

A Startup grind

Build Something Awesome



Equation of a startup



A startup is a business structure created to solve a problem by delivering a new product or service

Here an entrepreneur moves from an “idea” stage to securing financing, laying down basis structure of the business, and initiating operations or trading

Pre – requisites of a startup

- A legal structure having its own identity
 - One Person Company / Sole proprietorship
 - A private limited company
 - A partnership firm
 - A limited liability partnership
- Tax registration of the business
- Industry specific licenses / registrations such as
 - FSSAI for food industry
 - Ministry of tourism for travel industry
 - IEC for import and export
 - SEBI for finance industry
- Funding - Debt / Equity
 - Friends and relatives
 - Suppliers
 - Banks
 - Government programs
 - Individual investors (angels)
 - Venture capital
 - Sale of stock



Pre & Post Funding compliance checklist

1. Business Valuation

2. Compliances

- *ROC compliances*
 - Conducting a Board Meeting
 - Conducting an Extra Ordinary General Meeting
 - Issue of offer letters
 - Allotment of shares
 - Issue share certificates
- *RBI Compliance*
 - Report in Advance Reporting Form on receipt of funds
 - Report in FC-GPR on issue of shares to foreign investors

3. Tax structuring

4. Legal agreement



Ongoing support required to run a startup

- Bookkeeping
- Payroll processing
- GST returns
- TDS returns
- Annual audits
- Transfer pricing
- Secretarial compliances
- Certificate of recognition from DPIIT
- Trademark registration
- State permits
- Advisory services for complex business structures such as Barter exchange

Government incentives for startups

Make in India

- Manufacture products in India and sell the products worldwide
- Ease of doing business
- Fortifying the rupee
- Flow of capital
- Global recognition



Startup India

- Any eligible company can get recognized as Startups with DPIIT
- Access a host of tax benefits, easier compliance, IPR fast-tracking & more
- No compliance up to 3 years for environmental and labor laws
- Self – certification for easier compliance
- Credit guarantee scheme for loans
- Bring in sector - specific incubators



MSME Incubation

- Assist innovators to become technology based entrepreneurs
- Financial assistance of 75% to 85% of project cost up to maximum of 8 lakhs for GOI approved ideas

Eligibility Criteria for a startup recognition

- To be eligible as a start-up an entity should be incorporated in India either as
 - A private limited company
 - A partnership firm
 - A limited liability partnership
- Turnover should not exceed INR 100 crore in any of the financial years since incorporation
- Business must aim to develop and commercialize
 - A new product or service or process; or
 - A significantly improved existing product or service or process that will create or add value for customers or workflow
- It should be a scalable business model with a high potential of employment generation or wealth creation
- An entity shall be considered as a Startup up to a period of 10 years
- Non - eligible businesses
 - Formed by splitting up or reconstruction of an existing business
 - E-commerce startups (*Innovative business idea could be an exception*)

How to get recognized as a Startup

- Step 1: Incorporate your business & get a certification of incorporation
(Incorporation must be after or in April 1, 2016)
 - Step 2: Prepare the requisite documents
 - Step 3: Self-certify all your documents
 - Step 4: Register your business with Startup India scheme under DPIIT / DIPP
 - Upload the application form at <https://www.startupindia.gov.in/>
 - Attach all required documents
 - Step 5: Choose if you would like to avail tax benefits
(Get approval from inter-ministry board)
 - Step 6: Get recognition number
- **Recommendation letter**
 - **Support letter**
 - **Letter of funding**
 - **Innovative business plan**
 - **Patent filed**

*Your startup is now recognized to avail **tax and IPR** related benefits*

Tax exemption for 3 years for startups

Eligibility criteria for income tax exemption under Section 80IAC

- 100% tax rebate on profit and gains from business
- Entity should either be incorporated as private limited company or limited liability partnership
- Business model should be in working state
- Exemption shall be for any 3 consecutive years out of 10 years from the year of incorporation

Eligibility criteria for tax exemption under Section 56

- Exemption on investments received above fair market value
- Aggregate amount of paid up share capital and share premium after the proposed issue of share, if any, should not exceed INR 25 crore
- Product to be introduced by startup should be problem solving which can serve social welfare

Eligibility criteria for tax exemption under Section 54EE

- Exemption from the taxation of long term capital gains
- Entity should invest in a fund notified by CG within 6 months from date of transfer of the asset
- Maximum amount that can be invested is INR 50 lakh
- Such amount shall be remain invested for a period of 3 years



Safeguard your Startup with an IP strategy

- Intellectual property gives you a legal right to prevent your competitors from stealing your inventions
- Forms essential part of your marketing or branding thereby enhance the market value of your business
- Ability to have a competitive edge over other similar businesses
- Turn ideas into profit-making assets
- Simplified process with reduction in cost for startups
- A fast-track mechanism has been set up for patent applications of startups under DPIIT
- Avail 80% rebate on the successful patent application filing



Our services include

Accounting & Bookkeeping

Audit & Assurance

Tax & Regulatory

Transaction Advisory

Initial Business Setup

Shared Services

USGAAP/ IFRS Consulting

Business Consulting





AJSH & Co LLP

C-7/227, Sector-7, Rohini
New Delhi-110085

T: +91-11-4559 6689

E: info@ajsh.in

W: www.ajsh.in

Thank You!!

DISCLAIMER:

The contents of this presentation are confidential and intended for the named recipient(s) only. It shall not attach any liability on the originator or AJSH & Co LLP or its affiliates. Any form of reproduction, dissemination, copying, disclosure, modification, distribution and / or publication of this message without the prior written consent of AJSH & Co LLP is strictly prohibited. If you have received this presentation in error please delete it and notify the sender immediately.