

Interpretation Bulletin - Equity Tax Credit Regulation Changes - September 2004

The Department of Finance would like to advise Labour Sponsored Venture Capital Corporations (LSVCC's) that the amendments adding clauses, (i), (j), and (k) to subsection 12(1) of the Regulations do also apply to LSVCC's registered pursuant to 204.81(1) of the Income Tax Act (Canada) and in Nova Scotia under subsection 12(2) of the Equity Tax Credit Act as a requirement to comply with the spirit and intent of the Act.

All Labour Sponsored Venture Capital Corporations to be eligible for registration January 1, 2005, in addition to existing regulations must also comply with these requirements:

A. At least 75% of all salaries and wages paid by the corporation and any affiliate of the corporation are paid to residents of the Province or at least 90% of all salaries and wages paid by the corporation and any affiliate of the corporation are paid to residents of one of the Atlantic Provinces;

B. The corporation together with any affiliate of the corporation employs 3 or more employees who are residents of one of the Atlantic Provinces and whose combined total paid hours of employment are not less than 3900 in a 12 month period, or in the case of a short taxation year, an equivalent amount pro-rated;

And

C. The majority of the senior officers and directors of the corporation and any affiliate of the corporation are residents of one of the Atlantic Provinces.

If you have any questions concerning this bulletin please contact Kevin Redden at the Department of Finance (902) 424-7379 or e-mail reddenkg@gov.ns.ca.