MoE's
INNOVATION CELL
(GOVERNMENT OF INDIA)

Tax Basics for start ups

Stay compliant. Save money. Impress investors.

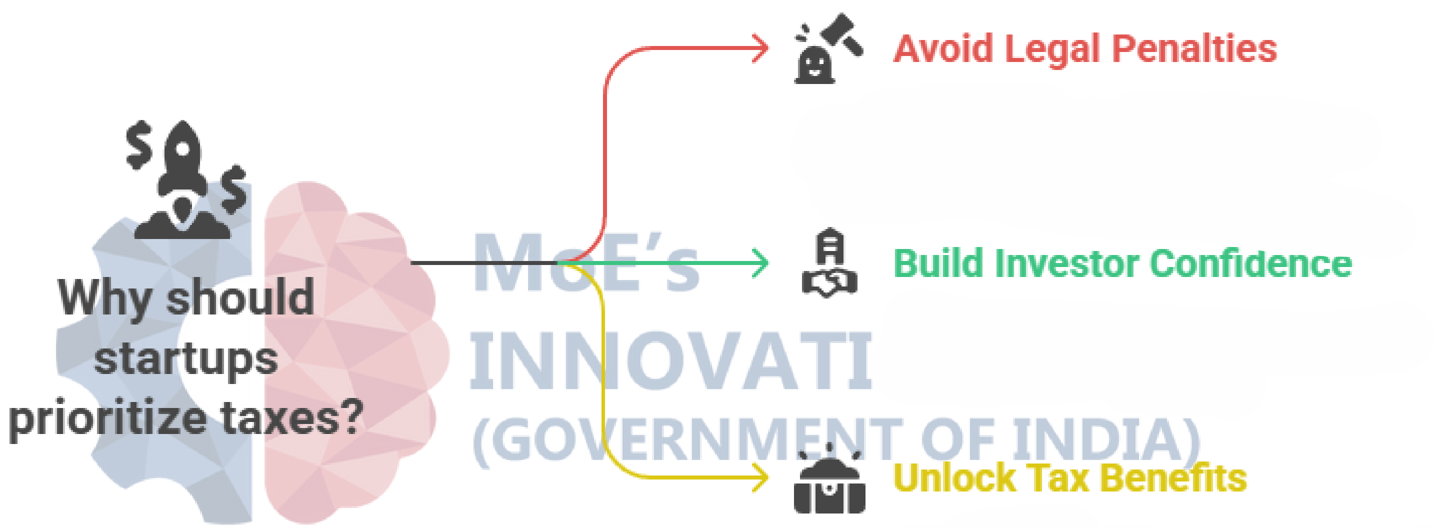
Set your startup up for compliance and long-term success.

Tax Basics Every Startup Founder Should Know

Clarity today avoids costly mistakes tomorrow.

Why Taxes Matter for Startups

Start Ups



Avoid Legal Penalties

- Prevent fines, late fees, and legal issues
- Stay clear of government audits and compliance notices

Build Investor Confidence

- Transparent tax records show you're fund-ready
- Clean compliance builds trust during due diligence

Unlock Tax Benefits

- Access exemptions under Startup India and DPIIT
- Claim deductions on R&D, infra, and employee costs

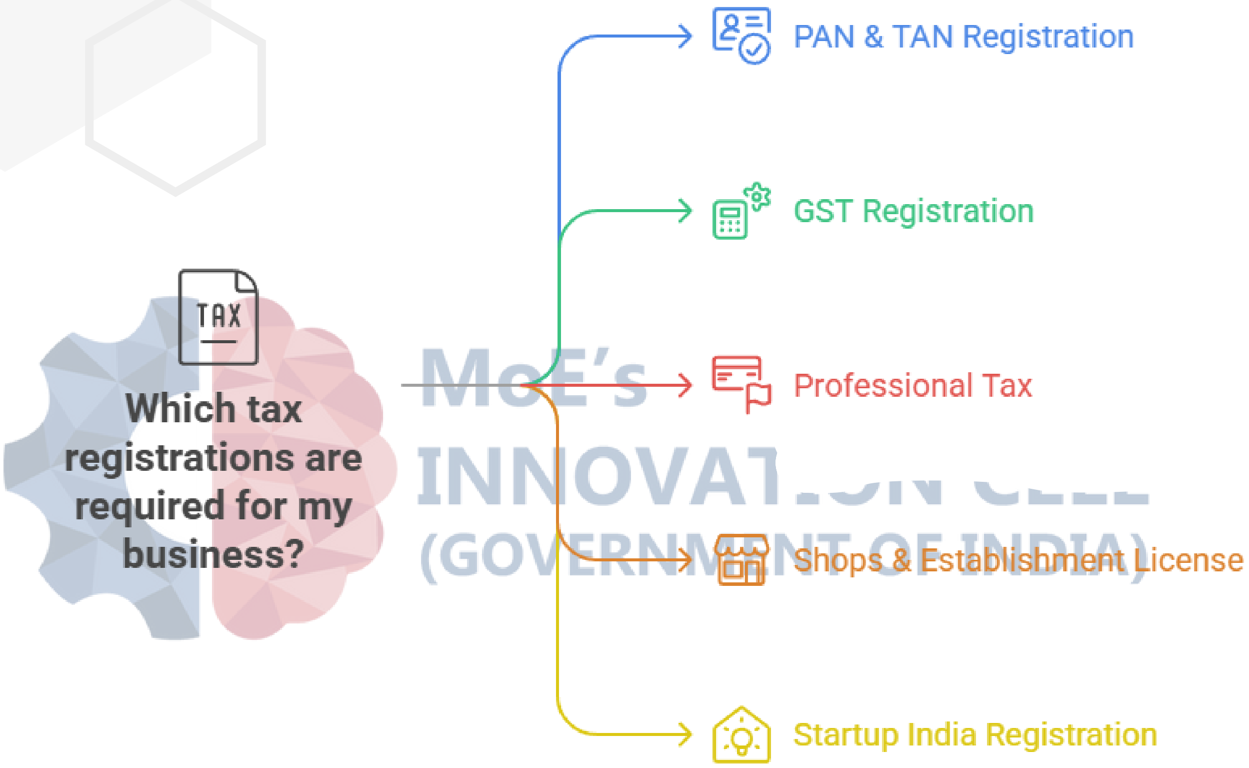
Start Ups

Key Startup Taxes in India

Understand your tax obligations early

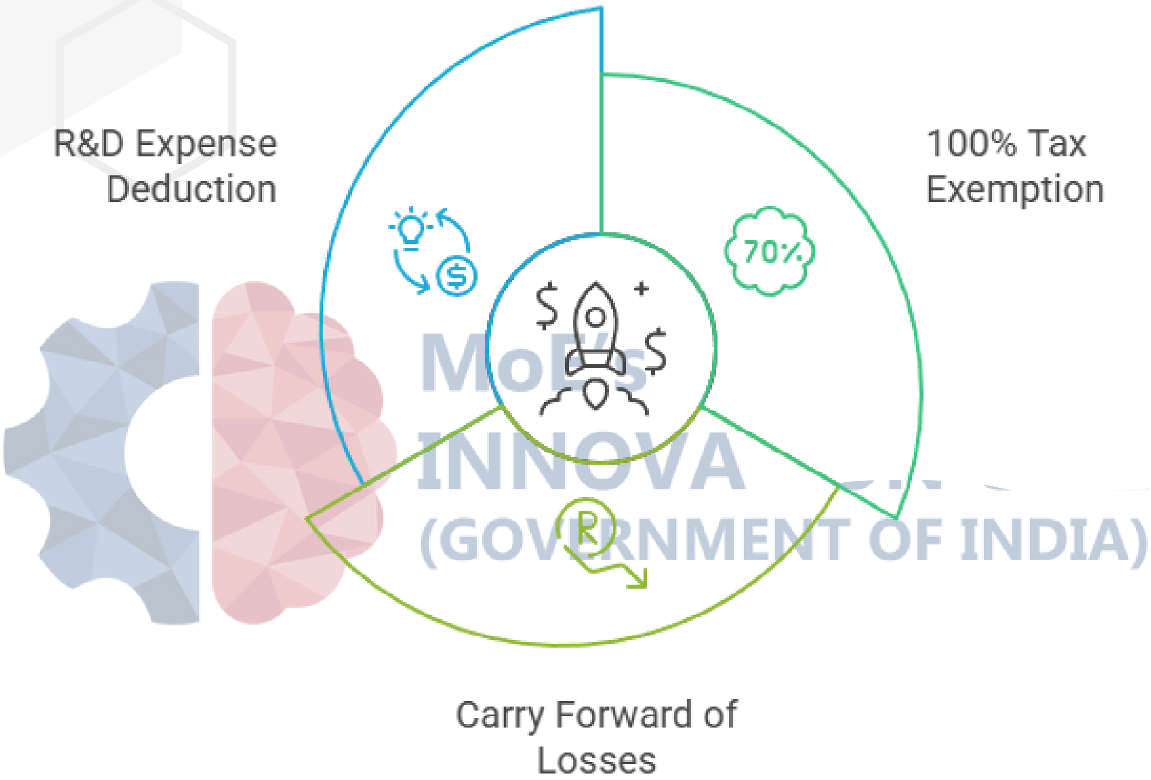
- Income Tax: Profits are taxed (even early-stage companies if profitable)
- GST (Goods & Services Tax): Applicable on product/service sales > ₹20L
- TDS (Tax Deducted at Source): On salaries, contractors, rent, etc.

Tax Registrations You Must Know



- **PAN & TAN Registration**: Mandatory for all businesses.
- **GST Registration:** Required based on turnover thresholds.
- **Professional Tax (State-wise)**: Required in some states.
- **Shops & Establishment License**: Not a tax, but often needed to operate.
- **Startup India Registration**: Enables tax exemptions (80-IAC).

Tax Benefits That Can Boost Your Startup's Growth



1. 100% Tax Exemption (Section 80-IAC) :
DPIIT-recognised startups can claim full income tax exemption for 3 out of the first 10 years.

2. Carry Forward of Losses :
Losses can be carried forward for up to 8 years, even if there's a change in shareholding (if DPIIT-certified).

3. R&D Expense Deduction (Section 35) :
Get additional tax deductions on in-house research & development costs encourages innovation.

Tips to Stay Tax Compliant

startups

- Use cloud-based accounting software (Zoho, QuickBooks).
- Consult a CA regularly, especially before funding rounds.
- Keep records of all invoices, expenses, and payroll.
- Watch for updates in tax rules (Union Budget, GST Council).