

## Opportunities in the Indian Start-up, Incubator and Accelerator Ecosystem

Legal & Tax update

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# AGENDA

- 1 Regulatory Overview
- 2 India Tax Overview
- 3 Questions?



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# 1. REGULATORY OVERVIEW

## SETTING UP

- ✓ Start-up Definition:
  - (a) Incorporation as private limited company/ partnership firm/ limited liability partnership
  - (b) Turnover threshold is defined for previous financial years.
  - (c) Start up: status available up to a certain number of years from incorporation.
  - (d) Start up to work towards innovation / potential to generate employment

## COMPLIANCES

- ✓ Centralised and digital process of incorporation
- ✓ Tax registration- employment registration parallel to incorporation.
- ✓ Self-certification through a mobile app for several labour and environmental laws and no inspections for a period of 3 years
- ✓ Fast track patent application and up to 80% rebate in filing patents

## COMPLIANCES

- ✓ Establishment of Government e Marketplace (GeM)- an online procurement platform for government department. – specialised initiative of GeM Start up Runway
- ✓ Advantages: Stringent selection criteria relaxation for start-ups such as prior experience re public procurement.
- ✓ Opportunities to partner in pilot projects.
- ✓ State specific additional incentives to start-ups.

For any legal or compliance queries, please write to [ritika.arora@roedl.com](mailto:ritika.arora@roedl.com)

# 1. REGULATORY OVERVIEW

## LAW ENFORCEMENT

- ✓ No recognition without filing a new civil suit
- ✓ Choice of law and place of jurisdiction
- ✓ Arbitration and Conciliation Act, modern arbitration law and institutions available
- ✓ Contract drafting under Common Law

## INSOLVENCY & BANKRUPTCY LAW

- ✓ Fast track resolution process for start-up available
- ✓ Electronic Information system about the companies in insolvency process
- ✓ Continuing legal processes and further developments

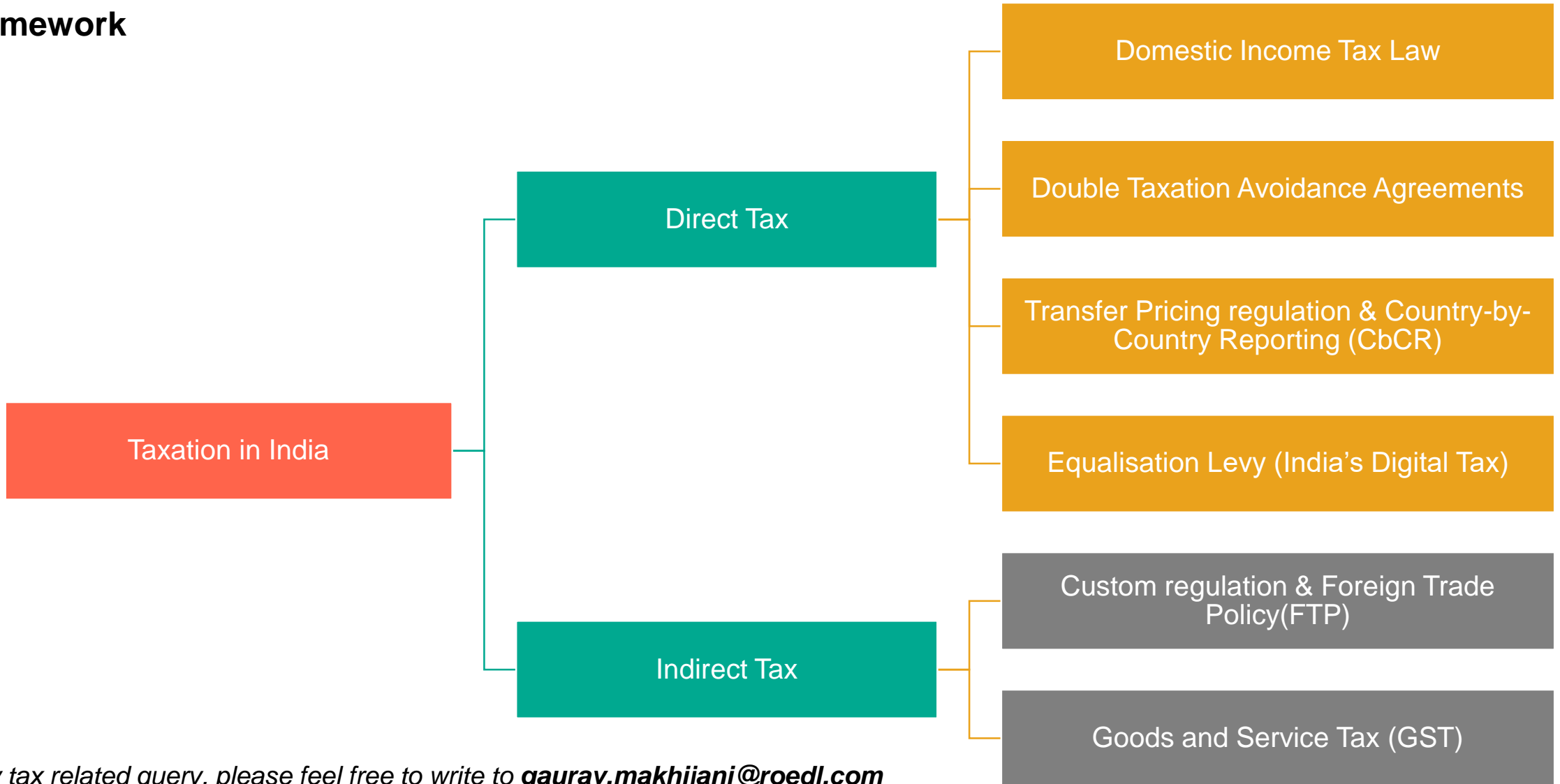
## LABOUR LAWS

- ✓ Standardization and streamlining of labor laws and regulations
- ✓ Codification in 4 categories (Industrial Relations, Wages, Safety and Social Security)
- ✓ Introduction of Model laws and regulations (Shop and Establishment Act)
- ✓ Ease of Compliance (Portal, LIN)

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# 2. INDIA TAX OVERVIEW

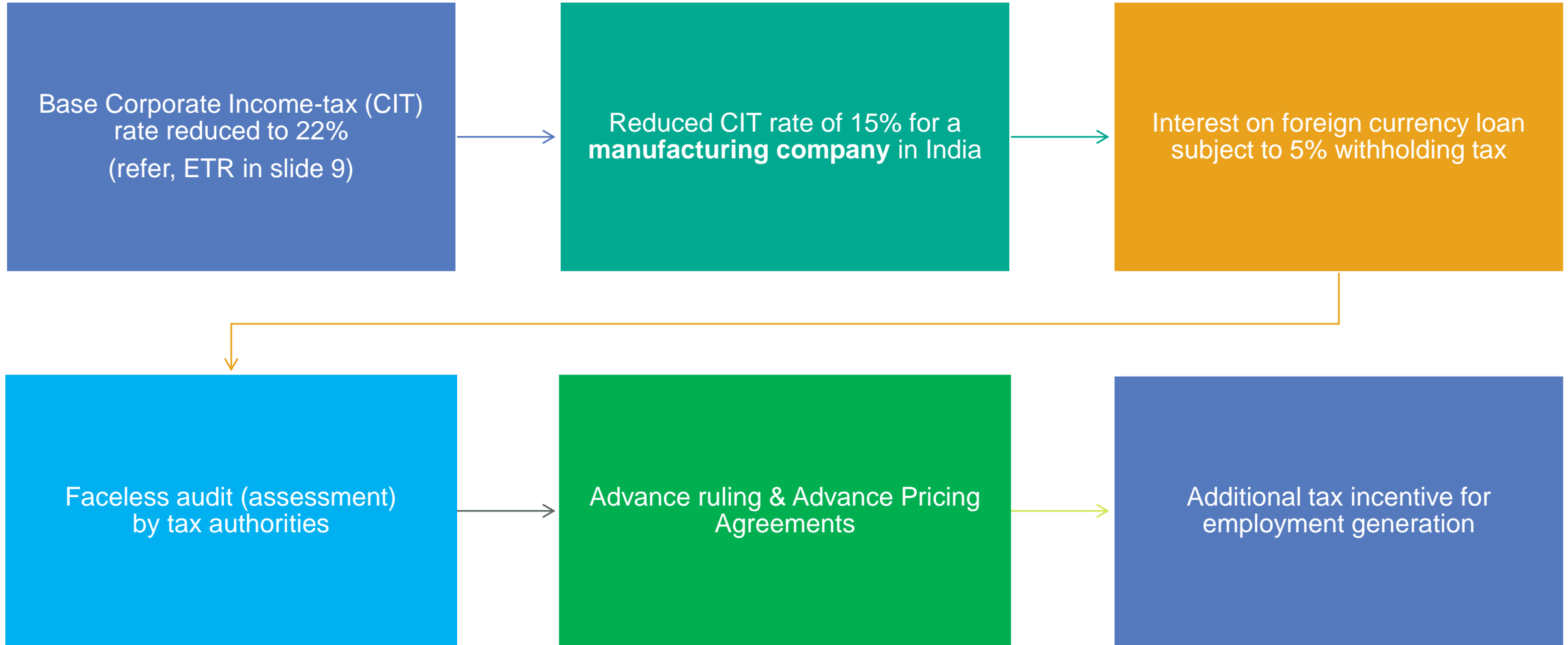
## Framework



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# 2. INDIA TAX OVERVIEW

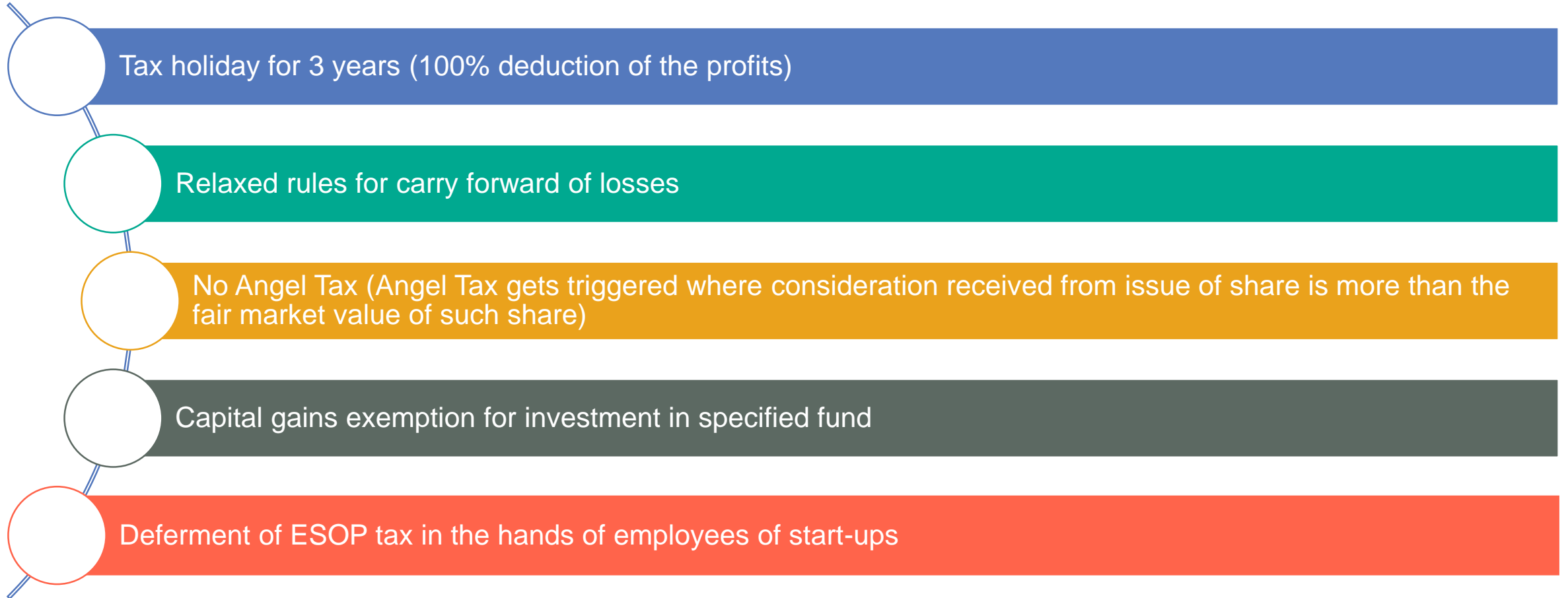
## Corporate Tax



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## 2. INDIA TAX OVERVIEW

### Tax incentive for eligible start-up



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## 2. INDIA TAX OVERVIEW

### Effective Tax Rate (ETR)

Entity	Total income < INR 10 million	Total income > INR 10 million and <= INR 100 million	Total income > INR 100 million
Domestic Company with turnover up to INR 4 billion in FY 2018-19	26%	27.82%	29.12%
Domestic Company with turnover more than INR 4 billion in FY 2018-19	31.20%	33.38%	34.94%
Domestic company opting for concessional tax of 22%	25.17%	25.17%	25.17%
Partnership	31.20%	34.94%	34.94%

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