

Tax holiday for startups extended by a year

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BENGALURU: The budget announced several measures to encourage startups, including extension of the tax holiday, and liberalisation of the drone and defence R&D policies.

The tax holiday for startups has been extended by a year, which will assist them in meeting working capital requirements. Startups incorporated until March this year were eligible for the tax break, but now that date has been extended to March 31, 2023.

Startups, under the scheme, are eligible for a 100% tax break on profits made for three consecutive years out of the first ten years since incorporation, given that their annual turnover doesn't exceed Rs 25 crore in any financial year. Vidit Aatrey, founder and CEO of social commerce platform Meesho, said the tax benefit and reduction of overlapping

compliances will improve the ease of doing business in India.

For agritech startups and rural enterprises, a fund will be facilitated through NABARD, with contribution also from private parties.

The drone sector, which saw a major policy liberalisation last year, has received a further leg up with the Budget encouraging drone-as-a-service under a programme called Drone Shakti. Drones will be promoted for crop assessment, digitisation of land records, spraying of insecticides, and nutrients. In select ITIs, the government will create a curriculum related to drone tech skills.

Mughilan Thiru Ramasamy, CEO, and co-founder of Skylark Drones, said, "The introduction of Drone Shakti will ensure business momentum and drive faster adoption of UAVs in the country." Kisan drones, he said, will enable the drone industry to collaborate with farmers to improve operational efficiency and maximise profitability.

Defence R&D will be opened for industry, startups, and academia, with 25% of its R&D budget earmarked to increase private sector participation in critical defence projects. The private sector can now undertake the design and development of military platforms and equipment in collaboration with DRDO and other organisations through a SPV (special purpose vehicle) model. An independent nodal umbrella body is being set up for various testing and certification requirements.