

**Angel Tax on start-up companies**

2946. SHRI SANJAY RAUT:

SHRIMATI SHANTA CHHETRI:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is imposing Angel Tax on start-up companies;
- (b) if so, reasons therefor;
- (c) whether a group of founders of startups has requested Government for a change in valuation methods, ensuring no coercive action is taken and a notification be issued; and
- (d) if so, by when notification would be issued?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) and (b) No such tax by the name of 'Angel Tax' is levied under the Income Tax Act, 1961('Act'). However, the Act was amended by Finance Act, 2012 inserting Section 56 (2)(viib) which applies where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares. In such a case if the consideration received for issue of shares exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares is chargeable to income-tax.

However, this provision shall not apply where the consideration for issue of shares:—

- (i) is received, by a venture capital undertaking from a venture capital company or a venture capital fund or;
- (ii) from a 'class' or 'classes of persons' as may be notified by the Central Government.

The Central Government on 14.06.2016 notified the 'classes of persons' as being the person defined under Section 2(31) of the Act being resident who makes any consideration exceeding the face value for issues of shares of a 'start-up' company. In this notification, 'startup' has been defined to mean a company in which the public are not substantially interested and which fulfills the conditions specified in the notification

of the Government of India. Ministry of Commerce and Industry, Department of Industrial Policy and Promotion, number G.S.R.I 80(E), dated the 17th February, 2016. Subsequently, the Central Government has notified investor as approved by the Inter-Ministerial Board of Certification under clause (i) of sub-para (3) of para 4 of the notification number G.S.R. 364(E), dated 11th April, 2018 of the Department of Industrial Policy and Promotion as a 'classes of persons'.

(c) and (d) Yes, representations have been received from start-ups requesting change in Start-up valuation. The matter is under consideration. However, as an interim measure, CBDT has instructed field authorities not to take coercive measures to recover the outstanding demand till further instructions.

#### **Bank officers' strike**

2947. SHRIMATI SHANTA CHHETRI:

SHRI SANJAY RAUT:

Will the Minister of FINANCE be pleased to state:

(a) whether as part of the nationwide strike, bank officers working in 20 nationalised banks have gone on one day strike on 21st December, 2018 in protest against the inaction of Government in conceding their demands, including pay revision;

(b) whether the All India Bank Officers Confederation (AIBOC) has rejected the pay hike offer of three or four per cent made by Government; and

(c) if so, the steps Government is taking to find an amicable solution to their demands when they have worked shoulder-to-shoulder with Government during the period of demonetisation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) All India Bank Officers Confederation (AIBOC), one of the four apex level officers' associations in banks, went on strike on 21.12.2018 in support of their demands, including pay revision.

(b) and (c) Wages in banks are decided every five year by way of negotiation among apex level workmen unions/officers' associations of employees and Indian Banks' Association (IBA), which negotiates on behalf of bank managements on their specific mandate. IBA has informed that an offer of 8% increase in pay slip component was given to unions/associations in the last meeting of the Negotiating Committee,