

SCHEDULE 1

Investor Eligibility

The total investment by an individual investor shall be not less than \$1,000 and for a corporation or trust investor, the total investment shall be not less than \$50,000.

To receive a Small Business Investor Tax Credit a person must be an individual who is a resident of New Brunswick and 19 years of age or older or a corporation or trust which has a permanent establishment in New Brunswick.

Shares may be purchased, held or disposed of by a qualifying trust for an investor.

An investor is required to hold the investment for a minimum of four years.

An investor may not use financial assistance from any government, municipality or public authority in the acquisition of these shares.

The maximum annual investment for which a tax credit certificate will be issued to an investor is \$250,000 for an individual and \$500,000 for a corporation or a trust.

Investment Eligibility

The corporation will raise capital of not less than \$10,000.

An investment may be made by an individual investor, within the first 60 days of a calendar year and may be claimed as a tax credit in the prior taxation year.

A replacement share is not eligible. A replacement share is a share purchased by an investor who disposed of any other share of the corporation at any time after December 10, 2002, and before the date of the investment.

Eligible investments do not include shares that, in the opinion of the Minister of Finance, were or will be issued with the main purpose to claim the tax credit.

Funds raised, by the proposed share offering, will **not** be used for any of the following purposes:

- Lending;
- purchasing the shares of any other person;
- investment outside the Province of New Brunswick;
- investment in land, except land that is secondary to the active business in which the corporation is primarily engaged;
- purchasing all or part of any services or assets at a price greater than their fair market value;
- purchasing services or assets from the Province, or a provincial agency or corporation, to be used in the same or similar business activity, and the corporation has received financial assistance from any government, municipality or public authority to purchase those services or assets;
- redemption or purchase of previously issued shares of the corporation or an associated corporation;
- retirement of any part of a liability of a shareholder of the corporation or an associated corporation;
- payment of dividends; and
- funding the purchase of any assets of an existing corporation, proprietorship, partnership, joint venture, trust or company, except where that entity is in receivership or in bankruptcy and an eligible investor or group of investors did not, at any time, own more than 10 per cent of the voting shares of the entity

Investment Plan

An investment plan will contain the following:

- amount, proposed use and specified time frame in which the raised capital will be used

SCHEDULE 1

- names of no fewer than three potential eligible investors, including each individual investor's social insurance number, date of birth, residential address and telephone number or for corporation or trust investor(s), the NB Corporate Affairs Registration Number, business address and contact person.
- number and types of shares and investment amounts for each potential investor
- summary of the corporation's major business activities and revenue sources indicating the percentage of company assets used in each activity
- provision that, immediately after registration, or within such period of time as permitted by the Minister of Finance, the corporation will raise capital by issuing eligible shares, and
- total of wages and salaries paid, in the previous taxation year, indicating the portion paid to New Brunswick residents
- number of employees currently employed by the applicant corporation
- total amount of revenue and dollar value of goods and services exported out of N.B at the time of application.

Certificate of Registration

The Minister of Finance shall issue a certificate of registration that gives approval to the corporation to raise the amount of capital referred to in the investment plan through the sale of shares.

Share Certificates

Shares will only be issued by the corporation on being fully paid.

Shares purchased from the corporation will be registered in the name of the shareholder who purchases them or in the name of a trustee, if the shares are purchased by a qualifying trust.

The corporation will issue an investment confirmation to each eligible investor within 30 days of the investment.

The corporation shall put the following endorsement on the share certificates: "The right to redeem or transfer this class of shares is subject to the provisions of the *Small Business Investor Tax Credit Act.*"

Tax Credit Certificate

The tax credit is 50% for an individual investor (for investment made after April 1, 2015) and 15% for a corporation or trust investor of the investment up to the maximum annual tax credit per investor of \$125,000.

The credit is not refundable but may be carried forward for seven years or carried back three years.

The secretary and one authorized officer of the corporation will apply, on behalf of each eligible investor, for a tax credit certificate within 30 days of issuing the eligible shares. The application shall be accompanied by any additional material that may be required by the Minister of Finance.

Annual Returns

The applicant corporation shall file an annual return within 90 days after the end of its fiscal year end for the four-year holding period for specified share issuances (in certain cases, the corporation may have to file 5 annual returns to cover the four-year holding period). The following information shall be provided with the annual returns:

- A copy of the corporation's financial statements, for the fiscal year being reported (including those of the associated corporations), for which an independent review engagement has been conducted or the statements have been independently audited by a chartered accountant, a certified general accountant, a certified management accountant or a chartered professional accountant;
- A copy of the income tax return from the previous taxation year (including those of associated corporations);
- A copy of the current corporate share registry, certified by an officer of the company. This should provide a list of all shareholders with the number, class and unit price paid. Any shareholder's SBITC eligible shares should be separate from any of their other shares;
- A list of any redemption or transfer of SBITC eligible shares within the previous fiscal year, including the date of the redemption or transfer;
- An updated investment plan indicating how SBITC program funds were used;
- A summary of total wages and salaries, for the fiscal year, by jurisdiction broken down by residents and non residents, total number of employees at year end;

SCHEDULE 1

- total amount of revenue and dollar value of goods and services exported out of N.B for the fiscal year: and
- Any information that the Minister of Finance may consider necessary to confirm the use or disposition of the raised capital and to ensure compliance with the SBITC program and legislations.

Enforcement

An investor, who, before the expiry of the four-year holding period, redeems, cancels or disposes of an eligible share or receives a tax credit that they were not entitled to, shall repay the amount of the tax credit received, including interest. No recovery of the tax credit will be required in the event of the death of an individual investor.

The corporation shall not redeem an eligible share unless the redemption occurs after four years from the date of issue or due to a transfer involving an RRSP that the shareholder is the annuitant or because of the death of the shareholder.

If the corporation redeems, acquires, cancels or transfers eligible shares within the four-year holding period, it is required to withhold, from the amount otherwise payable to the shareholder, the amount of the tax credit received. The withheld amount must be paid to the Minister of Finance within 30 days. No recovery of the tax credit will be required in the event of the death of an individual investor.

If, before the expiry of the four-year holding period, a corporation's registration is revoked or surrendered, or if the corporation winds up or dissolves, the corporation will immediately pay, to the Minister of Finance, all monies equal to all of the allowed tax credits issued within the preceding four years.

Disclaimer

This schedule is intended to provide information respecting application under the Province of New Brunswick *Small Business Investor Tax Credit Act* and should not be regarded as a replacement of the laws, regulations or administrative documents to which it refers. Where there is a conflict between the information contained in this schedule and the legislation, the legislation shall prevail.

[http://www.gnb.ca/ Finance](http://www.gnb.ca/Finance)

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Ce document est aussi disponible en français.