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DPIIT Certificate Of Recognition For Startups

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Foreword

Department for Promotion of Industry and Internal Trade(DPIIT) launched the Ease of Doing Business (EoDB).
The Startup India initiative was unveiled in India by DPIIT. The flagship programme intends to create a robust eco-system in the country for nurturing innovation and startups, which would promote long-term economic growth and provide large-scale job opportunities.

The Startup India project, which has sparked entrepreneurial energy across the country, has made significant headway. The DPIIT is in charge of coordinating the Startup India initiative's execution with other government departments.

DPIIT established the Ease of Doing Business (EoDB), which seeks innovative ideas from people, startups, and other businesses for re-engineering government procedures using Artificial Intelligence (AI), Big Data Analytics, Internet of Things (IoT), Blockchain, and other cutting-edge technologies.

Recognising that disruptive business models and breakthrough technology may meet regulatory challenges, DPIIT conducted broad consultations with all stakeholders and collaborated with relevant government agencies to propose regulatory adjustments. So far, as many as thirty six regulatory adjustments have been made to make it easier to establish business, raise financing, and comply with regulations.

Benefits of DPIIT Recognition

a) Income Tax Exemption for Startups under the Startup India Action Plan:

1. Tax exemption under Section 80 IAC of the Income Tax Act: A startup can request for tax exemption under section 80 IAC of the Income Tax Act after receiving recognition. After receiving tax exemption approval, the startup can take advantage of a three-year tax holiday out of the first ten years since it was incorporated.

Eligibility Criteria for applying to Income Tax exemption (80IAC):
The entity should be a recognized Startup Only Private limited or a Limited Liability Partnership is eligible for Tax exemption under Section 80IACThe Startup should have been incorporated after 1st April, 2016

2. Tax Exemption under Section 56 of the Income Tax Act (Angel Tax): Post getting recognition a Startup may apply for Angel Tax Exemption. Eligibility Criteria for Tax Exemption under Section 56 of the Income Tax Act:
The entity should be a DPIIT recognized StartupAggregate amount of paid up share capital and share premium of the Startup after the proposed issue of share, if any, does not exceed INR 25 Crore.

Benefits of DPIIT Recognition

b). Relaxed Norms of Public Procurement for Startups

Whenever a government institution or a public sector undertaking issues a tender, the eligibility requirement is frequently either ‘previous experience’ or ‘previous turnover’. Startups are barred from competing in such tenders as a result of this condition. To encourage Startups, the government will exclude Startups (in the manufacturing sector) from the ‘previous experience/ turnover’ requirements, without compromising quality or technical characteristics.
Startups must also show that they have the necessary capabilities to complete the project according to the specifications and that they have their own manufacturing facilities in India.

c) Faster Exit for Startups

Because of the inventive nature of startups, a large portion fail. It is vital to reallocate cash and resources to more productive avenues in the event of a business failure, and as a result, a quick and simple process for Startups to wind-up operations has been presented. This would encourage entrepreneurs to try out fresh and innovative concepts without worry of being trapped in a costly and lengthy exit process where their money will be stuck indefinitely.

The Insolvency and Bankruptcy Code 2016 (IBC), which was introduced in the Lok Sabha in December 2015, includes provisions for enterprises to be closed quickly and/or voluntarily.

According to the IBB, startups with simple debt structures or those that meet certain conditions may be wound up within 90 days of filing an application for fast track winding up. In such cases, an insolvency expert will be appointed for the Startup, who will be in charge of liquidating the company's assets and paying its creditors within six months of the appointment (the promoters and management will no longer be in charge).

Benefits of DPIIT Recognition

d) Self-Certify Compliance:

Regulatory requirements, such as complying with different labour and environmental rules, are time-consuming and difficult. New and small businesses are frequently uninformed of the complexities of the problem and may be subjected to intrusive regulatory action. Simplifications in the regulatory environment are required to make compliance for Startups friendlier and flexible.
The Indian government has resolved to boost the country's start-up ecosystem in order to encourage entrepreneurs to launch new businesses. As specified by DIPP, start-ups are encouraged to self-certify their compliance with labour laws.
Startups will be able to self-certify compliance with nine labour and environmental laws through the Startup mobile app. Inspections will not be undertaken for a period of three years if labour regulations are violated. On receipt of a credible and verifiable report of violation, filed in writing and approved by at least one level senior to the inspecting officer, startups may be inspected.

The Startups may self-certify compliance in respect of the following:

Labour Laws:

Other Constructions Workers' (Regulation of Employment & Conditions of Service) Act, 1996The Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979The Payment of Gratuity Act, 1972The Contract Labour (Regulation and Abolition) Act, 1970The Employees' Provident Funds and Miscellaneous Provisions Act, 1952The Employees' State Insurance Act, 1948

Environment Laws:

The Water (Prevention & Control of Pollution) Act, 1974The Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003The Air (Prevention & Control of Pollution) Act, 1981

Revocation of Certificate of Registration:

If the Inter-Ministerial Board of Certification (Board) discovers that a certificate of registration was obtained using fraudulent or falsified information, the Board maintains the authority to revoke the certificate or authorisation.

When a certificate or permission is revoked, it is deemed that the certificate or permission was never issued or granted by the Board.