



TAX BULLETIN 14-5

Virginia Department of Taxation

July 23, 2014

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 5001, Chapter 1 of the 2014 Acts of Assembly) and the budget bill for the 2014-2016 biennium (House Bill 5002, Chapter 2 of the 2014 Acts of Assembly) include provisions that limit the annual cap for the Qualified Equity and Subordinated Debt Investments Tax Credit. This notice is intended to supplement Tax Bulletin 13-7 (PD 13-75) by providing 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 2013, the tax credit cap was limited to \$4.5 million. Under the amended budget bill for the 2012-2014 biennium (2014 House Bill 5001) and the budget bill for the 2014-2016 biennium (2014 House Bill 5002), the tax credit cap will increase to \$5 million for Taxable Year 2014. For taxable years after 2014, the tax credit cap 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.