



## ANGEL CAPITAL ASSOCIATION

For Immediate Release

### **“Fiscal Cliff” Act Supports Startup Investment**

#### **Exemption of Capital Gains Tax Championed by Angel Capital Association Expected to Spur Investments, Helping Local Economies**

**Kansas City, MO, January 9, 2013** – Legislation passed last week to address the “fiscal cliff”, the American Taxpayer Relief Act, included a provision that should improve opportunities for high-growth innovative startup to attract capital. The extension of the 100 percent exemption on capital gains for Qualified Small Business Stock (QSBS) investments included in the act has been championed by the Angel Capital Association (ACA) over the past two years. The extension carries through calendar year 2013 and is also retroactive for 2012.

“There is little question that new and innovative startups drive economic growth,” said Dan Rosen, Chair of the ACA Public Policy Committee. “This extension demonstrates that Congress and the White House understand this linkage. We at ACA are pleased that we have helped our representatives understand the importance of high-growth startups to the US economy. We will now work to make this measure permanent.”

“ACA believes the best way to ensure a strong flow of angel capital into innovative small businesses across our economy – especially at the local level – is to provide appropriate incentives that encourage accredited investors to risk their capital to support high potential startups,” said Marianne Hudson, Executive Director of ACA, the North American trade association of angel groups and private investors that invest in high growth, early-stage ventures.

“The 100 percent exemption for QSBS became an important pillar of angel investing when it was enacted in 2010 and we believe its reinstatement will help ensure private capital flow to the innovation economy,” Hudson said. “ACA worked closely with legislators on both sides of the aisle and in both houses of Congress over the past months, and we are very gratified that the value of this small but important provision was recognized and retained in the American Taxpayer Relief Act.”

“Angel investors” are private individuals who fund early stage, high growth startups that are the well-spring of the innovation economy. Individuals who invest their own capital in these high-risk, illiquid securities must meet accredited investor qualifications required by the Securities and Exchange Commission ([www.sec.gov/answers/accred.htm](http://www.sec.gov/answers/accred.htm)).

The American Taxpayer Relief Act includes multiple provisions including changes in the income tax and capital gains tax rates for families with incomes above \$450,000. ACA recommends that investors undertake a full review of relevant tax legislation with their own financial and/or legal counsel in order to ensure they may benefit from the 100 percent exemption in their startup investments.

**About ACA:** ACA is the North American trade association of angel groups and private investors that invest in high growth, early-stage ventures. ACA provides professional development, industry voice, public policy advocacy and an array of benefits and resources to its membership of nearly 200 angel groups and more than 8,000 individual accredited investors. [www.angelcapitalassociation.org](http://www.angelcapitalassociation.org)  
@ACAangelcapital

For more information:

Marianne Hudson, Executive Director  
913-894-4700 x1  
[mhudson@angelcapitalassociation.org](mailto:mhudson@angelcapitalassociation.org)