



100% Capital Gain Exclusion for Qualified Small Business Stock Investments: 12-Month Extension

December 17, 2010

The tax-rate extension bill passed by Congress and ready for signature by the President includes an extension of the 100% exclusion for capital gains from sales or other dispositions of qualified small business stock, or QSBS. The current 100% exclusion was set to expire on December 31, but the new provision extends this benefit to QSBS purchased during all of 2011. Note that the QSBS must be held for 5 years after purchase in order to be eligible for the exclusion.

See our [October 29th Alert](#) for further information regarding the requirements for, and limitations on, the 100% exclusion as in effect prior to this extension.

See our [accompanying Alert](#) for further information on the new tax law.

If you have questions about the capital gain exclusion for QSBS investments, or on other aspects of the new tax law, please contact one of our tax attorneys or your regular Cooley contact.

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