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News: Centre softens angel tax rules

- The government has eased some of the provisions of the angel tax introduced in this year's Budget on investments into startups by non resident investors at a premium over their fair market value. It has introduced five different valuation methods for shares and offered a 10% tolerance for deviations from the accepted share valuations.

Angel Tax

- The provision known as the 'angel tax' was initially introduced in 2012 to discourage the generation and utilisation of unaccounted money through investments in closely held companies.
- It is the tax that must be paid on the funds raised by unlisted companies through the issuance of shares in off-market transactions, if they exceed the fair market value of the company.
- Fair market value (FMV) is the price of an asset when buyer and seller have reasonable knowledge of it and are willing to trade without pressure.

News: NABARD's social bonds issue fetches ₹1,000 crores

Social Impact Bonds

- Social Impact Bonds are **debt instruments used to finance or refinance social projects whose purpose is to address a common problem and help those most vulnerable.**
- A social impact bond is not a **bond, per se, since repayment and return on investment depend upon the achievement of desired social outcomes; if the objectives are not achieved, investors receive neither a return nor repayment of principal.**