

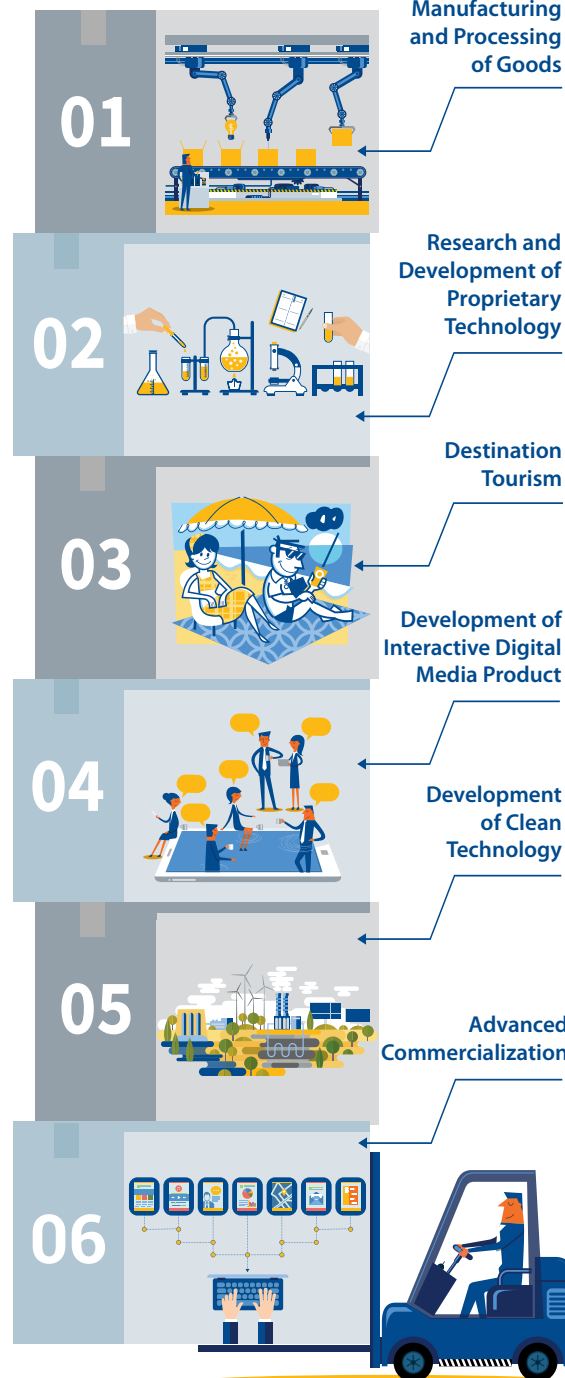
Venture Capital Tax Credit

Program Guidelines

Helping small businesses raise investment capital



QUALIFYING ACTIVITIES IN B.C.



The Venture Capital Tax Credit Program has helped thousands of businesses raise millions of dollars – find out if we can help you today!

Speak to one of our representatives to find out if your business is eligible for the program, and if your investors can get a tax credit. Contact us at:

1 800 665-6597
InvestmentCapital@gov.bc.ca
gov.bc.ca/InvestmentCapital



The Government of British Columbia in no way guarantees the value of any shares issued by a company registered under these programs, nor does it in any way express an opinion as to the financial condition of these companies or the merits of purchasing their shares.

Please also note that the Ministry of Jobs, Trade and Technology does not provide investment-matching services as part of program delivery. Participants are responsible for finding and attracting investors under all programs.



WHY VENTURE CAPITAL?



Finance Growth



Scaling Up New Technology



Patient Sources of Equity Financing



Product Development

HOW DOES THE EBC/VCC PROGRAM WORK?

B.C. -based corporations must apply to be registered as an EBC or a VCC

EBCs & VCCs must be authorized to raise investment capital in the program

EBCs & VCCs claim tax credits on behalf of their B.C. investors; shares must be held for 5 years

B.C.-based Individual and corporate investors receive a 30% tax credit (limits may apply)

Individual investors may invest up to \$400,000 per year (unlimited for corporations)

Tax credits for individuals are refundable

Tax credits for corporations are non-refundable

Both investors may carry forward unused tax credits for four subsequent years

DIRECT INVESTMENT

Eligible Business Corporation (EBC)



01 Business must be incorporated and registered to operate in B.C. (see SBVCA*)

02 Business must have a permanent place of business in B.C.

03 Business must pay at least 75% of its annual wages & salaries to B.C. employees

04 Business must be "substantially engaged" in one or more of the qualifying activities (see SBVCR**)

Investors
(receive 30% tax credit from B.C. Government)

Eligible Business Corporation (EBC)

05 Business, together with its corporate affiliates, must not have more than 100 employees

06 Business must have raised at least \$25,000 in equity capital

07 Business must have at least 80% of its assets located in B.C.

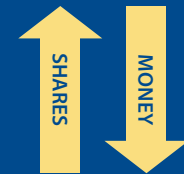
*SBVCA (Small Business Venture Capital Act)
**SBVCR (Small Business Venture Capital Regulation)

PORTFOLIO INVESTMENT

Venture Capital Corporation (VCC)



Investors
(receive 30% tax credit from B.C. Government)



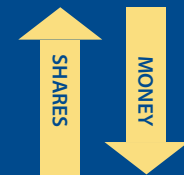
01 VCC is a newly incorporated B.C. company registered under the SBVCA*

02 VCC provides expertise, experience & knowledge to ESBs

03 VCC's sole purpose is raising capital from investors to invest in ESBs

04 VCC must hold the shares of ESBs for at least 5 years

Venture Capital Corporation (VCC)



05 VCC must raise a minimum of \$50,000 of equity capital

06 ESB must be "substantially engaged" in a qualifying activity

07 ESB must pay at least 75% of its annual wages & salaries to B.C. employees (50% if exporting)

Eligible Small Business (ESB)

*SBVCA (Small Business Venture Capital Act)