

## Small Business Capital Investment Tax Incentives

Small business entities or venture capital partnerships that are certified by the Rhode Island Economic Development Corporation may be eligible for two (2) types of special incentives:

- **Deductions or Modifications:** The deduction or modification is equal to the taxpayer's qualifying investment in a certified venture capital partnership or equal to the entrepreneur's investment in a qualifying business entity. Restrictions prohibit the deduction or modification from reducing the business corporation tax, public service corporation tax or bank excise tax to less than the minimum tax. Gross premiums tax may not be reduced to less than \$0. The amount of unused deductions or modifications may not be carried over to following years.
- **Capital Gains Exclusion:** The calculation of the business corporation tax, public service corporation tax or bank excise tax may exclude long term capital gains from sale or exchange of an interest in a qualifying business entity or certified venture capital partnership if: (1) it is recognized by a partner in a certified venture capital partnership from the sale or exchange of an interest in the partnership, or (2) it is a partner's distributive share (from a certified venture capital partnership) of a long term capital gain recognized by the partnership from the sale or exchange of an interest in a qualifying business entity; or (3) it is recognized by an entrepreneur from the sale or exchange of an interest in a qualifying business entity. Taxpayers must provide proof of the date and amount of the investment in the qualifying business entity or certified venture capital partnership.
- [Tax Division Regulation](#)
- [RI General Law](#)