

**NETEQUITY CAPITAL PARTNERS INC.**  
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**CRUCIAL CAPITAL (VCC) CORP.**  
Box 100, 551 Artisan Lane  
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## **PRIVATE EQUITY TAX PLANNING**

“Convert Your Taxes Into Asset Equity”

### **CORE PROPOSITION**

For qualifying individuals, by combining several tax incentives with structured business development practices, substantially all or more than all of the cost of a regulated investment can be recovered through Income Tax reduction and Tax Credits over a fairly short period of time, with additional returns received over a longer term based on the startup businesses’ success.

### **QUALIFYING INDIVIDUALS**

The program works well for high-income earners paying taxes in British Columbia at a marginal tax rate in the 30% to 40% range.

### **ADDITIONAL REQUIREMENTS**

Qualifying individuals must also have sufficient RRSP contribution eligibility for the size of the program undertaken, and access to short-term low-interest credit or available cash.

### **TIME PERIOD**

Total cost recovery is expected over a two to three year term.

### **USE OF PROCEEDS**

Funds are first invested in a Venture Capital Company (VCC), which then invests them in Eligible Small Business (ESB) as regulated by the Equity Capital Program of the Province of British Columbia.

## **INVESTMENT GOALS AND CASHFLOW**

### **BUILD NEW ASSETS & EQUITY**

While a high-income earner, convert Income Tax into asset equity.

### **GET CASH OUT OF RRSPS**

While a high-income earner, get a block of existing cash out of an RRSP “tax-free”.

### **NEVER LOSE YOUR MONEY**

By following a methodical program and well-structured strategy, never lose any of your investment money.

### **NEVER BE OUT OF POCKET**

By using access to low interest credit, never be out of pocket for investment costs.

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## **PROGRAM STAGING**

### **SHARE OFFERINGS PLANNED**

Offerings are planned at \$0.10, \$0.15, \$0.25, \$0.35, \$0.50, and \$0.75 per share.

### **SALES PROGRAM TERM**

Offerings are planned to be sold for up to five years.

### **VCC HOLD PERIOD**

The VCC must hold the investment from proceeds it makes in Eligible Small Business for five years.

### **RETURNS TO VCC SHAREHOLDERS**

The VCC can begin distributing

returns to VCC shareholders at the latest after five years, from investments made by the first investors, prorated equally across all shareholders

### **OLD VERSUS NEW SHAREHOLDERS**

New shareholders pay more for their shares but by the last in are eligible for virtually immediate business returns paid for by the first shareholders in.

### **BUSINESS RETURNS TERM**

Business returns will be distributed for at least five years after the last investment.

## **INVESTMENT RISK**

### **EARLY STAGE RISK**

Success depends entirely on progressing to later stages in financing program.

### **LATER STAGE RISK**

Success begins to also depend on success in start-up business development.

### **LATER STAGE INCENTIVE**

Later stage investors have a much shorter wait for business returns.

### **BUSINESS RETURNS RISK**

While investment costs are covered mostly or more than all by Income Tax reduction and Tax Credits, Business Returns are dependent on success of business start-ups.

## **EXIT STRATEGIES**

a) The VCC holds Preferred Shares in the ESB that give it prior rights to profits returned by the ESB as dividends up to 100% in total of the investment amount, before these Preferred Shares convert to common shares. Net funds received are in turn returned to VCC shareholders as dividends.

b) The VCC must hold its investment in the ESB for five years before it can distribute its ESB shares to VCC shareholders.

c) In a previous case, the VCC sold its private ESB shares to a public company in return for public shares, and distributed these public shares to VCC shareholders.

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