VCI FACTS
VENTURE CAPITAL INVESTMENT TAX CREDIT

DESCRIPTION
The Venture Capital Investment (VCI) Tax Credit program provides a nonrefundable tax credit to individual and corporate investors who provide qualified debt or equity capital to Indiana companies or who provide qualified capital to a Qualified Indiana Investment Fund, improving access to capital for fast-growing Indiana companies. A VCI tax credit certified for an investment made after July 1, 2020 may be assigned to another taxpayer. The VCI tax credit is established by Indiana Code § 6-3.1-24.

ELIGIBILITY
To be eligible for the tax credit, an investor must submit an application to the IEDC that outlines capital investment plans prior to making an investment. Eligible investments are those made in a Qualified Indiana Business (QIB), W/MBE-QIB, or a Qualified Indiana Investment Fund (QIIF) according to an approved capital investment plan.

A Qualified Indiana Business:
» Is headquartered in Indiana
» Has at least 50% of its employees or at least 75% of its assets in Indiana
» Has average annual revenues of less than $10 million

A Qualified Indiana Investment Fund:
» Meets the definition of a Venture Capital Fund per 17CFR275.203(1)-1
» Makes numerous high-risk investments in pre-seed, seed, and early-stage high-growth businesses. Primary purpose of such business is the commercialization of R&D, technology transfer, or application of new technology
» Prioritize at least 60% of invested dollars must be provided to companies which meet the substantial presence requirement or have received funds from the the 21 Fund

Additional requirements can be found in the VCI authorizing statute (Indiana Code § 6-3.1-24-7).

CALCULATION OF THE CREDIT
The credit is calculated by determining the total qualified capital investment made in a QIB, a W/MBE-QIB, or a QIIF multiplied by the respective tax-credit percentage. The total amount of credits provided to all investors for any single QIB, W/MBE-QIB, or QIIF varies. See the below chart or the Venture Capital Investment (VCI) Tax Credit program website for details.

REPORTING REQUIREMENTS
Before an investor may claim a VCI tax credit, the investment must first be certified by the IEDC.

Information required:
» Evidence that a qualified investment was made in the QIB, W/MBE-QIB, or QIIF as shown by documents such as an executed stock purchase agreement, executed debt instrument, canceled check(s), wire transfer document, etc.
» Completed Certification for Investors form, completed by the QIB, W/MBE-QIB, or QIIF within30 days of the investment

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PROJECT ELIGIBILITY	Individual or corporate investors that make qualified investments in a qualified Indiana business or a qualified Indiana investment fund according to a plan approved by the IEDC
AMOUNT	25%, up to $1,000,000 lifetime, Qualified Investment in a qualified Indiana business; 30%, up to $1,500,000 lifetime, Qualified Investment in a W/MBE qualified Indiana business; or, 20%, up to $5,000,000 annually, Qualified Investment in a qualified Indiana investment fund.
PASS THROUGH	Yes
CARRY FORWARD	Yes, for up to 5 years after the year in which the investment is made
CARRY BACK	No
REFUNDABLE	No
ASSIGNABLE	For investments made after July 1, 2020
PROJECT CAP	$1,000,000 lifetime for a qualified Indiana business; $1,500,000 lifetime for a W/MBE qualified Indiana business; up to $5,000,000 annually for a qualified Indiana investment fund.
PROGRAM CAP	$20 million each fiscal year; of which $12.5 million is reserved for investments made in qualified Indiana businesses and up to $7.5 million may be allocated to investments made in qualified Indiana investment funds. Tax-credits not allocated to investments made in qualified Indiana investment funds may be allocated to investments made in qualified Indiana businesses.

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