Investing Locally – Manitoba Small Business Capital Venture Tax Credit

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In the current economic climate, Manitobans are focused more than ever on investing locally.

The Small Business Capital Venture Tax Credit ("SBCVTC") offered by the Manitoba government is a valuable program designed to encourage investment in local businesses by providing substantial tax incentives to investors.

For Investors: Earn a 45% Manitoba Tax Credit

The key features of the SBCVTC program, for eligible investors, include:

- Making a direct investment in shares of an eligible company which has been pre-approved by the Manitoba government, and holding those shares for a minimum of three years
- Ability to earn a 45% non-refundable tax credit of their investment in eligible companies, which can be claimed against their Manitoba income taxes (i.e., if investing $100,000, an eligible investor can claim $45,000 as a tax credit)
- Annual & Lifetime Limits:
  - Minimum investment of $10,000 per company per calendar year
  - Lifetime maximum investment (for tax credit purposes) of $500,000 per company
  - Maximum tax credit earned per year of $225,000
  - Maximum tax credit claimable per year of $120,000
- Unused credits can be carried forward for 10 years or back for 3 years

For Small Businesses: Raise Between $100,000 and $10,000,000 in Equity

A small business can apply to be pre-approved as an eligible company to issue shares eligible for the SBCVTC program, if *all* the following criteria are met:

- Is a Canadian-controlled private corporation with a permanent establishment in Manitoba
- Uses substantially all its assets and derives substantially all its revenue from active business
- Has either:
  - annual revenue less than $15 million *or*
  - fewer than 100 full-time equivalent employees
- Has at least 25% of its employees residing in Manitoba
- Is not a reporting issuer (under *The Securities Act* (Manitoba))

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- Previously issued less than $10 million in eligible shares under the SBCVTC program (on its own or with an affiliate company)
- Has at least $25,000 of cash equity already invested
- Has an eligible business activity and uses the funds raised for eligible purposes

An eligible company, once approved, can issue shares, to primarily new investors, for a minimum of $100,000 up to a maximum of $10 million (total limit for shares issued under the SBCVTC program).

Funds raised must be used by the eligible company within three years of investment and for the purposes set out in its SBCVTC program application.

If you would like assistance determining SBCVTC program eligibility requirements, its application process, or in administering the share equity investment once approved, please contact us.

To learn more about Christina, visit:

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