How do I apply?

Pooled Development Fund registration is no longer available, however funds already registered as Pooled Development Funds will continue to operate and invest in small Australian companies.

Who is it for?

Pooled Development Funds raise capital and make equity investments in Australian small and medium-sized enterprises (SMEs).

The aim of the Pooled Development Funds program is to increase the supply of capital to growing Australian SMEs.

Pooled Development Funds are venture capital funds registered under the Pooled Development Funds Act 1992.

What does it offer?

Pooled Development Funds and their shareholders receive tax benefits on the income derived from their equity investments.

This is intended to compensate for the higher risk of investing in SMEs.

Pooled Development Funds are taxed at 15 per cent on the income and gains derived from equity investments in Australian SMEs.

Pooled Development Fund shareholders are exempt from tax on the income and gains derived from holding and disposing of Pooled Development Fund shares.

The extent of the above tax benefits depends upon a number of factors. Pooled Development Funds and their shareholders should seek professional tax advice.

What investments are eligible?

Eligible Pooled Development Fund investments are made by acquiring newly-issued shares in SMEs with total assets of not more than $50 million.

The investee company must have issued the shares for the purpose of raising capital to:

- establish a new business activity
- substantially expand production capacity or services
- expand or develop markets.

While a Pooled Development Fund holds an investment, it is allowed to enter into the following transactions with the investee company:

- acquiring non-transferable options to buy shares
- lending money
- charging management fees.

A Pooled Development Fund cannot invest in companies whose primary activities are retail operations or property development.

How does a Pooled Development Fund operate?

The operations of a Pooled Development Fund are governed by the Pooled Development Funds Act 1992. A Pooled Development Fund is required to self-assess its compliance with the legislation but guidance is provided by Innovation Australia (the Board) in a series of information papers.

Pooled Development Fund reporting requirements consist of investment notifications and an annual report to the Board.