



GOVERNMENT OF KARNATAKA
STARTUP POLICY OPERATIONAL GUIDELINES

1st April 2016

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

Government of Karnataka

4th Floor, 'B' Wing,

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XI. Incentive For Claiming Reimbursement Against Net VAT & CST

1.1 Eligibility Criteria

11.1.1 The applicant should be a Startup registered with the Karnataka Startup Cell with a valid Karnataka Startup Cell registration number.

11.1.2 The reimbursement of VAT and CST means, the eligible Startup/Incubator will have to pay the prevailing VAT and CST to the Commercial Tax Department and later claim reimbursement of net VAT and CST from Karnataka Startup Cell based on the terms and conditions mentioned herein.

11.1.3 This reimbursement incentive will only apply to sales and purchases made after the date of registration with the Karnataka Startup Cell.

11.1.4 VAT related incentive will be in respect of the sales meant for final consumers within the State only. The sales made by the Startup/Incubator to other dealers within the State who in turn make inter-State sales, stock transfer or export sales, will not be eligible for the VAT related incentive.

11.1.5 The VAT/CST paid in Karnataka by an incubated Startup company with an annual turnover of up to a maximum of 50 Lakhs will be eligible for this reimbursement incentive annually for the first three years of being incubated.

11.1.6 VAT /CST on goods procured by the Startup/Incubator shall be eligible for reimbursement under this incentive.

11.1.7 The Reimbursement amount will be released/disbursed on the seniority basis depending upon the Budget allotment of the State Government

11.1.8 Reimbursement will be done annually by the Karnataka Startup Cell.

1.2Mandatory Documents

1.2.1 Application as in Annexure – I and II

1.2.2 Duly filled Annexure I, II and III if applying through an Empanelled Incubator.

1.2.3 Copy of the K/VAT Registration, KST/CST Registration and other registration of Commercial Tax Department.

1.2.4 AoA and MoA of the applicant.

1.2.5 Indicate the year-wise and monthly/quarterly (as applicable) NET VAT/ CST paid to the Government being claimed by the applicant

1.2.6 Copy of Tax returns filed by Startup/Incubator for the year for which reimbursement is being claimed (form 100 and 240)

1.2.7 Copy of Challan / Receipt issued by Commercial Tax Department

1.2.8 Relevant invoices raised.

- 1.2.9 If VAT/CST Reimbursement is claimed on goods supplied to the Incubator or Incubatee – then invoices raised against the purchase of these goods should be supplied. Further, please provide the TIN number of the relevant supplier of goods for which VAT/CST has been paid.

1.3 Screening Procedure

- 1.3.1 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.
- 1.3.2 The Nodal Officer Karnataka Startup Cell, on receipt of the required documents, will scrutinize and perform necessary due diligence on the purchases/sales made by the applicant. On confirmation of the Startup/Incubator's eligibility, the Karnataka Startup Cell shall make an assessment of the eligible reimbursement of Net VAT and CST claims. Based on this assessment, the Managing Director KBITS will sanction the eligible amount for reimbursement through a sanction order.