
15 U.S. Code § 662

Definitions

As used in this chapter—

- (1) the term “Administration” means the Small Business Administration;
- (2) the term “Administrator” means the Administrator of the Small Business Administration;
- (3) the terms “small business investment company”, “company”, and “licensee” mean a company approved by the Administration to operate under the provisions of this chapter and issued a license as provided in section 681 of this title;
- (4) the term “State” includes the several States, the territories and possessions of the United States, the Commonwealth of Puerto Rico, and the District of Columbia;
- (5) the term “small-business concern” shall have the same meaning as in the Small Business Act [15 U.S.C. 631 et seq.], except that, for purposes of this chapter—
 - (A) an investment by a venture capital firm, investment company (including a small business investment company) employee welfare benefit plan or pension plan, or trust, foundation, or endowment that is exempt from Federal income taxation—
 - (i) shall not cause a business concern to be deemed not independently owned and operated regardless of the allocation of control during the investment period under any investment agreement between the business concern and the entity making the investment;
 - (ii) shall be disregarded in determining whether a business concern satisfies size standards established pursuant to section 3(a)(2) of the Small Business Act [15 U.S.C. 632(a)(2)]; and
 - (iii) shall be disregarded in determining whether a small business concern is a smaller enterprise; and
 - (B) in determining whether a business concern satisfies net income standards established pursuant to section 3(a)(2) of the Small Business Act [15 U.S.C. 632(a)(2)], if the business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the sum of—
 - (i) if the business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this subparagraph), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and
 - (ii) the net income (so determined) less any deduction for State (and local) income taxes calculated under clause (i), multiplied by the marginal Federal income tax rate that would have applied if the business concern were a corporation;

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