

ANGEL TAX INCENTIVE PROGRAM

25 November 2025

BUDGET 2024 MALAYSIA MADANI



Cradle
— Creating. Leading. Startups. —

ANGEL
TAX INCENTIVE

**Galakan cukai
pelabur mangkin
(angel investor)
dilanjutkan
sehingga
31 Disember 2026**


KEMENTERIAN SAINS,
TEKNOLOGI DAN INOVASI
MINISTRY OF SCIENCE, TECHNOLOGY AND INNOVATION

 *Belanjawan 2024*
**MALAYSIA
MADANI**

To support capital funding for startup companies, the Angel Investor Tax Incentive will be extended until 31 December 2026, to encourage investment in technology startups.

ANGEL INVESTMENT

WHO ARE ANGEL INVESTORS?



High net worth individuals



Only invest in exchange for equity



Invests in small companies & startups at the early stage



Provide favourable terms of financing

HOW DO ANGEL INVESTORS MAKE MONEY?



Startup invested goes public



- Acquisition by another entity
- Management buyout
- Further funding raised (Equity bought over by investors)

PROS & CONS OF ANGEL INVESTING



Potential for high rate of return



Rewarding (supporting growth of startups)



Direct communication with company leadership



Potentially high risk



Requires patience



Long term investment

ANGEL TAX INCENTIVE

BACKGROUND



<https://cradle.com.my/grants/angel-tax-incentive/>



The incentive is managed by the Angel Tax Incentive Office (ATIO), a unit under Cradle Fund Sdn Bhd.



Angel Tax Incentive (ATI) is an initiative introduced in 2013 and was approved by the Government to encourage more early-stage investments by the private sector. This incentive hopes to reduce the risks usually associated with early-stage investments by giving back in the form of tax exemption to the investors.



The Angel Tax Incentive is designed to bridge the early-stage investment gap by encouraging qualified individual investors to invest in early-stage technology start-ups in Malaysia, to boost the growth of start-ups.

ANGEL INVESTOR

APPLICATION PROCESS

ELIGIBILITY CRITERIA OF THE INVESTMENT MADE BY ANGEL INVESTORS

- The investment must be made by accredited angel investor(s) into certified startup(s);
- The investment must not come from immediate family members including spouses, children, parents, grandparents, and siblings;
- The funds shall be exclusively allocated to finance activities approved by the Ministry of Finance;
- The angel investor invests for a period of two (2) years before the exemption;
- Shares allocated to the angel investor(s) cannot be sold or disposed of within a two (2) year period from the date of the initial investment;
- The investment shall not exceed thirty per cent (30%) of the issued and paid-up capital of the qualified start-up(s) and the shares issued must be in the form of ordinary shares;
- Minimum investment amount of RM5,000.00 and up to a maximum amount of RM500,000.00 per annum in total;
- The investments are to be in full and in cash (not in kind) with no obligation for the startup(s) to repay the angel investor(s);
- The Shareholders' Agreement must accurately reflect the shares issued by the start-up(s); and
- The shares allocated to the angel investor(s) must exclusively be in the form of ordinary shares only.

DOCUMENTS

- Fill in the MBAN Membership Application form;
- Photocopy IC;
- Latest EBE Form for High-Income Individuals; or
- Bank Statement, Equity, Bonds, Cash and Near Cash, Real Estate, Commodities, Property Valuation, and Alternatives for High-Net-Worth Individuals.

MEMBERSHIP TYPE

- High Net Worth Individual (Total wealth or net personal assets of RM3 million and above)
- High Net Income Individual (>RM180k - Individual)
- Joint Membership (>RM250,000 - Joint)

MEMBERSHIP FEES

- New Application with Accreditation (RM800)
- New Application without Accreditation (RM400)
- Renewal (RM500)

Discount Eligibility: If you are a member of an angel club registered under the Malaysian Business Angel Network (MBAN), you may be eligible for a 50% discount on the processing fee, subject to the terms and conditions outlined herein.

ANGEL INVESTOR

APPLICATION PROCESS

ANGEL INVESTOR ACCREDITATION

Angel investor accreditation is valid for a period of two (2) years. To be eligible for the Angel Tax Incentive, angel investors must maintain an active membership and invest in certified investee companies. The secretariat retains the right to review the qualifying criteria for angel investors as necessary during the accreditation period.

TAX EXEMPTION

- Upon the approval by the Ministry of Finance on the investment made, the angel investor becomes eligible for a tax exemption equivalent to the invested amount in the startup. The exemption will be granted in the third (3rd) year of the shareholding period.
- In the event the value of the investment exceeds the aggregate income of the angel investor for the specific year of assessment, any excess amount will not qualify for exemption and cannot be carried forward to offset against the angel investor's future income in subsequent years of assessment.

PROCESSING DURATION

Please take note that the processing time from the initial application to the generation of the certificate may take up to **90 days**.

NON-RESPONSE CONSEQUENCE

If an applicant does not respond to a communication from the Secretariat within **30 days** of submission, it will be assumed that the applicant is no longer interested in pursuing the application. In such cases, the applicant will need to submit a new application if they wish to resume their interest in becoming a member.

TECHNOLOGY SECTOR

1. Electronics and Information Technology
2. Telecommunications
3. Equipment/Instrumentation, Automation and Flexible Manufacturing Systems
4. Electro-optics, Non-Linear Optics and Optoelectronics
5. Advanced Materials
6. Transportation
7. Value-added Services
8. Emerging Technologies

NON-TECHNOLOGY SECTOR

1. Retail and Consumer Products
2. Food and Beverage
3. Education
4. Business Services
5. Real Estate and Construction

CERTIFIED INVESTEE COMPANY

CRITERIA

Minimum 51% Malaysian-owned

Cumulative revenue less than RM5 mil

Must be a Sdn Bhd company, incorporated and residing in Malaysia

Has been in operation for 3 years or less

The company's core business must be under the MOF-approved focus areas of investment

The company must not be winding up and/or in the liquidation process

ANGEL INVESTOR TAX EXEMPTION

REQUIREMENTS AND DOCUMENTS

Requirements

- The investment must be made by angel investors who meet the qualifying criteria;
- No family connection with investee company;
- The investment shall be solely to finance the activities as approved by the Ministry of Finance;
- The angel investor invests for a period of 2 years before the exemption (cannot dispose);
- The investment should not exceed 30% of the share capital of the investee company, and it should be in the form of ordinary shares;
- 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; and
- Paid in cash in full for ordinary shares.

Documents

- Duly executed and stamped Shareholder's Agreement;
- Latest Form 24 of Companies Regulations of the Certified Investee Company;
- Letter of Accreditation issued by MBAN to the Accredited Angel Investor;
- Latest Form 49 of Companies Regulations of the Certified Investee Company;
- Form 32A of Companies Regulations of the certified Investee (if any) ;
- Certified Investee Company's Bank Statement;
- Audited financial statements and/or draft audited financial statements of the Certified Investee Company for the past three (3) years, or in lieu thereof, management account or draft management account as at the latest practicable date; and
- Letter of Certification issued by CFSB to the Investee Company.

WWW.CRADLE.COM.MY

C R A D L E F U N D



**LEVEL 20,
SUNWAY PUTRA TOWER,
JALAN PUTRA, CHOW KIT,
50350 KUALA LUMPUR**



03-4045 8600

