI NARANBHAI KACHHADIYA:
 SHRI RATTAN LAL KATARIA:**

Will the Minister of Electronics and Information Technology be pleased to state:

- (a) whether the Government has any proposal to give any special tariff exemptions to IT start-ups in near future;
- (b) if so, the details thereof and if not, the reasons therefor; and
- (c) the time by which it is likely to be implemented?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
(SHRI S. S. AHLUWALIA)

(a), (b) and (c): There is no plan of Government to provide any special tariff exemption to IT start-ups in near future. Government have already taken a number of initiatives under the Startup India Program which includes:

- (i) Start-ups to get income tax exemption for 3 years in a block of 5 years, if they are incorporated between 1st April 2016 and 31st March 2019. In the Union Budget 2017-18, the Government has increased this period of profit-linked deductions available to the eligible start-ups to 7 years.
- (ii) Section 54 EE has been introduced under the Finance Act, 2016 which provides for exemption of capital gain up to INR 50 lakhs arising out of transfer of long term capital asset invested in a fund notified by Central Government. Also, Section 54 GB of Income-Tax Act, 1961 has been amended to provide exemption from tax on capital gains arising out of sale of residential house or a residential plot of land if the amount of net consideration is invested in equity shares of eligible Start-up for utilizing the same for purchase of specified asset.
- (iii) Tax exemptions on investments above Fair Market Value have been introduced on 14 June 2016 for investments made in Start-ups.
