



The Illinois Angel Investment Tax Credit Program encourages investment in innovative, early-stage companies to help them obtain the working capital needed to further their growth in Illinois. Investors in certified companies can receive a state tax credit equal to 25% of their investment (up to \$2 million). A total of \$10 million in tax credit certificates are available each year!

For more information go to www.ildceo.net/angel or angelinvestment@illinois.gov.

Investor Frequently Asked Questions

1. After making an investment in a Qualified New Business Venture how do I receive my tax credit?
Investors must submit an "Application to be Certified as a Claimant" along with documentation describing the type of investment, proof that funds were transferred to the business, proof that funds were received by the business and a certification form. QNBVs may be asked to provide the information necessary to show that the funds were received by the QNBV.
2. What are the requirements for an investment to be eligible for a tax credit?
There are several requirements for an investment to be eligible for a tax credit.
 - Investment is defined as "money (or its equivalent) given to a qualified new business venture, at a risk of loss, in consideration for an equity interest of the qualified new business venture."
 - Contingent equity investments are allowed, but they must convert to equity within three years. (see "Can I invest in a QNBV using a contingent equity investment?" below)
 - Investments must remain in the QNBV for at least 3 years, except in the event of a qualifying liquidity event.
 - The investment must be made in the same calendar year the QNBV was certified, on or after the date of certification.
 - The minimum amount an applicant must invest in a QNBV in any given calendar year is \$10,000.
 - The maximum amount an applicant may invest in a single QNBV that is used as the basis for a credit is \$2 million.
3. Is there an overall cap on the credits available?
There is a program cap of \$10M per year. From that amount, \$500,000 is set aside for investments made in QNBVs with their principle place of business in counties with a population of not more than 250,000. Another \$500,000 is set aside for investments made in QNBVs which are "minority owned businesses", "women owned businesses", or "businesses owned by a person with a disability" (as those terms are used and defined in the Business Enterprise for Minorities, Women, & Persons with Disabilities Act). Tax certificates are provided on a first-come, first-served basis.

4. Can I invest in a QNBV using a contingent equity investment?
The Angel program defines investment as “money (or its equivalent) given to a qualified new business venture, at a risk of loss, in consideration for an equity interest of the qualified new business venture.” Contingent equity investments are allowed if they meet specific requirements. If money (or its equivalent) is given to a QNBV in consideration for a future equity interest, it must convert to equity within three years after the investment. If the agreement governing investment does not provide for mandatory and unconditional conversion within three years after the investment, the investment will not be considered a contingent equity investment. Contingent equity investments that have features of a debt instrument may be ineligible for a tax credit if the agreement contains unreasonable risk mitigation provisions, as determined by DCEO.
5. After I apply for a tax credit when will I receive my tax certificate?
Claimant applications are reviewed on an ongoing basis. If more than two weeks have passed since submission, please follow up by emailing angelinvestment@illinois.gov.
6. Can I invest using a SAFE agreement?
A Simple Agreement for Future Equity (SAFE) Agreement may be considered an eligible investment if the agreement has certain provisions that keep a SAFE investor in more or less the same position as a non-SAFE equity investor in terms of risk exposure and must include a mandatory unconditional conversion to equity within three years.
7. When are claimant annual attestations due?
Investments must remain in the QNBV for at least 3 years, except in the event of a qualifying liquidity event. Annual attestations are due on the first, second and third anniversary of the investment.
8. What if I remove my investment from the business?
If your investment is removed from the business in less than three years, then the credits used must be paid back to the Illinois Department of Revenue.
9. How is the tax credit applied to my state tax liability?
Angel Tax Credits may not exceed your Illinois income tax liability for the taxable year. However, if the amount of the credit exceeds your liability, the excess may be carried forward for 5 taxable years following the excess credit year. The Angel credit must be applied to the earliest year for which you have a tax liability.

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