



Application for Investee Company Certification Explanatory Notes

Angel Tax Incentives

To stimulate and encourage angel investments into start-up companies in Malaysia, the Government is prepared to give an incentive in terms of tax deduction to qualified individual investors and/or spouses based on the qualified investments into a qualified start-up.

1. Qualifying Period

The angel tax incentive will be open for qualifying investments made from 1 January 2013 to 31 December 2017. The investment(s) made must be approved by the Ministry of Finance.

2. Eligibility Criteria of Investee Companies

- a. Minimum 51% Malaysian owned by individuals;
- b. Must be a private limited (Sendirian Berhad) company, incorporated in Malaysia and resident of Malaysia;
- c. Company's core business must be in qualifying activities as approved by the Ministry of Finance (please refer to Section 2);
- d. Cumulative revenue less than RM5 million and in operation for three (3) years or less (based on the latest financial year result upon application); and
- e. The company must not be wound-up and/or liquidated.



3. Eligibility Criteria of the Investment

- a. Investment must be made by a qualified angel investors;
 - b. Must not be from an immediate family members i.e. spouses, children, parents, grandparents and siblings;
 - c. Shall be for the sole purpose of financing the activities as approved by the Ministry of Finance (please refer to Section 2);
 - d. Is made by the angel investor for a period of two (2) years prior to the deduction;
 - e. Is not disposed of within two (2) years from the date the investment is made;
 - f. Shall not be more than thirty per cent (30%) of the share capital of the investee company in the form of ordinary shares;
 - g. The tax incentive given will be on a minimum amount of RM5,000-00 and up to a maximum amount of RM500,000-00 per annum in total;
 - h. The investment to be made are paid in full and in cash (not in kinds) where there is no obligation to pay back by an investee company to an angel investor;
 - i. Shares issued must reflected in the Shareholders' Agreement; and
 - j. The shares issues to the new investors must be in terms of ordinary shares only.
4. Validity Period Investee company's qualification period for investment under the Angel Tax Incentive is for one (1) year only and is renewable. Cradle Fund Sdn Bhd has the right to review the qualifying criteria for investee company as and when required during the period.
5. Post-Investment Company must have business activity in Malaysia for at least two (2) years after the investment is made.