

ANDERS STARTUP

CHECKLIST TO QUALIFY FOR QUALIFIED SMALL BUSINESS STOCK (QSBS)

YOU MUST ANSWER YES TO EACH OF THESE TESTS TO QUALIFY FOR QSBS:

1. Are you a US tax payer other than corporation?
2. Is the stock issued by a domestic C corporation?
Name and EIN
3. Did you acquire the stock at original issue in exchange for money, other property, or as compensation for services provided to the corporation after August 10, 1993?
The date and purchase amount
The medium of exchange
4. Was the value of the corporation's gross assets under \$50 million up until the date of the stock issue and immediately after? The assets should be valued at original cost, not fair market value.
Value at the date of purchase?
5. Does the corporation conduct a qualified active trade (see note for definition) or business during substantially the entire holding period of your stock?
What is the active trade or business?
6. Are at least 80% of the corporation's assets being used in the active trade or business during your entire holding period? If no,
 - Is the corporation a parent company that owns more than 50% of the combined voting power, or more than 50% in value of all outstanding stock of an operating company that conducts a qualified active trade or business? If this applies to you, you satisfy requirements
7. Does 10% or less of the value of the corporation's net assets consist of stock and securities of other corporations, not including that of a subsidiary?
8. Have you owned stock for five years or more? If no,
 - You do not qualify for exclusion at this time. If you continue to hold the stock for at least five years and still meet all of the above tests, you may qualify for gain upon a future sale.

YES	NO

TALK WITH AN ADVISOR TODAY.

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FACTORS THAT WOULD CHANGE OR AFFECT THE QSBC CALCULATION:

1. Have you excluded gain from the sale of QSBS in the same corporation in prior years? If yes,
How much gain did you exclude in prior years? _____
2. Was the corporation in an "empowerment zone" defined by designated areas by HUD or USDA when the stock was acquired?
3. Has the corporation purchased any of its stock from your (or a related person) within two years before or after the issuance of the shares for which you are seeking an exclusion? If no, continue to the next question. If yes,
On what date did you purchase? _____
How many shares, and in what dollar amount? _____
4. Did the corporation redeem more than 5% of the aggregate value of all its stock (for reasons other than certain events, including death, divorce, disability and certain de minimis redemptions) within one year before or after the issuance of the shares for which are seeking an exclusion?
If no, stop here. If yes,
On what date was the redemption? _____

YES	NO

DEFINITION OF QUALIFIED ACTIVE TRADE/BUSINESS

A qualified trade or business means any trade or business other than:

- (A) Any trade or business involving the performing of services in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, consulting, athletics financial services, brokerage services, or any trade or business where the principal asset of such trade or business is the reputation or skill of 1 or more of its employees
- (B) Any banking, insurance, financing, leasing, investing or similar business
- (C) Any farming business (including the business of raising or harvesting trees)
- (D) Any business involving the production or extraction of products of a character with respect to which a deduction is allowable under section 613 or 613A
- (E) Any business of operating a hotel, motel, restaurant or similar business



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