

Alberta Investor Tax Credit Program Information

For Investors

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.

An investor can either invest directly in an Eligible Business Corporation (EBC) or in a Venture Capital Corporation (VCC) that has successfully registered with the program.

Tax credit certificates are issued on a first-come, first-served basis until the annual budget is expended. Investors can view the remaining budget available for tax credits at: www.alberta.ca/alberta-investor-tax-credit.aspx.

Eligibility Requirements

For an investment to be eligible for a tax credit under the AITC program, the business being invested in must be substantially engaged (greater than 50 per cent of the company's activities) in any of the activities described in the general overview above. In addition, shares must have been acquired for cash directly from the EBC/VCC or its agent, and the shares fully paid for.



Eligible investors may include, but are not limited to:

- friends, family and associates of the business;
- corporate investors;

- accredited investors (e.g. angel investors); and
- non-accredited investors provided the investment meets the Alberta Securities Commission requirements on prospectus exempt investments.

Entities who are not eligible for the program include trusts, estates and investors that do not file taxes in Alberta.

Eligible investors must not:

- Have sold or otherwise disposed of shares in the EBC in the two years prior to the investment date for which the tax credit is requested.
- Own more than 50 per cent of voting shares in an EBC either alone, or in conjunction with affiliates and/or associates. Definitions of affiliates and associates can be found in Section 2 of the [Investing in a Diversified Alberta Economy Act](#).

Funding

For corporate investors

The AITC is a non-refundable tax credit. There is no maximum credit, however, an EBC can only raise up to \$5 million in direct investments from corporate and individual investors. As a result, the maximum a corporation may be able to directly invest in a single EBC is \$5 million. Unused corporate tax credits may be carried forward for up to four years.

For individual investors

The AITC is a refundable tax credit. A rolling maximum credit of \$300,000 is available. Each year a maximum of \$60,000 can be applied, and unused tax credits may be carried forward for up to four years. For more information, please see the program guidelines.

Use of Equity Capital Raised

The equity capital provided by investors to an EBC can be used to establish, operate and/or expand an EBC's 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](#).



Tax Credit Certificates

Each investor must provide his or her personal and/or corporate information to the EBC or VCC, who will apply for the tax credit certificate on behalf of its investor. Certificates will be available upon approval of the request for tax credit and provided to the EBC or VCC, who is responsible for distributing it to its investor.

Tax credits are applied to the investor's personal or corporate taxes filed at the appropriate time.

Tax credit certificates do not need to be attached with annual returns but should be retained as records for supporting documentation if needed.

The sooner the equity is raised and/or invested, the sooner the EBC or VCC can apply for the tax credit on behalf of its investors.

Holding Requirements

Shares issued by the EBC must be held (not sold or redeemed) by the investor for five years from the date of share issuance. If the shares are sold or redeemed prior to this date, the tax credit may be revoked.

Shares issued by the 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.

Tax Credit Revocation

The Government of Alberta may revoke or withhold a tax credit certificate if it is determined that at the time the tax credit certificate was issued, or at a subsequent time, the investor was in contravention of the [Investing in a Diversified Alberta Economy Act](#) or the Regulation. If the investor is found to be non-compliant, the investor 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.