

Alberta Investor Tax Credit Program Information

For Eligible Business Corporations and Venture Capital Corporations

Overview

The Alberta Investor Tax Credit (AITC) offers a 30 per cent tax credit to qualified individuals or corporations who invest in eligible Alberta small businesses doing research, development or commercialization of new technology, new products or new processes; or to those engaged in interactive digital media development, video post-production, digital animation or tourism. Eligible Business Corporations (EBCs) or Venture Capital Corporations (VCCs) first register with the program and then apply for tax credits on behalf of their investors.

Tax Credit Availability

Tax credits are available on eligible investments made after January 1, 2017 provided the business registers with the program and both the business and investor meet the program requirements. Tax credit certificates are issued on a first-come, first-served basis until the annual budget is expended. The remaining budget available for tax credits can be viewed at: www.alberta.ca/alberta-investor-tax-credit.aspx.



Eligibility Requirements

In order to register with the AITC program as an EBC, a business must:

- have at least \$25,000 in equity capital at the time of registration;
- have no more than 100 employees, including affiliates;

- be incorporated, continued or extra-provincially registered under the [Business Corporations Act](#) of Alberta;
- if exporting, pay at least 50 per cent of wages to employees who report to work in Alberta;
- if non-exporting, pay at least 75 per cent of wages to employees who report to work in Alberta;
- have more than 80 per cent of assets located in Alberta; and
- comply with the requirements of the [Securities Act](#) of Alberta when issuing shares.

In order to register with the AITC program, a VCC must:

- have of at least \$25,000 in equity capital at the time of registration;
- not have previously carried on business (cannot be a pre-existing venture capital corporation);
- be registered under the [Business Corporations Act](#) of Alberta;
- have articles of incorporation that restrict its business to assisting the development of eligible small businesses, as directed in the [Regulation](#);
- have a share structure consisting of only common shares that have no special rights or restrictions, and/or common shares that have rights or restrictions relating only to the redemption of the shares by the corporation; and
- comply with the requirements of the [Securities Act](#) of Alberta when issuing shares.

Use of Equity Capital Raised

An EBC can use the equity capital investment to establish, operate and/or expand their business. This does not include lending, payment of debt, investment outside of Alberta, or other prohibited uses of funds outlined in Section 48 of the [Investing in a Diversified Alberta Economy Act](#).



Investment Maximums

An EBC can raise up to a maximum of \$5 million in eligible direct investment from corporate and individual investors over the lifetime of the program. Additionally, EBCs can raise up to a maximum of \$10 million in eligible investments over a rolling two-year period from VCCs.

A VCC does not have a maximum for how much equity it can raise overall or for how many eligible small businesses and EBCs it can invest in.

However, please note that:

- the amount a VCC can invest in a single EBC may be impacted by the EBC's investment maximums as outlined above; and
- an eligible small business that is not registered through the program as an EBC can only raise up to a maximum of \$10 million over a two-year period through VCCs.

Tax credits can only be granted for investments that meet or fall below the specified maximums.

Tax Credit Certificates

The EBCs or VCCs apply for tax credit certificates on behalf of their investors. Certificates will be available upon approval of the request for tax credit and provided to the EBC or VCC, who is then responsible for distributing it to its investors.

Holding and Reporting Requirements

Shares issued by an EBC must be held by the investor (not be sold or redeemed) for a minimum of five years. An EBC must submit annual reports for a period of five years from the date of the most recent share issue.

Shares issued by a VCC must not be redeemed by the VCC for five years from the date of share issuance. If the shares are redeemed prior to this date, the tax credit may be revoked. A VCC must also:

- maintain investments in eligible businesses for a minimum of five years from the date of share issuance; and
- invest the capital raised within a specified period of time. Information on the required timing of investments can be found in Section 4 of the [Regulation](#).

A VCC must submit an annual report for each year it is registered with the program.

Tax Credit Revocation

The Government of Alberta may revoke registration or a tax credit certificate if it is determined, that at the time the tax credit certificate was issued, or at a subsequent time, the EBC or VCC was in contravention of the [Investing in a Diversified Alberta Economy Act](#) or the [Regulation](#). If an EBC or VCC is found to be non-compliant, the EBC or VCC may be required to repay the value of some, or all, of the tax credits issued.

Questions?

Please contact the AITC program team by email at AITC.program@gov.ab.ca.

For more information on the AITC program, or to download the program guidelines, please visit: www.alberta.ca/alberta-investor-tax-credit.aspx.