



Angel Investor Allowance

Did you know that an eligible angel investor may qualify for a tax deduction on investments made into a qualifying start-up SME.

The Income Tax (Angel Investor Allowance) Regulations 2023 (“the Regulations”) was gazetted on 12 May 2023 and it lays down the criteria and conditions to qualify as an eligible angel investor and qualifying start-up SME, respectively. The Regulations shall be deemed to come into operation as from the income year commencing 1 July 2022.

The Angel Investor Allowance is welcomed by individual taxpayers as well as by newly set up Small and Medium Enterprises (“SMEs”).

Who is an “Angel Investor”?

An individual aged at least 18 years old and who is a Mauritian citizen or a holder of a permanent residence permit or residence permit.

What is a “qualifying start-up SME”?

An SME:

- set up on or after 1 July 2022 and managed in Mauritius;
- Which conducts its business operations in Mauritius or Africa;
- Which is a start-up falling under the National SME Incubator Scheme; and
- Which has an annual turnover not exceeding Rs 100 million.

Tax benefits for an Angel Investor

An angel investor who has invested a minimum of Rs 100,000 in an income year, to the seed capital of a qualifying start-up SME by way of acquisition of shares, is entitled to a relief, by way of a deduction from his net income, of 50% of the amount invested in that income year.

The total deduction shall not exceed Rs 500,000 in an income year.

Any unrelieved amount of the angel investor allowance may be carried forward and deducted against net income of the 2 succeeding years.

When is the Angel Investor Allowance effective?

Income year commencing 1 July 2022.



Conditions to benefit from the Angel Investment Allowance

An angel investor together with his relatives shall not hold more than 25% of the share capital of a qualifying start-up SME.

The shares purchased shall be held for at least 36 months from date of the acquisition.

The angel investor should not be entitled to any relief where the investment is made in any form other than the ordinary shares of a qualifying start-up SME.

What happens if the shares purchased are disposed of in the future?

If the angel investor disposes of the shares of the qualifying start-up SME within 36 months, the deduction allowed must be clawed back and added as a taxable income in the income year in which the shares are disposed.

The qualifying start-up SME should also notify the Director-General of the Mauritius Revenue Authority of any disposal, within 36 months of the disposal of any shares.

How can Andersen help you?

- Prepare and file annual tax returns for individuals
- Provide advice on a tax efficient structure to hold investments

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