



Venture Capital Limited Partnerships

Expectation and Compliance Statement

Innovation and Science Australia's Innovation Investment Committee (the Committee), regulates venture capital funds registered as *Venture Capital Limited Partnerships (VCLP)*.

Registration as a *VCLP* entitles a venture capital fund to certain benefits but is conditional upon meeting certain obligations. Failure to meet these obligations can result in the loss of registration and a loss of the associated benefits.

VCLPs can only make and hold investments as permitted by the *Venture Capital Act 2002* and the *Income Tax Assessment Act 1997* (subdivision 118F). The Committee will monitor compliance through examining relevant documents including both a *VCLP's* quarterly and annual returns. The Committee may also ask for additional information it considers necessary for the purposes of administering the programme. Compliance assessment is also undertaken by the Australian Taxation Office (ATO), which receives copies of all *VCLP* reports submitted to the Committee. The ATO may undertake risk assessment activities to ensure compliance with the legislation under its administration.

In the quarterly and annual returns a *VCLP* is required to declare whether it has complied with the relevant legislation. *VCLPs* must maintain an appropriate audit trail to demonstrate legislative compliance. For example, a *VCLP* must be able to show that each investment it holds is an eligible venture capital investment.

The Committee intends to monitor compliance rigorously and failure to comply could result in sanctions up to and including revocation.

The Committee expects that the General Partner of a *VCLP* will:

- operate the *VCLP* in accordance with the relevant legislation;
- maintain an appropriate audit trail and be able to demonstrate legislative compliance;
- hold all investments in the name of the *VCLP*; and
- provide accurate and timely reports to the Committee as required by the relevant legislation.