



# Startup Law Blog

Insights for founders of and investors in emerging and startup companies

## [Startup America Suggestion of the Day: Make Permanent the 100% Tax Exclusion Under Section 1202 \(Installment 7\)](#)

By [Joe Wallin](#)

– February 14, 2011

President Obama had a great idea that he started articulating early in his presidency. The idea was: to encourage investments in small business, make capital gains from investments in qualified small businesses tax free.

He talked about this in a State of the Union speech in January of 2010. I wrote about it [here](#).

President Obama finally had success getting this provision into law in September of 2010. The trouble was—initially the exclusion was only good from September 2010 [until December 31, 2010](#).

Congress has passed a bill extending this benefit 1 more year, [until the end of this year](#). But still, it would be optimal, from my point of view, to make this exclusion permanent. President Obama has asked for this to happen as part of the Startup America Initiative. I think if this provision can become a permanent part of the legal and tax landscape for startups, it would be a very big deal.

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