



**GOVERNMENT OF KARNATAKA**  
**STARTUP POLICY OPERATIONAL GUIDELINES**

**1<sup>st</sup> April 2016**

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**Karnataka Startup-Cell**  
**Karnataka Biotechnology and Information Technology**  
**Services**  
**(KBITS)**

**Government of Karnataka**

**4<sup>th</sup> Floor, 'B' Wing,**

**BMTC Central Offices Building**

**Shanthinagar,**

**Bangalore-560027**

**Hotline Number: 22231007**

**Email: [startupcell@bangaloreitbt.in](mailto:startupcell@bangaloreitbt.in)**

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## **XII Incentive for Claiming Reimbursement of Service Tax**

### **12.1 Eligibility Criteria**

- 12.1.1 The applicant should be a Startup registered with the Karnataka Startup Cell with a valid Karnataka Startup Cell registration number.
- 12.1.2 Reimbursement of Service Tax means, the eligible Startups incubated in Government supported incubators or CIFs will have to pay the prevailing service tax to the Service Tax Department, Government of India and later claim reimbursement of Service Tax from the Karnataka Startup Cell.
- 12.1.3 This reimbursement incentive will only apply to services performed during the validity of the Karnataka Startup Policy.
- 12.1.4 Startups incubated in Government supported incubators or CIFs with an annual turnover upto a maximum of 50 Lakhs will be eligible for reimbursement annually for the first three years from the date of commercial operation or till the incubator becomes DST certified whereby the services given by the incubator and the incubatees will become exempt from service tax.
- 12.1.5 Only Service Tax on Services offered by Startups incubated in Government supported incubators or CIFs shall be eligible for reimbursement under this incentive subject to the conditions mentioned under this incentive.
- 12.1.6 Reimbursement amount will be released/disbursed on the seniority basis depending upon the Budget allotment of the State Government

## **12.2 Mandatory Documents:**

12.2.1 Application as in **Annexure – I II and III**

12.2.2 Copy of the Service Tax Registration certificate issued by the competent authority.

12.2.3 Copy of the First invoice/invoices of all the services offered for which reimbursement is claimed.

12.2.4 Indicate the year-wise and Monthly/quarterly (as applicable) service tax paid to the Government being claimed by the applicant.

12.2.5 Tax returns (ST form-3) filed by Startup for the period for which reimbursement is being claimed.

12.2.6 Challan / Receipt issued by Service Tax Department

12.2.7 Invoices raised against the payment of services eligible for service tax reimbursement.

12.2.8 Audited balance sheet for 3 years (if not already provided)

## **12.3 Screening Committee**

12.3.1 All reimbursements will be made subject to the consideration of the screening procedure mentioned below. The decision of the Managing Director, KBITS in this regard to sanctioning of any reimbursement under this incentive will be final.

12.3.2 The Nodal Officer Karnataka Startup Cell, on receipt of the required documents, will scrutinize and perform necessary due diligence on the



service taxes paid by the applicant. On confirmation of the Startup/Incubator's eligibility, the Karnataka Startup Cell shall make an assessment the eligible reimbursement of Service Tax claims. Based on the recommendation of the Startup Cell, the Managing Director KBITS will sanction the reimbursement.