

## DD CHANNEL FOR START-UPS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Ministry of Commerce & Industry

### DD channel for start-ups

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The Union Minister of Finance and Corporate Affairs, Nirmala Sitharaman said that the Government proposes to start a channel within the DD bouquet of channels exclusively for start-ups.

Presenting the Union Budget 2019-20 in Parliament today, she said that the channel will serve as a platform for promoting start-ups, discussing issues affecting their growth, matchmaking with venture capitalists and funding and tax planning. She said that this channel will be designed and executed by start-ups themselves.

The condition for carry forward and set off of losses in cases of eligible start-ups is proposed to be relaxed enabling them to carry forward their losses on satisfaction of any one of the two conditions - continuity of 51% shareholding/voting power or continuity of 100% of original shareholders. Further, the provision which allows exemption of capital gains from sale of residential property on investment of net consideration in equity shares of eligible start-up shall be extended by 2 years. The benefit will be available for sale of residential property on or before 31<sup>st</sup> March, 2021. The condition of minimum holding of 50% of share capital or voting rights in the start-up is proposed to be relaxed to 25%. The condition restricting transfer of new asset being computer or computer software is also proposed to be relaxed from the current 5 years to 3 years.

Start-ups in India are taking firm roots and their continued growth needs to be encouraged. To resolve the so-called 'angel tax' issue, the start-ups and their investors who file requisite declarations and provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums. The issue of establishing identity of the investor and source of his funds will be resolved by putting in place a mechanism of e-verification. With this, funds raised by start-ups will not require any kind of scrutiny from the Income Tax Department, she informed.

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MM/SB

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