



Contents

	PAGE
<i>Tax Benefits Available to DPIIT-Recognised Start-up Private Limited Companies Based on their Turnover</i>	I-25
<i>Start-up FAQs</i>	I-27

1 START-UP

1.1	Backdrop	1
1.2	Start-up	1
1.2-1	What is the revised definition for MSMEs? What are the changes in the existing legal definition/classification	2
1.2-2	What is the effective date for coming into force of the revised composite classification criteria of MSMEs?	4
1.2-3	Whether start-ups will be regarded as MSMEs as per the revised definition?	4
1.2-4	What is the legal difference between an MSME and a start-up?	4
1.2-5	Can an enterprise satisfy the definition of MSME and startup and get the best of both the worlds <i>i.e.</i> benefits under MSMED Act as well as LSN?	7
1.2-6	How to compute investment in Plant and Machinery	7
1.2-7	How to compute turnover for the purpose of turnover ceilings in NMN?	8
1.2-8	Whether any registration will be required to be recognised as MSME under the revised classification with effect from 01.07.2020?	9

	PAGE
1.2-9	If either turnover or investment of an MSME enterprise falls below the ceiling limits specified for its present category, will the enterprise be placed in the lower category? For example, investment in plant and machinery or equipment of a small enterprise falls below to 1 crore or less due to disposal of some machineries and equipments but turnover does not fall to Rs. 5 crores or less. Will the MSME enterprise be classified in lower category as micro? 14
1.2-10	What happens if enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover ? 14
1.2-11	Updation and transition period in reclassification 15
1.2-12	Whether different enterprises with different GSTINs will be regarded as separate enterprises for the purposes of the investment and turnover ceilings? 16
1.2-13	What benefits are available under the MSMED Act to a micro enterprise start-up filing Udyam Registration? 16
1.2-14	What benefits are available under the MSME Act to a small enterprise start-up filing Udyam Registration? 17
1.2-15	What benefits are available under the MSME Act to a medium enterprise start-up filing Udyam Registration? 18
1.2-16	For availing tax holiday under section 80-IAC of the Income-tax Act, will it be necessary for start-up to file Udyam Registration? 18
1.2-17	What Income-tax benefits are applicable to start-ups regardless of whether they satisfy the MSME definition or not ? 18
1.2-18	What is the Emergency Credit Line Guarantee Scheme (ECLGS) announced for MSMEs to tide over the situation created by Corona Virus and whether start-ups are eligible for it if they have not filed Udyam Registration? 19

	PAGE
1.2-19 What is the Emergency Credit Line Guarantee Scheme (ECLGS) announced for MSMEs to tide over the situation created by Corona Virus and whether start-ups are eligible for it if they have not filed Udyog Aadhaar Memorandum?	19
1.3 Start-up India scheme	26
1.4 Benefits to recognised start-ups under 'start-up India scheme'	27

2

DEFINITION OF 'START-UP' AS PER DPIIT NOTIFICATION

2.0 Backdrop	34
2.1 What entity qualifies as a 'start-up' under the start-up India scheme for various Govt. Incentives/support	36
2.2 Whether start-ups incorporated abroad and operating in India will be eligible to be regarded as 'start-ups' as per the above definition?	36
2.3 Applicability of latest expanded definition to existing start-ups <i>i.e.</i> start-ups existing as on 19.02.2019	37
2.3-1 Start-ups incorporated prior to 19.02.2019 and which crossed the old turnover limit of Rs. 25 cr before 19.02.2019 but not the new limit of Rs. 100 cr for FY 2018-19?	38
2.3-2 Start-ups incorporated prior to 19.02.2019 and which crossed the old turnover limit of Rs. 25 cr during FY 2018-19 on or after 19.02.2019 but whose turnover is below the new limit of Rs. 100 cr?	39
2.3-3 Start-ups incorporated prior to 19.02.2019 and recognised by DPIIT who completed 7 years from date of incorporation on say 18.02.2019?	39
2.3-4 Start-ups recognised by DPIIT which completed 7 years from date of incorporation on or after 19.02.2019 <i>i.e.</i> say on 20.02.2019	40
2.3-5 Start-ups incorporated prior to 19.02.2019 and their recognition applications are pending with DPIIT as on 19.02.2019	41

	PAGE
2.4 Entity hasn't completed 10 years from the date of its incorporation/registration	41
2.5 Turnover of entity shall not exceed INR 100 crores	41
2.5-1 Definition of 'turnover'	42
2.6 Entity is working towards innovation, development or improvement or is a scalable business model	44
2.6-1 Innovation	44
2.6-2 Scalable business model	47
2.7 Entity not formed by splitting up or reconstruction of a business already in existence	51
2.7-1 Formed by splitting up of a business already in existence	51
2.7-2 Reconstruction	51
2.7-3 Whether conversion of a start-up entity which is a firm or LLP partnership into a private limited company under Chapter XXI of the Companies Act, 2013 (the 2013 Act) amounts to splitting up or reconstruction of a business already in existence? Will new converted entity lose benefits available to a start-up under the Notification?	53

3

APPROVALS NEEDED BY START-UP ENTITY FOR CLAIMING TAX BENEFITS

3.1 No tax incentives under section 80-IAC or section 54GB if start-up entity is a partnership firm	56
3.2 Merely satisfying the definition of start-up is not enough to claim tax benefits under the Income-tax Act	56
3.3 Approvals needed by start-up to claim tax benefits under the Income-tax Act	57
3.4 Recognition of a start-up by DPIIT	59
3.4-1 What is the procedure for applying for DPIIT recognition	59
3.4-2 Whether a startup LLP with foreigner as a partner can get recognition by DPIIT?	64

	PAGE
3.4-3 What if start-up application for DPIIT-recognition is rejected or marked incomplete?	64
3.4-4 Is there any appeal against order rejecting the application for recognition?	65
3.4-5 Whether recognition by DPIIT essential for claiming tax benefits under the Income-tax Act, 1961?	65
3.4-6 Whether fresh recognition to be obtained by a DPIIT-recognised start-up firm on conversion to LLP/private limited company or by a DPIIT-recognised LLP on conversion to private limited company?	66
3.5 Certification of the start-up entity by IMB for the purposes of section 80-IAC of the Act	66
3.5-1 What if startup private limited company decides that it does not want tax holiday under section 80-IAC but would opt to pay low tax rates without exemptions under section 115BAA/section 115BAB [Para 5.11]? Would certification by IMB be needed in that case?	67

4

TAX EFFICACY OF DIFFERENT START-UP ENTITY FORMS - FIRMS, LLPs & PVT. COS.

4.1 Start-up entity forms recognised under the start-up India scheme	68
4.2 Start-up entity which is a registered partnership firm	69
4.3 Start-up entity which is a limited liability partnership	70
4.3-1 Can foreigner be a partner in a startup LLP and can such start-up be recognised by DPIIT?	71
4.3-2 What are the tax consequences for a start-up LLP under the Income-tax Act?	71
4.4 Start-up entity which is a private limited company	73
4.4-1 Minimum paid-up capital requirements for forming a private company	76

	PAGE
4.4-2 Restriction on right to transfer shares [Section 2(68)(i)]	76
4.4-3 Limitation on the number of members to not more than 200 [Section 2(68)(ii)]	77
4.4-4 Exclusion of joint shareholders for the purpose of limit of 200 members - First proviso to section 2(68)(i)	78
4.4-5 Exclusion of employee-shareholders of private company for the purpose of limit of 200 members-Second proviso to section 2(68)(i)	78
4.4-6 Exclusion of ex-employees shareholders of private company for the purpose of limit of 200 members-Second proviso to section 2(68)(i)	78
4.4-7 Prohibition of any invitation to the public to subscribe for any securities of the company [Section 2(68)(iii)]	79
4.4-8 Is One Person Company (OPC) a private limited company and eligible to be considered a 'start-up'?	80
4.4-9 Tax consequences for a start-up entity which is a private limited company	84
4.5 Summary	90

5

TAX HOLIDAY TO START-UPS UNDER SECTION 80-IAC

5.1 Tax holiday to start-ups under section 80-IAC	92
5.2 Eligible start-up	93
5.2-1 Start-up entity must be a private limited company or LLP	93
5.2-2 Engaged in eligible business	94
5.2-3 Instances of start-ups certified as 'eligible business' by IMB as per Start-up India website	95
5.2-4 Instances of Applications rejected by IMB	101
5.2-5 Instances where IMB gave start-up 30 days to reply to its detailed observations or accept observations as reasons for rejection	105

	PAGE
5.2-6 It is incorporated on or after 1-4-2016 but before 1-4-2021	<i>110</i>
5.2-7 Total turnover not to exceed Rs. 100 crores	<i>110</i>
5.2-8 It holds a certificate of eligible business from the Inter-Ministerial Board of Certification	<i>111</i>
5.2-9 'Board'/IMB	<i>114</i>
5.2-10 Whether start-ups existing as on 19.02.2019 whose turnover is more than 25 cr. and less than Rs. 100 cr. can apply to IMB for certification for section 80-IAC purposes?	<i>114</i>
5.2-11 Does a start-up have to separately apply to IMB for certification every assessment year?	<i>116</i>
5.2-12 Is it essential to obtain DPIIT recognition before applying to IMB for certification for section 80-IAC under Para 3 of the latest start-up Notification?	<i>116</i>
5.2-13 What are the common reasons for which IMB rejects applications for certification under section 80-IAC?	<i>118</i>
5.2-14 Can the IMB revoke certification for section 80-IAC?	<i>118</i>
5.2-15 What is the time-limit within which IMB has to revoke certification?	<i>118</i>
5.2-16 What is the effect of revocation of certificate by IMB?	<i>118</i>
5.3 Start-up not formed by splitting up, or the reconstruction, of a business already in existence	<i>118</i>
5.4 Start-up not formed by the transfer to a new business of machinery or plant previously used for any purpose	<i>119</i>
5.5 Additional conditions applicable	<i>120</i>
5.6 Deduction is subject to sections 80A and 80AB	<i>120</i>
5.7 Deduction not available if ITR not filed within due date	<i>121</i>
5.8 Simultaneous deduction under section 80JJAA and section 80-IAC is available	<i>122</i>
5.9 Minimum alternate tax	<i>122</i>
5.10 Alternate minimum tax applicable to LLP negates section 80-IAC and renders tax holiday illusory	<i>123</i>

	PAGE
5.11 Startups may forego tax holiday under section 80-IAC and opt for lower tax rates under section 115BAA and section 115BAB	124
5.12 What are salient features of new section 115BAA?	130
5.12-1 Opting in	131
5.12-2 Opting out of section 115BAA regime-permanent exit	132
5.12-3 What are the conditions to be satisfied by a domestic co. to claim concessional tax rate of 22% u/s 115BAA	132
5.12-4 Once having entered section 115BAA regime, can company exit it?	140
5.12-5 What benefits will a domestic co. get upon fulfilment of conditions in 5.12-3 Above	140
5.12-6 "Subject to other provisions of this Chapter"	141
5.12-7 What are the incomes to which the tax rate under section 115BAA does not apply?	141
5.12-8 What is the rate of surcharge applicable to income taxable @ 22% under section 115BAA and to other incomes taxable under various other provisions of Chapter XII <i>i.e.</i> sections 110 to 115BBG except sections 115BA and 115BAB	142
5.12-9 Whether company opting for section 115BAA is exempt from MAT?	142
5.12-10 If an existing company opts for section 115BAA, what happens to its unutilised MAT credit?	142
5.13 What is the low tax rate regime under section 115BAB for new manufacturing companies?	143
5.13-1 Opting for section 115BAB regime	145
5.13-2 Opting out of section 115BAB regime	145
5.13-3 Option exercised for section 115BAB regime being invalid due to non-compliance with conditions in sub-section (2)	146
5.13-4 What are the conditions to be satisfied by a domestic co. to claim concessional tax rate of 15% u/s 115BAB	146

	PAGE
5.13-5 Benefit of section 115BAB is not available to a foreign company	149
5.13-6 Whether section 115BAB shall apply to LLPs/ partnership firms	149
5.13-7 Is section 115BAB applicable to listed companies	149
5.13-8 Date of registration of company should be on or after 01-10-2019	149
5.13-9 The company has commenced manufacturing or production of an article or thing on or before 31-3-2023	150
5.13-10 Ours is a partnership firm formed on 01-04-2019 engaged in manufacturing. We plan to convert into a company on or after 01-10-2019. We began manufacturing on 01-07-2019. Can the company claim benefit of 15% tax rate u/s 115BAB?	151
5.13-11 Is it necessary that business of domestic co. should be 'new business' in order to claim benefit u/s 115BAB?	151
5.13-12 What is meant by the condition "company is not formed by splitting up or reconstruction of a business already in existence"	152
5.13-13 What if any difficulty arises regarding fulfilment of this condition regarding business not being formed by splitting or reconstruction of existing business	153
5.13-14 What are the consequences if it is found that business of the company is formed by splitting up or reconstruction of existing business	153
5.13-15 What is meant by the condition "does not use machinery or plant previously used for any purpose"	154
5.13-16 What is meant by "total value" for the purpose of determining whether total value of second hand plant and machinery used does not exceed 20% of total value of plant and machinery used by the company?	155
5.13-17 Whether the condition, as regards non-user of second-hand plant and machinery exceeding 20% of the total value of plant and machinery, is a one-	155

	PAGE
time condition to be followed only in company's first year or is required to be complied with every year?	
5.13-18 What if any difficulty arises regarding fulfilment of this condition regarding business not being formed out of existing business	156
5.13-19 What are the consequences if it is found that more than 20% of the plant and machinery used by the company is second-hand plant and machinery	156
5.13-20 The company does not use any building previously used as a hotel or convention centre	156
5.13-21 Whether the condition, as regards non-user of any building previously used as a hotel or convention centre, is a one-time condition to be followed only in company's first year or is required to be complied with every year?	157
5.13-22 What if any difficulty arises regarding fulfilment of this condition non-user of any building previously used as a hotel or convention centre	157
5.13-23 What are the consequences if it is found that building used by the company was previously used as hotel or conventions centre and deduction u/s 80-ID was claimed and allowed in respect thereof?	157
5.13-24 What is "manufacture or production of any article or thing"?	158
5.13-25 What is the difference in computation of total income under normal provisions and under the provisions of section 115BAB?	174
5.13-26 What exemptions or deductions are not available to companies opting for section 115BAA/115BAB?	175
5.13-27 Unabsorbed depreciation	176
5.13-28 If a company opts for section 115BAB, whether current year's losses can be set off?	176
5.13-29 Whether there is any bar on set-off of carried forward loss from any earlier assessment year?	177
5.13-30 How to opt for section 115BAB Scheme?	178

	PAGE
5.13-31 Can company keep opting in and opting out of section 115BAB at its own sweet will?	178
5.13-32 Can a company exit the section 115BAB scheme and migrate to normal computation provisions or to section 115BAA ?	178
5.13-33 What benefits will a domestic co. Get upon fulfilment of conditions	180
5.13-34 Special rate of 17.16% on income derived from or incidental to manufacture or production in related party transactions is subject to compliance with sub-section (6)	181
5.13-35 Where the total income of a domestic company, includes any income, which has neither been derived from nor is incidental to manufacturing or production of an article or thing and in respect of which no specific rate of tax has been provided separately under Chapter XII	181
5.13-36 Income derived from or incidental to manufacturing or production of an article or thing	182
5.13-37 Subject to other provisions of this Chapter	183
5.13-38 What is the rate of surcharge applicable to income taxable @ 15% under section 115BAB and to other incomes taxable under various other provisions of Chapter XII i.e. sections 110 to 115BBG except sections 115BA and 115BAA	184
5.13-39 What are the incomes to which the tax rate of 15% (effective tax rate 17.16%) under section 115BAB does not apply?	184
5.13-40 What is the surcharge applicable to the incomes in the table as above?	185
5.13-41 What is the surcharge applicable to the tax rate of 15% u/s 115BAB?	185
5.13-42 Whether company covered under section 115BAB is exempt from MAT?	185
5.13-43 If a domestic company which has opted for section 115BAB fails to comply with conditions in section 115BAB(2), what are the consequences? Are any safety valves available against such consequences?	185

	PAGE
5.13-44 What if company finds difficulties in complying with the provisions of section 115BAB(2)(a)(ii)/(iii)/section 115BAB(2)(b)?	187
5.13-45 If assessee-company is found during assessment to be not compliant with section 115BAB, then how will income of company be computed?	187
5.13-46 Whether company can carry on business other than specified business?	188
5.13-47 What if company wants be a diversified company not limited to manufacturing?	188
5.13-48 Is there any maximum turnover limit criteria a domestic co. must satisfy to claim benefit u/s 115BAB?	188
5.13-49 Is there any sunset clause in section 115BAB after which special low rate of 17.16% Will not apply?	188
5.13-50 We have formed and registered DPIIT-recognised startup private limited company in November 2019. Will we be eligible for tax holiday under section 80-IAC if we opt for section 115BAB?	189
5.13-51 We have formed and registered DPIIT-recognised startup private limited company in November 2019. Will we be ineligible for section 115BAB if we get certification of Inter Ministerial Board (IMB) as eligible to claim deduction under section 80-IAC?	189
5.13-52 What happens to claim for carry forward and set off of losses in terms of section 79 if a new startup company opts for section 115BAB?	189
5.13-53 If manufacturing LLP or firm converts itself to a company on or after 1-10-2019 and satisfies all conditions of section 115BAB, will the company be eligible to avail set-off of unutilised Alternate Minimum Tax (AMT) credit of erstwhile LLP/firm?	190
5.14 Conclusion	190
5.15 Case studies and illustrations on section 80-IAC	190

6

FUNDING BLUES OF PRIVATE LIMITED START-UP COMPANIES

6.1	Onus on start-up private limited Co. to explain 'source of the source' of share capital/share premium raised	192
6.2	Angel tax u/s 56(2)(viib) - Share premium received by closely held companies in excess of FMV taxable	194
6.2-1	Exemption of start-ups from angel tax	197
6.2-2	Consequences of non-compliance with start-ups with conditions for exemption from angel tax specified in LSN	198
6.2-3	Where first proviso to section 68 attracted, will there be double taxation - Taxation under section 56(2)(viib) as well as section 68?	199
6.3	Mode of acceptance of share capital monies - Section 269ST	200
6.4	How should promoter raise money to fund his own investment in start-ups before he can get angel funding	202

7

TAX IMPLICATIONS OF FUNDING A START-UP BY INVESTING IN IT MONEY FROM SALE OF RESIDENTIAL PROPERTY INVESTED IN START-UP - SECTION 54GB

7.1	If eligible start-up company (Pvt. Ltd. Co.) is liable to MAT, then will promoter get section 54GB relief?	203
7.2	Tax exemption for selling residential property and investing long-term capital gains in equity shares of start-up company	203
7.3	Conditions to be satisfied for availing tax relief in respect of capital gains by investment in shares of a company which is 'eligible start-up'	204
7.4	Promoter selling his residential property and investing monies in its shares-efficient from point of view of explaining 'source of source' under section 68	206

8

EXEMPTION FROM 'ANGEL TAX' TO PRIVATE LIMITED COMPANIES START-UPS

8.1	Exemption from angel tax as per paras 4 to 7 of latest start-up notification	<i>207</i>
8.2	Start-up should be a private limited company recognised by DPIIT	<i>210</i>
8.3	Aggregate consideration for shares should not exceed INR 25 crores	<i>211</i>
8.3-1	Is the limit of consideration for shares received of INR 25 cr. for angel tax exemption applicable financial year-wise?	<i>213</i>
8.3-2	Promoter sells his residential property and invests in equity shares of his start-up private co. FY 2019-20 for 25% stake and claimed section 54GB exemption for capital gains from property in his ITR. Will this amount count for limit of INR 25 cr. for angel-tax exemption	<i>213</i>
8.3-3	Will preference shares issued count for the limit of INR 25 cr?	<i>214</i>
8.3-4	Illustration on angel tax exemption - PQR Pvt. Ltd. is a DPIIT-Recognised start-up incorporated on 01.04.2016. The aggregate consideration (share capital plus share premium) received till date for issue of shares is INR 70 cr. (Share capital INR 10 cr plus share premium INR 60 cr) The break-up of amounts received from various parties	<i>214</i>
8.4	Start-up has not invested in specified assets for period of 7 years from end of latest FY in which shares are issued for premium	<i>216</i>
8.4-1	Declaration in Form 2 to be filed for availing exemption from Angel Tax	<i>217</i>
8.5	Declaration in Form 2 to be submitted by start-up fulfilling conditions	<i>218</i>
8.6	Consequences of non-compliance with start-ups with conditions for exemption from angel tax specified in LSN	<i>218</i>

	PAGE
8.6-1 What if conditions of exemption from angel tax are violated and FMV of shares exceeds consideration received on them? Will start-up PLC be able to claim any deduction as negative income or loss?	219
8.6-2 'Company fails to comply with any of those conditions'	219
8.6-3 If company ceases to be 'start-up' as defined in LSN by reason of crossing INR 100 crores turnover limit or by reason of expiry of 10 years from the date of incorporation, will tax and penalty as per new second proviso apply to past issues of shares for which exemption from angel-tax under LSN was claimed ?	223
8.7 What about pending assessments of DPIIT-recognised start-up companies based on notices issued prior to 19-02-2019? How should start-ups deal with these?	223
8.8 When to file declaration in Form 2? Can it be filed after issue of notice under section 143(2)/147 when assessment proceeding is pending?	225
8.9 Whether DPIIT-recognition can be obtained after issue of notice under section 143(2)/147 when assessment proceeding is pending?	225
8.10 What if assessment was made before 19-02-2019 and demand raised in respect of angel tax <i>i.e.</i> additions u/s 56(2)(<i>viib</i>)? Can exemption be obtained by filing Form No. 2 in such cases?	225
8.11 What happens if matter as in FAQ 8.10 Above is pending in appeal?	226
8.12 What about demands raised on start-up company in orders passed before 19-2-2019?	227

9

COMPUTATION ON FMV OF SHARES ISSUED WHEN ANGEL TAX EXEMPTION IS NOT APPLICABLE

9.1 Determination of fair market value of start-up company's shares	228
--	-----

	PAGE
9.2 Break-up value method	233
9.2-1 Balance sheet as on valuation date	234
9.2-2 'Book value'	234
9.2-3 'Book value of assets'	235
9.2-4 Amount paid as advance tax under the Income-tax Act	235
9.2-5 Fictitious assets	235
9.2-6 Book value of liabilities	236
9.2-7 The paid-up capital in respect of equity shares [Sub-clause (i) of Rule 11UA(2)(a)]	236
9.2-8 The amount set apart for payment of dividends on preference shares and equity shares [Sub-clause (ii) of Rule 11UA(2)(a)]	236
9.2-9 Reserves, by whatever name called, other than those set apart towards depreciation [Sub-clause (iii) of Rule 11UA(2)(a)]	237
9.2-10 Any amount representing provision for taxation [Sub-clause (iv) of Rule 11UA(2)(a)]	237
9.2-11 Any amount representing provisions made for meeting liabilities, other than ascertained liabilities [Sub-clause (vi) of Rule 11UA(2)(a)]	239
9.2-12 Any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares [Clause (vi) of Rule 11UA(2)(a)]	243

10

CONDITIONS FOR CARRY FORWARD OR SET OFF OF LOSSES OF START-UP PLC U/S 79

10.1 Carry forward and set off of losses of start-up PLC under section 79 - Pre-amendment position	245
10.2 Carry forward and set off of losses of start-up PLC under amended section 79	246
10.3 If turnover of start-up PLC exceeds the turnover limit in section 80-IAC, will it also lose tax benefits under section 79?	248

11**DEFERRING TDS OR TAX PAYMENT IN RESPECT
OF ESOP INCOME OF EMPLOYEES OF
ELIGIBLE START-UPS**

11.1	Deferring TDS or tax payment in respect of income pertaining to Employee Stock Option Plan (ESOP) of start-ups	250
-------------	--	-----

12**MANDATORY ACCEPTANCE OF PAYMENTS
THROUGH PRESCRIBED ELECTRONIC MODES IF
TURNOVER EXCEEDS RS. 50 CRORES - SECTION 269SU**

12.1	Mandating acceptance of payments through prescribed electronic modes if business entity's turnover exceeds 50 crores [Sections 269SU and 271DB]	254
12.2	Conditions to be fulfilled for applicability of section 269SU	256
12.3	Is section 269SU applicable to DPIIT - Recognised start-ups?	258
12.4	'Total sales, turnover or gross receipts'	258
12.5	Distinction between 'turnover' and 'total sales'	259
12.6	ICAI's views on 'turnover'	259
	12.6-1 Whether sales tax/excise duty collected is to be included in turnover	260
12.7	Items to be excluded/deducted from 'turnover'	261
12.8	Items to be included/not to be deducted from 'turnover'	261
12.9	VAT/other indirect taxes collected/collectible - Whether part of turnover	262
12.10	'Gross Receipts' of business - ICAI's views	263
12.11	Items to be included in 'gross receipts'	263
12.12	Items not to be included in 'gross receipts'	264

13

TAXATION OF CAPITAL GAINS ON SALE OF SHARES BY INVESTORS EXITING START-UPS

13.1	Transfer of shares of start-up private limited co. by exiting investor will result in capital gains income	266
13.2	Special provision for full value of consideration for transfer of unquoted share - Section 50CA	267
13.2-1	Quoted Share	267
13.2-2	Fair Market value	267
13.3	Taxation of short-term capital gains resulting from transfer of unlisted equity shares	267
13.4	Taxation of long-term capital gains resulting from transfer of unlisted equity shares	268
13.5	Where individual/HUF investor had claimed section 54GB benefits	268

APPENDICES

APPENDIX 1 : NEW DEFINITION OF 'START-UPS'	271
APPENDIX 2 : REPEALED DEFINITIONS OF 'START-UP'	278
APPENDIX 3 : RELEVANT SECTIONS OF INCOME-TAX ACT, 1961	289
APPENDIX 4 : RELEVANT RULES OF INCOME-TAX RULES, 1962	311
APPENDIX 5 : NOTIFIED CLASS OF PERSONS UNDER CLAUSE (ii) OF PROVISO TO SECTION 56(2)(viib)	317
APPENDIX 6 : SECTION 56(2)(viib) OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - CHARGEABLE AS - START UPS - CONSOLIDATED CIRCULAR FOR ASSESSMENT OF START UPS	319
APPENDIX 7 : STARTUP INDIA KIT	321
APPENDIX 8 : SCHEME FOR FACILITATING START-UPS INTELLECTUAL PROPERTY PROTECTION (SIPP)	337
APPENDIX 9 : EMERGENCY CREDIT LINE GUARANTEE SCHEME (ECLGS) OPERATIONAL GUIDELINES UPDATED AS ON MAY 26, 2020	341

	PAGE
APPENDIX 10 : FREQUENTLY ASKED QUESTIONS (FAQs) ON GUARANTEED EMERGENCY CREDIT LINE OF RS. 3 LAKH CRORE	351
APPENDIX 11 : EMERGENCY CREDIT LINE GUARANTEE SCHEME (ECLGS)	357
APPENDIX 12 : NOTIFIED CLASSES OF PERSONS UNDER SECTION 56(2)(viib), CLAUSE (ii) OF PROVISO	358
APPENDIX 13 : THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006	359
APPENDIX 14 : NEW MSME NOTIFICATION (NMN)	375