



FREQUENTLY ASKED QUESTIONS:

Venture Capital Funds and Family Limited Partnerships

WHICH BUSINESS ENTITIES QUALIFY FOR THE VENTURE CAPITAL FUND OL TAX EXEMPTION?

The occupational license taxes do not apply to venture capital funds business entities as defined in [LMCO 110.03\(A\)\(12\)](#). To qualify for the exemption, the venture capital fund must be a limited liability company, limited liability partnership, or limited partnership formed and operated for the exclusive purpose of buying, holding and/or selling securities (including debt securities), on its own behalf and not as a broker, primarily in non-publicly traded companies, and the capital of the fund is primarily derived from investments by entities and/or individuals which are neither related to nor affiliated with the fund. See [LMCO 110.03\(A\)\(12\)](#) for additional information and definitions.

Are business entities that qualify for the Venture Capital Funds or Family Limited Partnerships tax exemptions required to file an annual OL return?

So long as the entity files an annual informational return along with the required documentation, the entity is not responsible for filing an occupational license return.

WHICH BUSINESS ENTITIES QUALIFY FOR THE FAMILY LIMITED PARTNERSHIP OL TAX EXEMPTION?

The occupational license taxes do not apply to family limited partnership business entities as defined in [LMCO 110.03\(A\)\(13\)](#). To qualify for the exemption, the income received by family limited partnerships must be from a family-owned non-corporate entity where the sole activity of such entity is the production of investment income not derived from tangible or real property and at least 95% of the equity of the family limited partnership is owned by members of the family. See [LMCO 110.03\(A\)\(13\)](#) for additional information and definitions.

WHEN ARE QUESTIONNAIRES AND INFORMATIONAL RETURNS FOR VENTURE CAPITAL FUNDS OR FAMILY LIMITED PARTNERSHIP BUSINESS ENTITIES DUE?

These entities shall file an annual informational return and completed questionnaire by the due date prescribed in [LMCO 110.07](#) in lieu of an occupational return to qualify for this exemption. See the LMRC [Tax Calendar](#) for current due dates.

The Commission may grant any business entity an extension of time for the filing of its return. Such extension shall be by written request filed with the Commission by the business entity or a designated representative made on or before the due date of the return as prescribed in [LMCO 110.08](#). If an extension of time is granted by the Commission, the annual questionnaire and annual informational return must be filed by the extended due date.

How do business entities request a Venture Capital Funds or Family Limited Partnerships exemption?

The Revenue Commission requires an annual questionnaire and an annual informational return to be completed and submitted by any business entity operating as a Venture Capital Fund or Family Limited Partnership in order to be exempted from the occupational license tax. These entities shall file an annual questionnaire and informational return along with a copy of their federal income tax return by the due date prescribed in [LMCO 110.07](#) in order to qualify for this exemption. Failure to provide the required information may result in the denial of an exemption.