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## Investments in Qualified Small Business Stock in 2012 and 2013

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The American Taxpayer Relief Act of 2012 (the Act), signed into law by President Obama on January 2, 2013, extends—and makes retroactive—the ability of non-corporate investors to exclude from federal taxable income 100% of the eligible gain realized from the sale of “qualified small business stock” (QSB stock) held for more than five years. As a result of the Act, the 100% exclusion under Section 1202 of the Internal Revenue Code is now available to any QSB stock acquired between September 27, 2010 and December 31, 2013. As of January 1, 2014, the exclusion will be limited to 50% of eligible gain and a portion of the gain will be required to be included in income for alternative minimum tax purposes. We describe QSB stock and the benefits of investing in QSB stock while a 100% exclusion is in effect in our 2011 [article on the subject](#).

Please contact a member of the WilmerHale Tax Department if you have any questions regarding the tax consequences of investment in QSB stock.

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