

MINISTRY OF COMMERCE AND INDUSTRY
(Department of Industrial Policy and Promotion)

NOTIFICATION

New Delhi, the 16th January, 2019

G.S.R. 34(E).—This notification is being issued in partial modification of Gazette Notification No. G.S.R. 364(E) dated April 11, 2018.

1. In the said Notification-para 1 (e) is replaced with the following –

“CBDT means the Central Board of Direct Taxes constituted under the Central Board of Revenue Act, 1963.”

2. Para 4 of the Notification shall be read as under:

Approval for the purposes of clause (viib) of sub-section (2) of section 56 of the Act.

4. (1) A Startup which is recognised by DIPP under para 2(iii) (a) shall be eligible to apply for approval for the purposes of clause (viib) of sub-section (2) to section 56 of the Act for the shares already issued or proposed to be issued if the following conditions are fulfilled—

- (i) aggregate amount of paid up share capital and share premium of the startup after the proposed issue of share, if any, does not exceed ten crore rupees;
- (ii) The investor/ proposed investor shall have —
 - (a) returned income of Rs. 50 lakh or more for the financial year preceding the year of investment/proposed investment; and
 - (b) net worth exceeding Rs. 2 crore or the amount of investment made/proposed to be made in the startup, whichever is higher, as on the last date of the financial year preceding the year of investment/proposed investment.

(2) (i) Application for approval under this para shall be made in Form-2 to DIPP and shall be accompanied by the documents specified therein:

Provided that in case the approval is requested for shares already issued by the Startup, no application shall be made if assessment order has been passed by assessing officer for the relevant financial year.

(ii) The application of the recognised startup shall be transmitted by DIPP to CBDT with the necessary documents.

(3) The CBDT, within a period of 45 days from the date of receipt of application from DIPP may grant approval to the Startup for the purposes of clause (viib) of sub-section (2) of section 56 of the Act or decline to grant such approval.

3. In para 5 (1) and 5 (2) after word ‘Board’ words ‘or CBDT’ are added.

4. Para 6 shall read as under:

6. This Notification shall come into effect on the date of its publication in the Official Gazette. The Government will carry out a review of this Notification before 31.03.2021.

[F. No. 5(4)/2018-SI]

ANIL AGRAWAL, Jt. Secy.

APPENDIX-I

Form-2 is replaced with the following:

Form-2

Application for approval for the purposes of section 56(2)(viib) of the Income-tax Act, 1961

1. Name of the Startup-
2. Date of incorporation of Startup as company-

3. Incorporation No-.....
4. Address and business location-.....
5. Nature of business-
6. Contact details of Startup (Phone No. and Email)-.....
7. Permanent Account No-.....
8. Startup Recognition number allotted by DIPP-
9. Existing/proposed activities-.....
10. Details of share capital as on the date of application-
 - (i) Amount of share capital.....
 - (ii) Issue price and date of issue of shares.....
 - (iii) Type of shares.....
 - (iv) Number of shares.....
 - (v) Face value.....
 - (vi) Amount of share premium.....
11. Details of existing shareholders-
 - (i) Name(s)-.....
 - (ii) PAN-.....
 - (iii) Residential status-.....
 - (iv) Address-.....
 - (v) Number of shares-.....
 - (vi) Type of shares-.....
 - (vii) Face value-.....
 - (viii) Issue Price and date of issue-.....
 - (ix) Amount of share premium-.....
12. Details of shares along with shareholders for which certification for exemption is sought—
 - (i) Name(s)-.....
 - (ii) PAN-.....
 - (iii) Residential status-.....
 - (iv) Address-.....
 - (v) Number of shares-.....
 - (vi) Type of shares-.....
 - (vii) Face value-.....
 - (viii) Issue Price and date of issue of shares (existing as well as proposed)-.....
 - (ix) Amount of share premium-.....
13. Justification for valuation of shares along with supporting documents, if any.

Declaration

I/We hereby certify that the above information furnished by me is true and no relevant information has been concealed.

For (Name of the Startup)

(Name of the authorised signatory) Designation

Place: _____

Date: _____

This form shall be accompanied by the following documents —

- a. the annual accounts of the startup for the last three financial years (if the Startup is in existence for less than three years, then annual accounts from the date of its incorporation);
- b. Copies of Income Tax returns of the Startup for the last three financial years (if the Startup is in existence for less than three years, then copies of Income Tax returns from the date of its incorporation);

The following documents shall be submitted by the investor(s) directly to DIPP—

- c. Copies of income-tax return and net worth certificate of the investor for the relevant financial year.