



Equity Tax Credit
Application for Certificate of Registration
as a Community Economic Development Business

PART A - Business Information

Name
Address
Corporate Registry ID #
Contact Person Email
Telephone Fax

Part B - Eligibility Information

- 1) Are the shares being issued common voting shares...
2) What percentage of all salaries and wages were paid in PEI last year?
3) Are total assets of the business and all associated businesses less than \$3,000,000?
4) What are the major business activities of the business and what percentage of the total assets are used in each activity.

Table with 2 columns: Activity, Percentage

- 5) Are funds being used to purchase an existing business? Yes No

Part C - Inclusions

The following must be included with the application:

- (i) complete financial statements for the preceding taxation year...
(ii) a copy of the T2 income tax return for the preceding taxation year;
(iii) a copy of the business' letters patent or articles of association...
(iv) a copy of the current shareholders or members register; and
(v) a Community Economic Development Plan containing at least all prescribed information...

Part D - Certification

I certify that I am an authorized officer of the applicant business, that the information contained in this application and its inclusions is true and correct, and that the applicant business is eligible for Community Development Equity Tax Credit registration to the best of my knowledge and belief.

Name (please print) Position

Signature

Equity Tax Credit
Application for Certificate of Registration
Application Guide for Community Economic Development Businesses

The following guide should be referred to by businesses when completing an application for a certificate of registration pursuant to the *Community Development Equity Tax Credit Act* (the Act). Sections and item numbers listed below refer to identical sections and item numbers on the application form.

PART A – Identification

Please ensure that this area is properly completed. It may be necessary for the Department to contact the business for additional information.

PART B – Eligibility Information

- 1) The issue must be common voting shares of a company or voting shares of an association.
- 2) At least 75% of wages and salaries must be paid to PEI residents and the business must have a permanent place of business in PEI.
- 3) Total assets of the eligible business including assets of all associated businesses must be less than \$3,000,000, comprised of:
 - i) the net carrying cost of assets that are not depreciated or amortized, and
 - ii) the undepreciated or unamortized cost of all other assets.
- 4) All or substantially all of the fair market value of the assets of the business, together with the assets of its associated businesses, must be used in an active business as defined by the *Income Tax Act* (Canada) or in shares of other eligible businesses. All or substantially all means 90% or more.
- 5) Funds cannot be used to purchase an existing business except under limited conditions.

PART C – Inclusions

Please ensure that all required attachments accompany the application. They are required for certification and will assist in the approval process.

Pursuant to Sections 2, 3, and 4 of the Community Development Equity Tax Credit Act General Regulations, a company or association applying for registration as a community economic-development business must provide for the following:

Constitution (i.e. Letters Patent or Articles of Association)

- 1) The company or association must have a constitution that
 - a) restricts the business of the company or association to
 - i) operating or carrying on business that is an active business or to evaluating and making eligible investments in one or more active businesses based on a set of criteria defined by the company or association,
 - ii) providing information to and educating investors in the defined community as to the role of capital in business, the value of equity investments to the defined community and the rights and obligations of companies, associations and shareholders,
 - iii) investing the capital raised, to which a tax credit pursuant to the Community Development Equity Tax Credit Act has been issued, in eligible business entities located within the defined community,
 - iv) exercising ownership rights with respect to the eligible investments made by the company or association, and
 - v) providing the administrative support necessary to carry on the business of the company or association, including preparation of annual reports and the holding of meetings of shareholders and the Board of Directors,
 - b) describes the defined community for which the company or association was formed, and
 - c) makes provisions for annual general meetings of the shareholders.

Board of Directors

- 2) The company or association must have a Board of Directors, elected by the shareholders at a general meeting of the shareholders, consisting of not less than six individuals who are residents of the defined community in which the company or association carries on business.

For-Profit Taxable Company or Association

- 3) The company or association must not be a non-profit, charitable or non-taxable company or association.

Economic-Development Plan

- 4) The company or association must submit a community economic-development plan that contains at least
 - a) a mission statement outlining the economic-development strategy of the proposed community economic-development business and the defined community it intends to serve;
 - b) in the case of a company,
 - i) the amount of equity capital to be raised under the plan, and
 - ii) that the shares issued under the plan
 - (A) are equity shares,
 - (B) are of only one class without series and have never previously been issued,
 - (C) will only be issued from the treasury of the corporation on being fully paid for in cash,
 - (D) will, immediately following their issue, be registered in the name of each shareholder that purchases them or in the name of a trustee, if the shares are held by the trustee for the benefit of a shareholder, and
 - (E) do not have any rights or restrictions that are prohibited by the Act or these regulations;
 - c) in the case of an association,
 - i) the amount of equity capital to be raised under the plan, and
 - ii) that the shares issued under the plan,
 - (A) are membership shares any of which would entitle the member to vote in the affairs of the association if it were the only share owned by the member, and
 - (B) do not have any rights or restrictions that may be prohibited by the Act or these regulations;
 - d) a statement that, if a share certificate is not required to be issued to each new shareholder under the plan, an investment confirmation will be issued to each new shareholder within 30 days of share registration, setting out at least the following:
 - i) the number of shares acquired,
 - ii) the price paid per share,
 - iii) the total amount paid, and
 - iv) the procedure for obtaining the tax credit receipt pursuant to the Community Development Equity Tax Credit Act.
 - e) the proposed use of the equity capital to be raised by the company or association;
 - f) a summary of the major business activities of the company or association, including major revenue sources; and
 - g) a listing of the directors of the company or association including their names, addresses, and background information.

THE SUBMISSION OF COMMUNITY ECONOMIC-DEVELOPMENT PLAN IS REQUIRED ONLY FOR THE PURPOSES OF APPLYING TO THE DEPARTMENT OF FINANCE, ENERGY AND MUNICIPAL AFFAIRS FOR REGISTRATION AS A COMMUNITY ECONOMIC-DEVELOPMENT BUSINESS.

THE PLAN REQUIREMENTS OUTLINED ABOVE REPRESENT ONLY MINIMUM PRESCRIBED PLAN CONTENT FOR THE PURPOSES OF APPLYING FOR REGISTRATION AS A COMMUNITY ECONOMIC-DEVELOPMENT BUSINESS.

ADDITIONAL CONTENT MAY BE PROVIDED AND ALSO FORM PART OF A COMMUNITY ECONOMIC-DEVELOPMENT PLAN. THIS ADDITIONAL CONTENT WILL NOT BE REVIEWED FOR APPLICATION PURPOSES.

PLEASE BE ADVISED, HOWEVER, THAT PURSUANT TO LOCAL RULE 45-508, ANY PROMOTIONAL MATERIAL, INCLUDING A COMMUNITY ECONOMIC-DEVELOPMENT PLAN OR PARTS THEREOF, THAT IS USED IN CONNECTION WITH AN OFFERING OF SECURITIES IS INCORPORATED BY REFERENCE AS FORMING PART OF AN OFFERING DOCUMENT.

ANY PROMOTIONAL MATERIAL INCORPORATED BY REFERENCE AND FORMING PART OF AN OFFERING DOCUMENT MUST INCLUDE A DISCLAIMER AS REQUIRED BY THE SUPERINTENDENT OF SECURITIES.

ALL SUCH PROMOTIONAL MATERIAL MUST BE SUBMITTED TO THE SUPERINTENDENT OF SECURITIES AND RECEIVE THE WRITTEN NON-OBJECTION OF THE SUPERINTENDENT BEFORE ITS USE.

PART D – Certification

An authorized officer of the business must sign the application.

When completed, the application and attachments should be forwarded to:

CEDB Coordinator
PEI Department of Finance, Energy and Municipal Affairs
Economics, Statistics and Federal Fiscal Relations
PO Box 2000
Charlottetown, PE
C1A 7N8

For more information, contact the Department of Finance, Energy and Municipal Affairs at (902) 368-4030.