**Early Stage Innovation Company Status Benefits Company and Investors**

Finding funds to enable the commercialisation of an invention or new product can be a difficult task.

The federal government was aware of this when the government introduced the “Early Stage Innovation Company” status for “young companies” that have developed a new product, process or service.

The government offered inducements for investors to invest in these companies.

* 20% of their investment as a tax rebate of up to $200,000 for a sophisticated investor and $10,000 for a retail investor; and
* if the shares are held for longer than 12 months and less than 10 years there is no Capital Gains Tax paid when those shares are sold.

A qualifying company is normally less than 3 years old but, in some cases, can be up to 6 years old with a turnover in the last 12 months of less than $200,000 and expenditure of less than $1,000,000 and the company has passed 1 of 2 tests to qualify.