State of Oklahoma

Venture Capital Company Report for Investors

FORM **518-A** 2019

The Venture Capital Company must file Form 518 before this credit will be allowed.

A copy of this form must be enclosed with the investor's income tax return if the credit is claimed. This form must be furnished to the investor by January 31st. See instructions for further information.

Identification Number _____

Name of Investor _____

Address _____

_____

City _____ State_____ Zip _____

Identification Number _____

Name of Venture Capital Company:

_____

Address _____

City _____ State_____ Zip _____

Telephone Number _____

Part 1: Establishing the Venture Capital Credit

(1) Date of Investment	(2) Total Investment in Oklahoma Business Ventures	(3) Total Credit Available (Column 2 x 20%)	(4) Credit Allowable in 2019

Total credit allowable in 2019 _____

Carry the credit claimed this year to Form 511CR. If the entire credit is not being claimed this year, complete Part 2 for the subsequent carryover years.

Under penalties of perjury, I declare that I have examined this return, including accompanying statements, and to the best of my knowledge and belief it is true, correct and complete.

Officer or General Partner of the Venture Capital Company: _____ Date: _____

Part 2: 2019 Credit Carryover

1. Total credit allowable in 2019 .....1 _____

2. Credits used in prior years:

Year	Amount
(a) 2019	$
(b) 2020	$
(c) 2021	$

Total credits used prior to this year .....2 _____

3. Unused credit available (line 1 less line 2) .....3 _____

4. Credit claimed this year, _____ (carry to Form 511CR) .....4 _____

5. Unused balance carryover (line 3 less line 4) (three year carryover limit).....5 _____

Instructions and Guidelines for Preparing Venture Capital Company Report for Investors

Title 68 O.S. Section 2357.7 - 2357.8A and Rule 710:50-15-77

Part 1 – Establishing the Credit

Column 1:
List the date(s) the Venture Capital Company invested in Oklahoma Business Ventures.

Column 2:
List the amount(s) invested in Oklahoma Business Ventures.

Column 3:
Compute the Credit available. Multiply the figure in column 2 by 20%.

Note: If a pass-through entity is entitled to a credit under this section, the pass-through entity shall allocate such credit to one or more of the shareholders, partners or members of the pass-through entity; provided, the total of all credits allocated shall not exceed the amount of the credit to which the pass-through entity is entitled. The credit may also be claimed for funds borrowed by the pass-through entity to make a qualified investment if a shareholder, partner or member to whom the credit is allocated has an unlimited and continuing legal obligation to repay the borrowed funds but the allocation may not exceed such shareholder's, partner's or member's pro-rata equity share of the pass-through entity even if the taxpayer's legal obligation to repay the borrowed funds is in excess of such pro-rata share of such borrowed funds.

Column 4:
List the amount of such credit eligible to be claimed this year. The credit for investments made in a Venture Capital Company may only be claimed for a taxable year during which such company invests funds in an Oklahoma Business Venture and the credit shall be allowed for the amount of the funds invested in such venture.

Credits:

There shall be allowed a credit equal to 20% of a qualified investment in a qualified Venture Capital Company which is subsequently invested in an Oklahoma Business Venture. The credit may only be claimed in the tax year in which the Venture Capital Company invests funds in an Oklahoma Business Venture: The credit shall be allowed for the amount of the investment in an Oklahoma Business Venture if the funds are used in pursuit of a legitimate business purpose of the Oklahoma Business Venture consistent with its organizational instrument, bylaws or other agreement responsible for the governance of the business venture. If the tax credit exceeds the amount of tax liability, the amount of unused credit may be carried forward for a period not to exceed three years.

No credit will be allowed for qualified investments made prior to January 1, 1987.

No investor in a Venture Capital Company organized after July 1, 1992, may claim the credit.

Penalty or Recapture

There is a penalty provision applicable to investments in a Venture Capital Company made before June 7, 2006. The Venture Capital Company shall pay a penalty if it does not invest its funds in a business that meets the definition of an "Oklahoma Business Venture" or the Oklahoma Business Venture fails to expend the proceeds of the investment as provided for in Title 68 O.S. Section 2357.7. To the extent that the penalty cannot be collected from the Venture Capital Company, the penalty shall be collected from the taxpayers to whom the tax credits have been granted or transferred.

There is a recapture provision applicable to investments in qualified Venture Capital Companies made on or after June 7, 2006. As used in this section, "recapture event" means that with respect to an investment in an Oklahoma Business Venture by a qualified Venture Capital Company:

1. The Oklahoma Business Venture fails to expend at least 50% of the proceeds of qualified investments for acquisition of tangible or intangible assets to be used in the active conduct of the trade or business of the Oklahoma Business Venture or, effective August 21, 2008, for working capital for the active conduct of such trade or business. The expenditure must occur within 18 months after the investment is made or within an extension of such period. Working capital does not include consulting, brokerage or transaction fees;
2. The investment in the Oklahoma Business Venture is transferred, withdrawn or otherwise returned within five years; provided, a "recapture event" shall not include the transfer, withdrawal or return of an investment as a result of a "market-based liquidity event"; or
3. The Oklahoma Tax Commission finds that the investment does not meet the requirements of Title 68 O.S. Section 2357.7.

Reporting Requirement

The Venture Capital Company must furnish this form to the investor by January 31st of the year following when the investment becomes eligible for the credit. A copy must be enclosed with the investor's income tax return if the credit is claimed.

Part 2 – 2019 Credit Carryover

The credit not used may be carried over, in order, to each of the three years following the year in which the credit was eligible to be claimed. Complete Part 2 to compute the amount of the 2019 credit carryover to be used in each of the next three subsequent years. Keep a copy of this form to file with your return for each such year in which the 2019 credit carryover is claimed.