

GOVERNMENT OF TELANGANA
ABSTRACT

ITE&C Department – Incentives under Innovation Policy – Orders – Issued.

Information Technology, Electronics & Communications Department

G.O.Ms.No. 6

Dated: 27-07-2021

Read:

G.O.Ms.No. 10, ITE&C Dept., Govt. of Telangana, Dated:25-07-2017.

ORDER: -

The Government of Telangana through G.O.Ms.No. 10, Dated 25.07.2017 had announced 5 fiscal incentives to startups, where startups are as defined below:

“An entity can be recognized as a startup provided it meets all the below laid 5 criterions:

- An entity incorporated as a Private Limited Company, or Registered Partnership Firm or a Limited Liability Partnership, or One person company, or a Sole proprietorship.
- Should have an annual turnover not exceeding ₹ 100 crores for any of the financial years since its Incorporation.
- Period of existence and operations should not be exceeding 10 years from the date of Incorporation.
- Should work towards development or improvement of a product, process or service and/or have scalable business model with high potential for creation of wealth & employment.
- Entity should not have been formed by splitting up or reconstructing an already existing business.

TSIC will be the nodal agency to provide recognition for a startup”.

Currently, the 5 fiscal incentives to startups have the following general pre-conditions and incentive-specific eligibility criterions:

Pre-conditions for availing any fiscal incentives:

- The Startup should be recognized by the Government of Telangana (Telangana Startup Recognition number)
- Either or both of the following should be true:
 - a) Startup is incorporated in Telangana (Incorporation certificate)
 - b) Startup’s headquartered/head office is based out of Telangana (Proof of domicile)

or

More than or equal to 50% of the qualified workforce (permanent workforce is from Telangana) (Proof of domicile)

Incentive specific eligibility criterions:

- **Reimbursement of SGST:** The unit can pay SGST to the concerned department and avail reimbursement on a yearly basis. This will be applicable to only on the SGST paid to the State of Telangana and for a maximum total turnover of INR 1 Crore/annum for the first three years of operation.
- **Reimbursement of Patent cost:** The cost of filing and prosecution of patent application will be reimbursed to the incubated startup companies subject to a limit of Rs. 2 lakh (0.2 million) per Indian patent awarded. For awarded foreign patents on a single subject matter, upto Rs. 10 lakh (1 million) would be reimbursed. The reimbursement will be done in 2 stages, i.e., 50% after the patent is filed and the balance 50% after the patent is granted.

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- **Reimbursement of International Market:** Government shall provide reimbursements of 30% of the actual costs including travel incurred in international marketing through trade shows. This incentive will be subject to a maximum of Rs. 5 Lakhs per year per company.
- **Reimbursement of Recruitment Assistance:** To promote idea stage companies, the government shall offer recruitment assistance of Rs. 10,000 per employee for the first year.
- **Performance Grant:** Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Turnover, subject to a limit of Rs.10 Lakhs within a period of three years from the date of incorporation.

The Government of Telangana wants to bring the following amendments to the undermentioned fiscal incentives to the startups:

Reimbursement of SGST:

- Relaxation of the ₹ 1 Cr turnover and extension of the time period to 5 years instead of the current 3 years.
- Introduction of an overall reimbursement limit of ₹ 10 Lacs per startup during the period of consideration.

Reimbursement of International marketing cost through trade show:

- The Evaluation committee will make a case-to-case basis decision on the eligibility status of a particular event's qualification for this incentive.
- The requirement of the annual calendar of events is hereby dropped.

Reimbursement of Patent Cost:

- This incentive shall also cover Design Patent and Trademarks.

Performance Grant:

- The first completed fiscal year of operations of the startup will be considered as the first year for the first three years' calculation. (i.e., a startup incorporated in Dec'17, the first year will be Apr'18- Mar'19, instead of Dec'17- Mar'18.)
- The year-on-year growth is also applicable even if the startup starts from a zero revenue to any amount that clocks an increase of 15% or more.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

JAYESH RANJAN
PRINCIPAL SECRETARY TO GOVERNMENT

To
CIO, TSIC Foundation.
All the Departments of Secretariat.

Copy to:

The CEOs of THUB/WE Hub/TASK/TSAT/RICH.
The Director Digital Media, ITE&C Dept.
The PS to Hon'ble Minister for ITE&C, I&C.
The PS to the Chief Secretary to Government.
The PS to All Special Chief Secretaries / Principal Secretaries /
Secretaries of all Departments of Secretariat.

//FORWARDED :: BY ORDER//

SECTION OFFICER