



TAX BULLETIN 13-7
Virginia Department of Taxation
MAY 22, 2013

IMPORTANT INFORMATION REGARDING THE
ANNUAL CAP FOR THE QUALIFIED EQUITY
AND SUBORDINATED DEBT INVESTMENTS
TAX CREDIT

The amended budget bill for the 2012-2014 biennium (House Bill 1500, Chapter 806 of the 2013 Acts of Assembly) includes provisions that limit the annual cap for the Qualified Equity and Subordinated Debt Investments Tax Credit. This notice is intended to provide taxpayers with information on the annual cap for this tax credit.

Annual Cap Amount

Under Va. Code § 58.1-339.4(E), the Qualified Equity and Subordinated Debt Investments Tax Credit is capped at \$5 million annually. However, beginning with Taxable Year 2006, budget actions have imposed a lower tax credit cap for certain taxable years.

For Taxable Year 2012, the tax credit cap was limited to \$4 million. Under the budget bill for the 2012-2014 biennium (2013 House Bill 1500), the tax credit limit will increase to \$4.5 million for Taxable Year 2013 and to \$5 million for Taxable Year 2014. For taxable years after 2014, the tax credit limit will remain at the statutory cap of \$5 million, unless the General Assembly takes future action to change it.

The following chart shows the annual tax credit cap for Taxable Years 2005 through 2014:

| Taxable Year | Annual Tax Credit Cap Amount |
|---------------------|-------------------------------------|
| 2005-2009 | \$3 million |
| 2010 | \$5 million |
| 2011 | \$3 million |
| 2012 | \$4 million |
| 2013 | \$4.5 million |
| 2014 | \$5 million |

Further Instructions

If you have additional questions, please visit the Department's website at <http://www.tax.virginia.gov>, or contact the Department at (804) 786-2992.