

- (iii) In case of property damage, it covers maximum of ₹2,00,000/- per event at authorised customer's registered premises.

Tax exemption to startups

*39. SHRI T.G. VENKATESH: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether Government is contemplating on easing the norms for providing tax exemption to the Startup companies on investments made by the Angel Fund;
- (b) if so, the details thereof;
- (c) whether it is a fact that large number of startup companies have requested Government to provide tax exemptions, if so, the details thereof; and
- (d) the steps being taken by Government in this regard?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI SURESH PRABHU): (a) to (d) Startups receiving investments from Ventures Capital Fund are exempt from taxation as per provision of Section 56, (2) (vii b) of Income Tax Act 1961 (Act). Angel Fund is sub category of Ventures Capital Fund under Category-I Alternative Investment Fund (AIF), hence, eligible for the same exemption.

In order to provide startups receiving investments from angel investors exemption from tax, Central Board of Direct Taxes (CBDT) *vide* their notification No.S.O 584(E) dated 31.1.2019 has notified that provisions of Section 56 (2) vii(b) of Act shall not apply to consideration received by company for issue of shares that exceeds the face value of such shares if such issue of shares is approved by CBDT as provided in notification No. G.S.R 34 (E) dated 16.1.2019 of the Department of Industrial Policy and Promotion now known as Department for Promotion of Industry and Internal Trade (DPIIT).

Department of Revenue has further issued advisory on 24th December, 2018 based on representations received from various startup companies that no coercive measures to recover the outstanding amount should be taken for startup companies, if additions have been made by Assessing Officer under Section 56(2) vii(b) of Income Tax Act, 1961 after modifying /rejecting evaluation so furnished under Rule 11 UA (2) of Income Tax Rule, 1962.

Several rounds of discussions have been held by DPIIT with the startup ecosystem to address their concerns. The last roundtable with the Angel Investors, Venture

Capital Funds and Startup companies was held on 4th February, 2019 where officials from Department of Revenue/CBDT were also present. The following main suggestions have emerged out of this roundtable discussion:—

1. Exemption for investment by Angel Investors of ₹ 10 crore should be increased.
2. Aggregate limit of exemption of ₹ 10 crore should not include (i) capital issued at par, (ii) capital contributed by exempt investors (Alternate Investment Fund (AIF) Category-1, foreign investment under any of alternate routes *viz.* Foreign Direct Investment, Foreign Venture Capital Investment, Foreign Portfolio Investment), (iii) promoters' own money and (iv) listed companies.
3. In case angel investor is co-investing with Venture Capital Fund on the same valuation, provision of section 56 should not be attracted.
4. Investment made by category II Alternate Investment Fund should also be exempt for the purposes of Section 56 of the Act.
5. Once the Startup has filed application for exemption under Section 56 which is complete in all respects, CBDT should not carry out further examination and issue certificate of exemption.
6. Existing condition in respect of investors of having returned income of ₹ 50 lakh and net worth of ₹ 2 crore is excessively high and should be reduced/ removed altogether.
7. Mechanism of accredited investors should be provided to exempt investments made by them from Section 56.
8. Investment from friends and relatives should be exempt from 'Angel Tax'.
9. Exemption should also apply to Startups where assessment orders have been passed by Assessing Officers.
10. Startups against whom demands notices have been issued by the Income Tax Department, should be allowed to file appeal without deposit of 20% of the demand and also necessary directions for expeditious disposal of their appeals should be issued by CBDT.

11. CBDT to create a training module on startups and investments for in-service trainings and conduct sensitization workshops for Assessing Officers as Startups have unique business models.
12. Focus should be on considering "genuineness of transaction" through legitimate sources of funds instead of 'valuation' of investment.

Government is considering the suggestions received to ease the norms for providing tax exemption to Startups.

Foreigners languishing in prisons across the country

*40. SHRI MAJEED MEMON: Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether it is a fact that 3,908 foreigners are languishing in prisons across the country; and

(b) whether it is also a fact that only 222 out of 3,908 foreign nationals in jails have received consular access?

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI HANS RAJ GANGARAM AHIR): (a) and (b) The latest data on Prison Statistics published by the National Crime Records Bureau (NCRB) pertains to the year 2015. The figures change on a continuous basis as prisoners get released, acquitted or repatriated to their countries. In 2018, 306 consular access permissions were given, including repeat visits, to various foreign diplomatic Missions. These permissions relate both to individual foreign prisoners as well as collective access to foreign prisoners lodged in Indian prisons.

Implementation of PMUY

*41. SHRI DEREK O' BRIEN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the number of beneficiaries since launch of PMUY, the year-wise details thereof;

(b) the average number of refills taken by an Ujjwala beneficiary, year-wise details thereof;

(c) the average number of refills taken by a non-Ujjwala beneficiary, year-wise details thereof;