

DIRECT EQUITY TAX CREDIT PROGRAM



PURPOSE

The Direct Equity Tax Credit Program encourages private investment in new or expanding small businesses. An investment incentive, in the form of a provincial income tax credit, may be available to individuals and arm's length corporations that invest as shareholders in eligible small businesses. Eligible businesses are not allowed to redeem eligible shares for five years after issuance.

TAX INCENTIVES

- A provincial income tax credit equal to 20% is available for an investment made in an eligible business located in the northeast Avalon area.
- A provincial income tax credit equal to 35% is available for an investment made in an eligible business located outside the northeast Avalon area.
- The maximum investment any single business may receive through the program is \$700,000.

WHO CAN APPLY

Small, non-publicly traded businesses with assets less than \$20 million and fewer than 50 full-time equivalent employees are eligible to apply. The business must be Canadian controlled and have a permanent establishment and be registered in the province.

Small businesses in growing areas of the economy, such as IT, aquaculture, advanced technologies, dimension stone, manufacturing, value-added resource-based enterprises (forestry and agrifoods), tourism and cultural industries are also eligible.

INELIGIBLE BUSINESSES

Businesses engaged in wholesale, retail, food and beverage services, real estate, professional practices and trades, oil/gas/mineral exploration, financial services, fish harvesting, and primary fish processing (except for processing of underutilized species as designated by the Minister of Fisheries and Aquaculture) are not eligible.

INVESTMENT ACTIVITIES

- The invested funds can be used to finance the start-up, modernization, expansion or growth of an eligible small business.
- The invested funds cannot be used to retire existing debt in a company, nor for the purchase or refinancing of an existing business operation.

HOW TO APPLY

Application forms are available at any office of the Department of Innovation, Trade and Rural Development or at www.gov.nl.ca/intrd. For assistance, call 1-800-563-2299 or the departmental office closest to you.

LABRADOR REGION

Charlottetown	949-0378
Labrador City	944-4046
Happy Valley-Goose Bay	896-2400
Postville	479-9731
Forteau	931-2908

WESTERN REGION

St. Anthony	454-3508/3521
Port Saunders	861-3004/3096
Corner Brook	637-2980
Deer Lake	635-2613
Stephenville	643-2600/1228
Port aux Basques	695-9872

CENTRAL REGION

Springdale	673-3481
Baie Verte	532-4772
Grand Falls-Windsor	292-4450/4451
St. Alban's	538-3796/3476
Gander	256-1484/1486

EASTERN REGION

Clarenville	466-4174/4176
Marystown	279-5531

AVALON REGION

Carbonear	596-4109/4116
Placentia	227-1350
St. John's	729-7104/7112
Ferryland	432-3019