

## Frequently Asked Questions

### 1. For Startups

#	Question	Response
1.	<b>What qualifies as a “Startup” for the purpose of Government schemes?</b>	<p>An entity (Private Limited Company or Registered Partnership Firm or Limited Liability Partnership) shall be considered a “Startup” –</p> <ul style="list-style-type: none"> <li>a) Upto 5 years from the date of its incorporation/ registration, and</li> <li>b) If its turnover for any of the financial years has not exceeded INR 25 crore, and</li> <li>c) It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.</li> </ul> <p>The entity should not have been formed by splitting up or reconstruction of a business already in existence.</p> <p>A proprietorship or a public limited company is not eligible as startup. A one person company, being a private limited company is entitled to be recognized as a 'startup'.</p> <p>For additional information, refer notification G.S.R. 180(E) dated February 17, 2016.</p>
2.	<b>How does a Startup obtain benefits under various Government schemes including the ones announced in the Action Plan on January 16, 2016?</b>	<p>For availing various benefits (except tax benefits i.e. action points #10 and #11 of the Startup India Action Plan), an entity would be required to be recognized as a Startup by applying on Startup India Mobile App/ Portal.</p> <p>In order to obtain tax benefits, a Startup shall be required to be certified as an eligible business from the Inter-Ministerial Board of Certification. A Startup incorporated between April 1, 2016 and April 1, 2019 shall be eligible to obtain tax benefits proposed under the Section 80 IAC of Finance Act 2016.</p>
3.	<b>For how long would recognition as a “Startup” be valid?</b>	<p>An entity would cease to be a 'startup' upon expiry of:</p> <ul style="list-style-type: none"> <li>a) 5 years from the date of its incorporation/ registration, OR</li> <li>b) If its turnover for any of the financial years has exceeded INR 25 crore; OR</li> </ul> <p>Startups would be required to intimate DIPP of any such cases within a period of 21 days.</p>
4.	<b>Can an existing entity register itself as a “Startup” on the Startup India Portal and Mobile App?</b>	<p>Yes, an existing entity that meets the criteria as indicated in response to Question 1 can visit the Startup India Portal and Mobile App and get itself recognized for various benefits.</p>

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5.	<b>What is the timeframe for obtaining certificate of recognition as a “Startup” in case an entity already exists?</b>	The certificate of recognition would be issued within one working day upon successful submission of the application with all the necessary documents.
6.	<b>An entity is yet to be registered/ incorporated. Can I visit the Startup India Portal and Mobile App to register/ incorporate my entity as either a Private Limited Company or Registered Partnership Firm or Limited Liability Partnership?</b>	There are two options available in such cases. a) Option 1: An entity can register itself through MCA or Registrar of Firms using the existing processes and subsequently register itself on the Startup India portal and mobile app as a “Startup” to avail the benefits. b) Option 2: An entity can register itself through the Startup India portal and mobile app using a seamless process. This facility would be made available in the second phase of the Startup India portal and mobile app launch.
7.	<b>What documents would qualify as a supporting document to the application to register as a “Startup”?</b>	One of the following documents is required to be uploaded along with the application for registration as a Startup on Startup India portal and mobile app: a) recommendation (with regard to innovative nature of business), in a format specified by Department of Industrial Policy and Promotion, from any Incubator established in a post-graduate college in India; or b) letter of support by any Incubator which is funded (in relation to the project) from Government of India or any State Government as part of any specified scheme to promote innovation; or c) recommendation (with regard to innovative nature of business), in a format specified by Department of Industrial Policy and Promotion, from any Incubator recognized by Government of India; or d) Letter of funding of not less than 20 percent in equity by any Incubation Fund/ Angel Fund/ Private Equity Fund/ Accelerator/ Angel Network duly registered with Securities and Exchange Board of India that endorses innovative nature of the business. Department of Industrial Policy and Promotion may include any such fund in a negative list for such reasons as it may deem fit; or e) letter of funding by Government of India or any State Government as part of any specified scheme to promote innovation; or f) Patent filed and published in the Journal by the India Patent Office in areas affiliated with the nature of business being promoted.  The list of incubators recognized for the purpose of (a), (b) and (c) are published on the Startup India portal for reference.  The list SEBI registered funds for the purpose of (d) is also available on the Startup India portal.
8.	<b>Do I need to print an application form and submit the physical copy of the same to complete the process of Startup registration?</b>	No. The application has to be submitted online only.

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9.	<b>Once my registration is successful, would I obtain a certificate for it? If Yes, would I be able to download the certificate?</b>	Yes. On successful registration and after validation, you would be able to download a system generated verifiable certificate of recognition.
10.	<b>If an incubator rejects an application, can the entity apply again to the same incubator or would it be required to apply at a different incubator?</b>	Yes. In such cases, an entity can apply again to the same incubator that rejected the application, as well as any other incubator.
11.	<b>If during the Registration process, an applicant marks the response to “Do you want to avail Tax benefits” as “No”, would I be allowed to change the response to “Yes” later?</b>	Yes. In such cases, option to opt for such benefits may be indicated at a later stage as well.  Once a user opts for availing the benefits, his/ her application would be evaluated by the Inter-Ministerial Board. Once certified by the Board, the benefits may be availed.
12.	<b>If an entity does not have a PAN. Would I be allowed to register my entity as a “Startup”?</b>	Yes. An entity without a PAN can be registered as a Startup. However, it is advised that a valid PAN of the entity is provided at the time of registration, as each entity is separately taxable person.
13.	<b>Can I provide two mobile numbers in the registration form?</b>	It is advised that only one mobile number of the authorized representative of the entity is provided at the time of registration. The portal and the mobile app would be sending an OTP on the mobile number provided for the user to complete authentication and registration process.
14.	<b>Is there any specified format for obtaining a recommendation letter?</b>	Yes. The prescribed formats for recommendation/ support/ endorsement letters are published on Startup India portal.
15.	<b>If an entity has filed for a patent that has been published. In this regard, which document would suffice as a supporting document to register the entity as a “Startup”?</b>	In such cases, valid copy of the published patent would suffice as a supporting document.
16.	<b>What will be the constitution of the Inter-Ministerial Board?</b>	The Inter-Ministerial Board of Certification would consist of: a) Joint Secretary, Department of Industrial Policy and Promotion; b) Representative of Department of Science and Technology; and c) Representative of Department of Bio-technology.

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17.	<b>Would a One Person Company (OPC) be eligible to avail benefits under the Startup India initiative?</b>	Yes. One Person Companies are eligible to avail benefits under the Startup India initiative.
18.	<b>How would the Inter-Ministerial Board review the applications received for the purpose of tax benefits?</b>	The Board shall review the supporting document(s) provided to ascertain if the entity qualifies as an eligible business for availing tax benefits.
19.	<b>What is the timeframe for obtaining certification of Inter-Ministerial Board for availing tax benefits in case an entity already exists?</b>	An application for a certificate from the inter-ministerial board shall be processed within a period of 10-25 working days.
20.	<b>Can entities that do not have any of the other evidences like incubator certificate, funding from registered VCs or patents still apply to Inter -Ministerial Board for tax exemptions?</b>	No. One (1) of the six (6) prescribed supporting material is mandatory to make an application to the Inter-Ministerial Board.

## 2. For Incubators providing Recommendation/ Support/ Endorsement Letter to Startups

#	Question	Response
1.	<b>Which incubators are authorized to provide a recommendation/ support/ endorsement letter?</b>	As per the notification no. G.S.R 180(E) dated February 17, 2016, an incubator must fall in one of the following categories to be authorized to provide a recommendation/ support/ endorsement letter to an entity: a) Incubator established in a post-graduate college in India b) Incubator funded by Government of India or any State Government as part of any specified scheme to promote innovation c) Incubator recognized by Government of India  With regards to (c), an incubator shall be recognized by DIPP on application.
2.	<b>Our incubator does not feature in the list(s) of incubators published on Startup India portal. How can we get it included in the list(s)?</b>	In such cases, you can make an application at Startup India portal.  Once an incubator application is found eligible, the name of the incubator shall be included in the appropriate list(s) by DIPP.
3.	<b>What are the aspects that need to be reviewed before issuing a recommendation/ support/ endorsement letter?</b>	An incubator is required to validate if the entity under review is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize: a) A new product or service or process; OR b) A significantly improved existing product or service or process that will create or add value for customers or workflow.  The following activities are not considered as a valid case for issuing a recommendation/ support/ endorsement letter: a) Products or services or processes which do not have potential for commercialization; OR b) Undifferentiated products or services or processes; OR c) Products or services or processes with no or limited incremental value for customers or workflow.
4.	<b>Is there any specific format in which an incubator would be required to provide recommendation?</b>	Yes. The prescribed formats for recommendation/ support/ endorsement letters are published on Startup India portal.
5.	<b>Is there any prescribed fee(s) that can be charged from the Startups for providing them with a recommendation/ support/ endorsement letter?</b>	Yes. A maximum fee of Rs. 5000 can be charged by the incubators for issuing a letter of recommendation to Startups. In cases where an incubator is required to form a panel of external experts to assess the innovativeness of the product/service/process, a maximum fee of Rs.10,000 can be charged by the incubators Refer Link : <a href="http://isba.in/guidelines-application-for-startups/#1462521597246-706c4a8b-10dd">http://isba.in/guidelines-application-for-startups/#1462521597246-706c4a8b-10dd</a>

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6.	<b>Can we recommend/ endorse an idea that has not been incubated at our incubator?</b>	Yes. An incubator featured in any of the lists on Startup India portal, can endorse an idea/ Startup not incubated in such incubator. The objective of the recommendation is to validate that a Startup is involved in an eligible business.
7.	<b>Do we need to designate someone to sign/ issue the recommendation/ endorsement letter?</b>	An incubator is encouraged to designate its officer(s) to sign/ issue the recommendation/ support/ endorsement letter to entities, and share the same with DIPP.
8.	<b>What process needs to be followed for receiving applications from entities not incubated at our incubator?</b>	A format for receipt of application has been prescribed. However, the format maybe modified by incubator if necessary. It is expected that incubator will capture the process and innovative nature of business before making a recommendation.
9.	<b>Who will upload the recommendation/ support/ endorsement letter on the Startup India portal and mobile app?</b>	The entity receiving the recommendation/ support/ endorsement letter will upload the relevant documents at the time of applying for recognition.
10.	<b>Is there any liability on a recommender/ incubator?</b>	Where a recommendation is issued by an incubator without proper examination or without itself satisfying about the innovative nature of the business it shall be blacklisted from giving any future recommendation or receiving any benefit from Government. Any such action shall, however, be taken only after a due opportunity is given to the incubator.

### 3. For Funding Bodies providing Recommendation/ Support/ Endorsement Letter to Startups

#	Question	Response
1.	<b>Which are the bodies and agencies that fall under the category of “Funding Bodies”?</b>	As per the notification no. G.S.R 180(E) dated February 17, 2016, Alternate Investment Funds, Venture Capital Funds, Angel Fund and Seed Funds registered with SEBI will be eligible for providing recommendation/ support/ endorsement letter to entities in which not less than 20 percent equity is taken up by such funds.  A list of SEBI registered VCFs and AIFs has been published on Startup India portal ( <a href="http://startupindia.gov.in">http://startupindia.gov.in</a> )
2.	<b>Is there any specific format in which a funding body would be required to provide recommendation?</b>	Yes. The prescribed formats for recommendation/ support/ endorsement letters are published on Startup India portal.
3.	<b>What are the aspects that need to be reviewed before issuing a recommendation/ support/ endorsement letter?</b>	A funding agency is required to validate if the entity under review is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize: a) A new product or service or process; OR b) A significantly improved existing product or service or process that will create or add value for customers or workflow.  The following activities are not considered as a valid case for issuing a recommendation/ support/ endorsement letter: a) Products or services or processes which do not have potential for commercialization; OR b) Undifferentiated products or services or processes; OR c) Products or services or processes with no or limited incremental value for customers or workflow.
4.	<b>Can we recommend/ endorse an idea that has not been funded by our funding body?</b>	No. Only those ideas/ Startups can be recommended in which not less than 20 percent of the equity is funded by recommending fund.
5.	<b>Do we need to designate someone as a recommender or anyone from our staff can be a recommender?</b>	A funding agency is encouraged to designate its officer(s) to sign/ issue recommendation/ support/ endorsement letter to entities, and share the same with DIPP.
6.	<b>Who will upload the recommendation/ support/ endorsement letter on the Startup India portal and mobile app?</b>	The entity receiving the recommendation/ support/ endorsement letter will upload the relevant documents at the time of applying for recognition.

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7.	Is there any liability on a recommender?	<p>Where a recommendation is issued by a fund without proper examination or without being satisfied about the innovative nature of the business it shall be blacklisted from giving any future recommendation.</p> <p>Where a recommendation is given without actually funding equity (not less than 20 percent equity) of the Startup, DIPP may initiate criminal proceedings against the principal officers of the fund for providing wrong information.</p>