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Customer Information Guide

# VENTURE CAPITAL LIMITED PARTNERSHIPS (VCLPs)

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Prepared by AusIndustry – July 2016

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This Guide is to assist customers understand the requirements of Venture Capital Limited Partnerships (VCLP).

Applications for VCLP registration must be made on the approved form (available from AusIndustry) and can be lodged at any time. Upon applying for registration, AusIndustry will provide guidance on the application process and, if successful, support throughout the life of the partnership.

The *Venture Capital Act 2002* makes reference to "in the form approved by Innovation Australia". [Listed](#) are those provisions and a description of the form approved by Innovation Australia.

## **1. VENTURE CAPITAL LIMITED PARTNERSHIPS (VCLP) OVERVIEW**

The programme aims to stimulate Australia's venture capital sector by attracting foreign investors but is also open to domestic investors.

Fund managers planning to raise a venture capital fund of at least \$10 million (there is no upper limit) can apply to the Innovation Australia's Innovation Investment Committee (the Committee) to register the partnership as a VCLP. A VCLP is entitled to flow-through tax treatment (it is not a taxing point). Its eligible foreign investors do not pay capital gains tax on their share of returns the VCLP makes from eligible venture capital investments. Returns to domestic investors are taxed in their hands and a deduction for any losses may be allowable.

The programme is enabled by the:

- *Venture Capital Act 2002* (VCA); and
- *Income Tax Assessment Act 1936 and 1997* (ITAA36 and ITAA97).

The programme commenced in December 2002 with the passing of the VCA and amendments to the ITAA36 and ITAA97.

The programme is jointly administered by the Committee with the support of AusIndustry and the Australian Taxation Office (ATO).

## **2. REGISTRATION AS A VCLP**

### **2.1 Innovation Australia's Innovation Investment Committee**

The Committee administers the programme and decides registration application against the programme legislation. The Committee is supported by AusIndustry – Innovation Programmes, a division of the Department of Industry, Innovation and Science.

## 2.2 Eligibility criteria [Divisions 9, 11 and 13 VCA]

To be eligible for registration as a VCLP a partnership must:

Eligibility criteria	VCA reference
<ul style="list-style-type: none"> <li>• be a <b>limited partnership*</b></li> <li>• be established in Australia or a country with which Australia has a double tax agreement.</li> </ul> <p>* Limited partnerships are established under State laws. Most States allow for the establishment of <i>incorporated limited partnerships</i> for the purpose of registering as a VCLP. A limited partnership must also meet the relevant criteria as defined in the ITAA97.</p>	<p>s9-1(1)</p> <p>s9-1(1)(a)(i) or (ii)</p>
<ul style="list-style-type: none"> <li>• have a partnership agreement that:               <ul style="list-style-type: none"> <li>○ remains in existence for not less than five years and not more than 15 years</li> <li>○ requires partners to contribute capital when required</li> <li>○ prohibits the addition of new partners except as provided for in the agreement</li> <li>○ prohibits increases in committed capital except as provided for in the agreement</li> <li>○ confers on a general partner the right to require partners to contribute their committed capital to the partnership</li> <li>○ includes a plan which outlines its intended investment activities.</li> </ul> </li> </ul>	<p>s9-1(1)(c),</p> <p>s11-1(2)(f)</p>
<ul style="list-style-type: none"> <li>• have a general partner(s) that is a resident of either Australia or a country which Australia has a double tax agreement.</li> </ul>	<p>s9-1(1)(b)</p>
<ul style="list-style-type: none"> <li>• have <b>at least \$10 million* committed capital.</b></li> </ul> <p>* A partnership that does not satisfy this requirement may be eligible for conditional registration, see section 2.5.1</p>	<p>s9-1(1)(d)</p>
<ul style="list-style-type: none"> <li>• not hold any investments prior to registration and only carry on activities relating to making eligible venture capital investments subsequent to registration. The Partnership can only hold debt interests that are permitted loans.</li> </ul>	<p>s9-1(f) and (g)</p>

## 2.3 Applying for registration [Division 11, VCA]

Applications for VCLP registration must be made on the approved form (available from AusIndustry) and lodged at any time.

Summary	VCA reference
Must use approved application form (email <a href="mailto:venturecapital@industry.gov.au">venturecapital@industry.gov.au</a> or call 13 28 46 for a form)	s11-1(1)
Can be lodged anytime, free of charge.	s11-1(1)
Must include partners details, eligible partnership agreement (including investment plan), offer documents, evidence of committed capital.	s11-1(2)
The Committee can request additional information.	s11-10
Can be lodged electronically at <a href="mailto:venturecapital@industry.gov.au">venturecapital@industry.gov.au</a>	

## 2.4 Granting registration [Division 9, 11 and 13 VCA]

The Committee will grant registration if it considers the application satisfies the legislative requirements. The Committee has 60 days to decide a registration application and can extend that period by a further 60 days [s11-15].

## 2.5 Registration

### 2.5.1 Conditional Registration [s13-5(1) VCA]

A partnership that does not meet all the requirements under s9-1 of the VCA, such as not having at least \$10 million committed capital may be granted conditional registration. A partnership that has been conditionally registered must present evidence to satisfy the Committee that it is likely to gain full registration within 24 months. To gain full registration, the conditionally registered partnership must then raise at least \$10 million within the 24 months. Otherwise conditional registration lapses after 24 months.

A conditionally registered VCLP may in certain circumstances make investments. However, the VCLP must gain full registration before it realises any gains for the tax benefits to apply. To gain full registration a further application that demonstrates the partnership meets all requirements for registration must be submitted to the Committee. An application for full registration can be lodged with the Committee at any time during the conditional registration period. However, it should be lodged no later than 60 days before the conditional registration lapses (i.e. within 24 months after the conditional registration was granted).

A conditionally registered VCLP that has its conditional registration lapse is not prevented from reapplying for registration. However, any application would need to address to the



Committee's satisfaction, those matters which prevented the partnership gaining full registration.

### 2.5.2 Full Registration [s13-1(1) VCA]

A partnership that meets the VCLP registration requirements can apply for full registration at any time on the approved form which is available from AusIndustry.

## 2.6 When registration is in force [s13-1, s13-5 and s13-10 VCA]

Generally, registration comes into force on the day full registration is granted (under s13-1). However, if a VCLP is conditionally registered (under s13-5) when full registration is granted, then its full registration is taken to have come into effect on:

- the day the partnership was granted conditional registration for the purposes of ITAA97 (i.e. the tax concession); and
- the day the partnership was established, for the purposes of the ITAA36 (i.e. the flow-through treatment).

## 2.7 Maintaining registration [Division 9 VCA]

VCLP registration is subject to a number of ongoing requirements. The legislation refers to them as investment registration requirements and other registration requirements. It is also a condition of maintaining registration that a VCLP meet its reporting requirements.

Investment registration requirements s17-1(1)	VCA reference
Any of the following constitute a failure to meet the investment registration requirements:	
<ul style="list-style-type: none"> <li>• a VCLP holds an investment that is not permitted under the legislation</li> </ul>	s9-1(1)(e),(f),(g)
<ul style="list-style-type: none"> <li>• a VCLP carries on activities other than those related to being a VCLP</li> </ul>	
<ul style="list-style-type: none"> <li>• a VCLP holds a debt interest that is not a <i>permitted loan</i>.</li> </ul> <p>Note: If the Committee is satisfied there is a failure to meet an investment registration requirement. They will notify the VCLP in writing that it must remedy the failure within a reasonable period, but not exceeding six months. If the failure is not remedied within the stipulated period the Committee must revoke the VCLP's registration. This is a reviewable decision under Division 29 VCA.</p>	

<b>Other registration requirements s17-5(1)(a)</b>	<b>VCA reference</b>
Any of the following constitute a failure to meet the other registration requirements:	
<ul style="list-style-type: none"> <li>the VCLP is no longer a partnership that satisfies the eligibility requirements of the VCA</li> </ul>	s9-1(1)(a),(b),(c)
<ul style="list-style-type: none"> <li>the VCLP has committed capital of less than \$10 million.</li> </ul> <p>Note: If the Committee is satisfied a VCLP has failed to meet one of the above requirements. They will advise the VCLP it has 60 days in which to remedy the contravention. A VCLP can apply to have this period extended by a further 60 days. If the contravention is not remedied within the period set by the Committee registration must be revoked. A decision to revoke under this provision is reviewable under Division 29 VCA.</p>	s9-1(d)
<b>Reporting requirements Division 15, s17-10</b>	<b>VCA reference</b>
Failure to meet the following reporting requirements of Division 15 allows the Committee to revoke registration under s17-10.	
<ul style="list-style-type: none"> <li>Quarterly returns* submitted within one month of the end of each quarter.</li> <li>Annual return* submitted within three months of the end of the financial year.</li> </ul> <p>Note: A decision to revoke under this provision is reviewable under Division 29 VCA.</p> <p>*AusIndustry has a pro forma for each report which will be emailed to the general partner at the appropriate time.</p>	
<ul style="list-style-type: none"> <li>The Committee may ask for a general partner of the partnership to provide further information about investments or disposals, notified under s15-10.</li> <li>The Committee may also ask a general partner of the partnership to provide information the Committee considers necessary for the purpose of administering the Act.</li> </ul>	s15-15  s15-20

## 2.8 Revoking registration [Division 17 VCA]

The Committee may revoke a VCLP registration:

- for failing an 'investment registration requirement' [see section 2.7]
- for failing any 'other registration requirements' [see section 2.7]
- at its discretion (see below)
- at the fund manager's request.

<b>Revocation at the Committee's discretion s17-10</b>	<b>VCA reference</b>
The Committee may revoke registration for:	s15-1,10,15,20
<ul style="list-style-type: none"> <li>• failing to submit required reports or provide requested information</li> </ul>	s17-10(e)
<ul style="list-style-type: none"> <li>• repeated breaches in relation to the holding of ineligible investments.</li> </ul>	s9-1(1)(f)
Note: A decision to revoke under s17-10 is reviewable under Division 29 VCA.	s29-1
Application by the fund manager	s17-25
An application for revocation may be lodged at any time and the Committee will revoke registration as soon as practicable.	

Generally, if the Committee considers a VCLP does not meet any of the above registration requirements it must issue a notice advising the VCLP and inviting a response. If after considering the response the Committee is satisfied there is a contravention, the Committee will direct the VCLP to rectify the contravention within a period determined in accordance with the VCA. If the contravention is not remedied within the set period the Committee must revoke the VCLP's registration.

## 2.9 Review of a decision [Division 29 VCA]

Division 29 sets out the Committee's decisions that are reviewable. Under this Division a VCLP may ask the Committee to review certain decisions. If the Committee confirms its decision the VCLP may then apply to the Administrative Appeals Tribunal to review the decision.

The following are reviewable under the VCA (not an exhaustive list). Decisions under:

- subsection 9-10(3) allowing, or refusing to allow, a longer period for the purposes of paragraph 9-10(1)(b) for repayment of a permitted loan
- section 13-1 refusing to register a limited partnership as a VCLP

- section 13-5 refusing to register conditionally a limited partnership as a VCLP
- section 17-1, 17-5 or 17-10 revoking a registration under Part 2
- subsection 17-1(2) determining a period within which investment registration requirements must be met
- section 25-5 determining a shorter period or refusing to make such a determination. Relates to the Australian nexus test for an investee in s118-425(2)(b) ITAA97
- section 25-10 or 25-15 refusing to make a determination. Relates to the Australian nexus test for an investee in s118-425(2)(b)(i) and (ii) ITAA97.

### **3. CAPITAL RAISING AND PARTNERSHIP SIZE**

#### **3.1 Minimum size [s9-1(d) VCA]**

To be eligible for VCLP registration a partnership must have at least \$10 million in committed capital. There is no upper limit. This requirement is ongoing and if a partnership is granted VCLP registration it becomes a condition of registration.

Note: Conditional registration can be granted to a partnership that has yet to raise capital [see section 2.5].

#### **3.2 Committed capital [s118-445 ITAA97]**

Section 118-445 of the ITAA97 defines committed capital. In order to maintain VCLP registration a partnership must have:

- at least \$10 million; and
- an investment cannot represent more than 30 per cent of a VCLP's committed capital (s118-425(1)(d) of the ITAA97).

#### **3.3 Australian Financial Services Licence (AFSL)**

Please visit the [ASIC website](#) to determine whether your proposed VCLP structure requires an AFSL under the *Corporations Act 2001*.

### **4. REGULATION OF VCLP ACTIVITIES AND INVESTMENTS**

#### **4.1 VCLP activities [s9-1(1)(f) VCA]**

A VCLP can only carry on the business of being a VCLP (i.e. being a venture capital partnership) and can only hold investments as provided for under the VCA.

Investments must either be:

- an eligible venture capital investment
- permitted by s9-1(e)(ii) or (iii) of the VCA
- a debt interest that is a permitted loan.

## 4.2 Eligible investment [s118-425 or 427 ITAA97]

VCLPs need to make eligible venture capital investments. An eligible venture capital investment is one that satisfies either the requirements of:

- investment in a company (s118-425); or
- investment in a unit trust (s118- 427 of the ITAA97).

The requirements include restrictions on the investments that an investee entity can hold or acquire. Essentially, the investee entity can only invest in other entities provided that after the investment, the investee entity controls the other entity and the other entity broadly satisfies the requirements to be an eligible venture capital investment. Following the investment, the investee entity must take into account the activities of the other entity when applying the predominant activity test for a six month period from when the investment first occurs.

The eligible venture capital investment requirements have different timeframes, some may apply at the time the investment is made, or for a certain period after the investment is made, or may be an ongoing requirement.

Below is an overview and this should be read in conjunction with the relevant tax provisions.

<b>Eligible Investment</b>	<b>Requirements</b>	<b>ITAA97 reference</b>
An investment in a business that:		
<ul style="list-style-type: none"> <li>• is located in Australia               <ul style="list-style-type: none"> <li>○ 50 per cent of assets</li> <li>○ 50 per cent of staff</li> </ul> </li> </ul>	At time of investment and for at least 12 months after (Committee can approve variation see 4.2.6)	s118-425(2), s118-427(3)
<ul style="list-style-type: none"> <li>• is either a company or a unit trust</li> </ul>	At time of investment and ongoing	s118-425(1)(b), s118-427(1)(b)
<ul style="list-style-type: none"> <li>• has total assets not more than \$250 million</li> </ul>	At time of investment	s118-440(9)(b), s118-440
<ul style="list-style-type: none"> <li>• has a registered auditor, where the entity value is above \$12.5 million</li> </ul>	By the end of the year of the initial investment.	s118-425(5), s118-427(6)
<ul style="list-style-type: none"> <li>• has a predominant activity that is not:</li> </ul>	At time and ongoing (Committee has some discretion, see	s118-425(3), s118-427(4)

<b>Eligible Investment</b>	<b>Requirements</b>	<b>ITAA97 reference</b>
An investment in a business that:		
<ul style="list-style-type: none"> <li>- property development or land ownership;</li> <li>- finance;</li> <li>- insurance;</li> <li>- construction; or</li> <li>- making investments directed at deriving passive income</li> </ul>	4.2.6)	s118-425(13), s118-427(14)
<ul style="list-style-type: none"> <li>• does not invest the VCLP's investment in another entity unless it is 'connected' and satisfies a number of requirements</li> </ul>	Ongoing	s118-425(4), s118-427(5)
<ul style="list-style-type: none"> <li>• not listed – or delisted within 12 months.</li> </ul>	At time and ongoing	s118-425(7)
<b>The investment must also be:</b>	<b>Requirements</b>	<b>ITAA97 reference</b>
<ul style="list-style-type: none"> <li>• <i>at risk</i></li> </ul>	At time and ongoing	s118-425(1)(a), s118-427(1)(a), s118-430
<ul style="list-style-type: none"> <li>• shares or units; or options to acquire shares or units or convertible notes (that are not debt interests)</li> </ul>	At time of investment	s118-425(1), s118-427(1)
<ul style="list-style-type: none"> <li>• the total amount invested is not more than 30 per cent of the VCLP's committed capital</li> </ul>	At time of investment	s118-425(1)(d)
<ul style="list-style-type: none"> <li>• held by the VCLP for at least 12 months</li> </ul>	At time of investment	s118-407(1)(d)(ii)
<ul style="list-style-type: none"> <li>• the partnership must be registered as a VCLP at the time the investment is acquired and at the time it is disposed.</li> </ul>		s118-407(1)

The following can also qualify as eligible venture capital investments:

#### 4.2.1 Listed shares or units [s118-425(7) ITAA97]

A VCLP can acquire listed shares or units in a business, only if the business is delisted within 12 month of purchase. After this, the investment becomes ineligible and the Committee can revoke the VCLP's registration if it continues to hold the investment.

If the VCLP acquires an eligible investment in a business that subsequently lists the investment remains eligible and can be held by the VCLP.

#### 4.2.2 Convertible notes [s118-425(1)(b)(iii) and s118-425(9) and (15) ITAA97]

Convertible notes, other than convertible notes that are debt interests, qualify as an eligible venture capital investment. If the convertible note is a debt interest; it is not an eligible venture capital investment. However, it may be acquired if it qualifies as a permitted loan under s9-10 of the VCA (see section 4.4).

Note: Division 974, ITAA97 sets out the tests for determining whether an interest is debt or equity.

#### 4.2.3 Investments in foreign resident holding companies [s118-435 ITAA97]

Where an investee (holding) company meets the 'permitted entity value' and listing requirements, it will be treated as meeting the other eligible venture capital investment (EVCI) requirements. Such as residency, activity and auditor requirements, if the investee (holding) company:

- is a resident of Canada, France, Germany, Japan, the United Kingdom or the United States of America
- beneficially owns all the shares in an Australian resident company (subsidiary). Or all of the units in a unit trust, which satisfies the requirements of an EVCI
- the investee (holding) company does not carry on any business, other than to support the primary activity of the subsidiary company or trust.

However, if the subsidiary company ceases to be an Australian resident; or the subsidiary trust ceases to carry on business in Australia at any time within 12 months after the day the first EVCI in the holding company was made, the investment in the holding company will cease to be an EVCI and any further investments made in the company will not be eligible for exemption.

#### 4.2.4 Exception to location within Australia [s118-425(12A) and s118-427(13) ITAA97]

A VCLP can invest up to 20 per cent of its committed capital in investments that would be eligible venture capital investments except for not meeting the Australian location test for companies [s118-425(2)] or unit trusts [s118-427(3)]. These investments are treated as eligible venture capital investments.

#### 4.2.5 The Committee's discretionary powers [Division 25 VCA]

The Committee can make determinations and relax some of the requirements that relate to an eligible venture capital investment, specifically sections 118-425(2)(b) and s118-427(3)(c) of the ITAA97. These provisions relate to how closely an investee must be connected with Australia for it to be an eligible investment. Generally, an investee must have more than 50 per cent of its operations undertaken in Australia (at the time of an investment) and for at least 12 months after. The Committee may, upon application by a VCLP, relax this requirement. An application must be made in the approved form which is specified on the VCLP [webpage](#).

#### 4.2.6 Scrip for scrip investments [s118-425(8), s118-427(9) VCA]

Where shares in another company are acquired in exchange for shares that at the time of disposal were an eligible venture capital investment (i.e. scrip for scrip exchange). The replacement shares will be treated as an eligible venture capital investment; even if the company does not satisfy the requirements. However, if the company in which the replacement shares are held does not actually satisfy the requirements for a venture capital investee company, any shares acquired from a further scrip for scrip sale will not be treated as an eligible venture capital investment.

The replacement shares acquired under a scrip for scrip sale will only qualify as an eligible venture capital investment; if the VCLP disposes of all its shares in the original investee company in return for shares in the other company.

### 4.3 Investments permitted by s9-1(e)(ii) VCA

This provision allows a VCLP to make and hold follow-on investments in entities where it already holds an eligible venture capital investment; but that entity has grown beyond the \$250 million assets limit or no longer satisfies that Australian nexus test. Gains from these investments are taxed in the hands of investors.

### 4.4 Permitted loans [s9-10 VCA]

A VCLP can only hold a debt interest if it is a permitted loan as defined at s9-10 of the VCA. Generally, a VCLP can lend money to a company or unit trust once it holds an eligible venture capital investment in that entity and that investment is at least 10 per cent of the investee.

A VCLP may also lend money to a business where it does not hold an investment if the loan is repaid within six months. If there are exceptional circumstances the repayment period may be extended by the Committee [s9-10(1)(b), (2) and (3)].

Note: Division 974, ITAA97 sets out the tests for determining whether an interest is debt or equity.

## 5. MANAGING A VCLP

### 5.1 General partner

The general partner is responsible for managing the operation of a VCLP. Specifically, it is the body responsible for ensuring the VCLP holds only permitted investments and operates in accordance with the relevant legislation. The general partner should be a management



team that consists of individuals with skills and experience relevant to managing a venture capital funds. The general partner should also have access to deal flow and capital.

## **5.2 Venture capital management partnerships (VCMPs) [s94D(3) ITAA36]**

A venture capital management partnership is a limited partnership that:

- is a general partner of one or more of the following:
  - one or more VCLPs
  - one or more Early Stage Venture Capital Limited Partnerships (ESVCLPs)
  - one or more Australian Venture Capital Fund of Funds (AFOF)
- only carries on activities that relate to being a general partner.

A limited partnership ceases to be a venture capital management partnership if it ceases to meet these requirements.

The general partner of a VCLP or a limited partner in a VCMP, who becomes entitled to receive a payment of a 'carried interest'; may have that payment taxed as a capital gain (subject to concessional taxation). For the carried interest to qualify as a discount capital gain; the general partner must have entered into the partnership agreement under which the gain arose at least 12 months previously, and must meet the other requirements for the discount.

## **5.3 Reporting to the Committee [Division 15 VCA]**

A VCLP must report on its activities within one month of the end of each quarter. It must also provide an annual report within three months of the end of the financial year.

The Committee will monitor compliance through examining relevant documents including both quarterly and annual returns. The Committee may also ask for additional information it considers necessary for the purposes of administering the programme. Compliance assessments are also undertaken by the ATO, which receives copies of all VCLP reports submitted to the Committee. The ATO may undertake risk assessment activities to ensure compliance with the legislation under its administration.

## **5.4 Statement of expectation**

The Committee has issued a [statement of expectation](#) which can be viewed on the VCLP programme page on the [website](#). The statement outlines what the Committee expects from a VCLP.

## **6. TAXATION [Sourced from the ATO]**

Specifically, the concession provides for:

- flow-through tax treatment for a VCLP; and

- an exemption for eligible venture capital partners from income tax on profits (capital or revenue); from the disposal by the VCLP of eligible venture capital investments.

Eligible venture capital partners are:

- ‘tax-exempt foreign residents’ of any foreign country (except a general partner of a VCLP or an ESVCLP)
- ‘foreign venture capital funds of funds’ established in any foreign country, and either; a foreign resident, or in which every general partner is a foreign resident; and
- taxable foreign residents of any foreign country (except a general partner of a VCLP or an ESVCLP), whose committed capital in the partnership is less than 10 per cent of the partnership’s committed capital.

In relation to a disposal of an eligible venture capital investment, a share of revenue gains or profits is exempt from income tax, and there is no deduction for losses. Where there is a capital gains tax event, capital gains or losses are disregarded.

The general partner of a VCLP or a limited partner in a VCMP (see section 5.2), who becomes entitled to receive a payment of a ‘carried interest’ will have that payment taxed as a capital gain. For the carried interest to qualify as a discount capital gain, the general partner must have entered into the partnership agreement under which the gain arose at least 12 months previously, and must meet the other requirements for the discount.

## **7. MONITORING AND SANCTIONS**

### **7.1 Powers to direct**

If the Committee is satisfied that a VCLP has contravened the VCA, it must direct the VCLP to remedy the contravention within a period of time. The period will depend on the nature of the contravention (see section 2.7). The Committee must revoke the registration of a VCLP that fails to remedy a contravention.

### **7.2 Powers to monitor**

The Committee is required to monitor VCLP activities to ensure they continue to operate in compliance with the relevant legislation and meet the registration requirements of a VCLP. This is generally undertaken through reviewing VCLP reports (quarterly and annual). Copies of these reports (and registration applications) are routinely provided to the ATO.

### **7.3 Annual report**

The Committee reports annually on the VCLP programme. The report is included in Innovation Australia's annual report to the Minister for Industry, Innovation and Science.

## 8. GLOSSARY OF TERMS

<b>Term</b>	<b>Description</b>
<b>ADI</b>	Authorised deposit taking institution
<b>Associate</b>	Section 995-1 of the ITAA97
<b>Committed capital</b>	Section 118-445 of the ITAA97
<b>Conditional registration</b>	Registration granted under s13-5(1) of the VCA
<b>Debt interest</b>	Division 974 of the ITAA97 sets out the tests for determining whether an interest is debt or equity
<b>Double tax agreements</b>	See <a href="#">ATO</a> site
<b>Eligible venture capital investment</b>	Sections 118-425 and s118-427 of the ITAA97
<b>Equity interest</b>	Division 974 of the ITAA97 sets out the tests for determining whether an interest is debt or equity
<b>Full registration</b>	Registration under s13-1(1) of the VCA
<b>General partner</b>	A fund manager, responsible for identifying and making investments, and whose liability is not limited
<b>Incorporated limited partnership</b>	A separate legal entity, that may sue or be sued in its firm-name – these are special purpose designed for use as venture capital partnerships under both the ESVCLP and VCLP programmes
<b>Innovation Australia</b>	A body established under the IR&D Act
<b>Investment registration requirement</b>	Section 9-1(2) of the VCA
<b>ITAA 36 or 97</b>	The Income Tax Assessment Act 1936 or 1997
<b>Predominant activity</b>	Section 118-425(3), s118-427(4) of the ITAA97
<b>The Committee</b>	Innovation Investment Committee
<b>VCA</b>	The Venture Capital Act 2002

<b>VCLP</b>	Venture Capital Limited Partnership registered under Part 2 VCA
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## **9. FOR MORE INFORMATION**

Further information on the VCLP programme is available from AusIndustry:

**Email:** [venturecapital@industry.gov.au](mailto:venturecapital@industry.gov.au)

**Web:** [Business.gov.au](http://Business.gov.au)

**Phone:** 13 28 46