



TECHNOLOGY & VENTURE FINANCE PRACTICE

# ALERT

## DEADLINE EXTENDED UNTIL DEC. 2011 FOR 100 PERCENT EXCLUSIONS ON GAINS MADE IN QUALIFIED SMALL BUSINESS STOCK

By Elizabeth D. Sigety, Michael S. Goodman and Lauren W. Taylor

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, signed into law on Dec. 18, 2010, contains a provision providing a 100 percent exemption for gains made on the sale or exchange of qualified small business stock acquired between Sept. 27, 2010, and Dec. 31, 2011. This represents a one-year deadline extension from a similar provision signed into law in September 2010 by President Obama as part of the Small Business Jobs Act of 2010, which noted the 100 percent exclusion applied to stock acquired between Sept. 27, 2010, and Dec. 31, 2010.

The gain exclusion was to revert to 50 percent as of Jan. 1, 2011, but the Tax Relief Act provision supersedes, and the temporary 100 percent exclusion is now available for another calendar year.

Please see [our prior alert](#) for a full outline of the benefits of this provision as they may apply to start-up

companies. You, as an investor in your new corporation, and fellow investors in your corporation may be entitled to a significant tax break if you invest by December 31, 2011.

If you have tax-related questions concerning the provision, please contact Michael S. Goodman at 609.895.3326 or [mgoodman@foxrothschild.com](mailto:mgoodman@foxrothschild.com) or any other member of the firm's [Tax Department](#).

If you have questions about the applicability of the provision to your start-up business, please contact Elizabeth D. Sigety at 215.918.3554 or [esigety@foxrothschild.com](mailto:esigety@foxrothschild.com), Lauren W. Taylor at 215.918.3625 or [lwtaylor@foxrothschild.com](mailto:lwtaylor@foxrothschild.com) or any other member of the firm's [Technology & Venture Finance Practice](#).

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