

Start-up tax sop extended by one more year

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Calcutta: The start-up sector has got a boost from the Union budget with finance minister Nirmala Sitharaman extending the date of the incorporation of start-ups to avail themselves tax benefits by one year to March 31, 2024.

"We have taken a number of measures for start-ups and they have borne results. India is now the third largest ecosystem for start-ups globally, and ranks second in innovation quality among middle-income countries. I propose to extend the date of incorporation for income tax benefits to start-ups from 31.03.23 to 31.3.24. I further propose to provide the benefit of carry-forward of losses on change of shareholding of start-ups from seven years of incorporation to 10 years," Sitharaman said.

Till now the tax holiday was available for start-ups incorporated till March 2023. In last year's budget, Sitharaman had announced a similar extension. The announcements have been welcomed by the industry.

"Proposals such as the extension of the period of incorporation for start-ups till March 31, 2024, for availing income tax benefits and increasing the benefit of carry forward losses can facilitate start-ups to a greater extent. Furthermore, in order to unleash innovation and research by start-ups, a national data governance policy will be brought forward, giving access to anonymised data which can be utilised in the research and development of novel products and services," said Sumit Chhazed, CEO and co-founder, OTO.

"One major initiative was that MSMEs that are failing to execute the contracts that they have entered into during the Covid period are to be given 95 per cent of the forfeited amount in relation to bidding or performance security, which can act as a major relief and unburden the start-ups."

"Fund of Funds for Start-ups (FFS) scheme, Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS), under the Startup India initiative of 2016 would provide financial aid at every stage of their business cycle."

"Therefore, the aforementioned amendments would result in the sprouting of new start-ups with better innovative products and services this year along with the flourishing of existing start-ups resulting in economic growth and development contributing to the GDP of the country," the OTO CEO said.

"With the finance minister announcing the launch of an agriculture accelerator fund for young entrepreneurs, the agritech industry and start-ups will get a major boost in growth. Agro companies that are decades old will see increased productivity through the use of new-age technologies. Building a digital public infrastructure will also offer a host of farmer-centric solutions which will assist farmers in improving their farm output as well as income," said Priyanka Wadhwa, co-owner, Kapila Krishi Udyog Limited and co-founder of CommsCredible.

"The expansion of the government digital certificate depository Digilocker services for the fintech sector will also be beneficial for fintech start-ups. The budget also focused on continuing to strengthen the digital payment infrastructure in India through UPI and India Stack," said Vineet Patawari, cofounder CEO StockEdge.
