



ILLINOIS ANGEL INVESTMENT TAX CREDIT PROGRAM

Frequently Asked Questions



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.

Business/QNBV FAQ

1. *How does my business participate in the Illinois Angel Tax Credit Program?*

The first step is to register as a Qualified New Business Venture (QNBV). Applications are reviewed on an ongoing basis. You should receive a decision in 2-3 weeks. Eligibility information and required forms can be found at www.ildceo.net/angel.

2. *What kinds of businesses are eligible to become QNBVs?*

There are several specific criteria required to become certified as a QNBV. In general, the business must be principally engaged in innovation, the headquarters (and 51% of all employees) must be located in Illinois, and the business must have the potential for increasing jobs in the state. More specific eligibility requirements and required forms can be found at www.ildceo.net/angel.

3. *Once my business has been certified as a QNBV what is the next step?*

Once certified, you are able to promote your company as a QNBV to potential investors. Investments made on or after the date of QNBV certification are eligible to submit a Claimant Application for a tax credit equal to 25% of their investment (up to \$2 million). Investor eligibility information and required forms can be found at www.ildceo.net/angel.

4. *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. Detailed investment eligibility requirements are available at www.ildceo.net/angel.

- 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.”
- 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.

5. *Once an investment is made, how do my investors receive a 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, and proof that funds were received by the business. QNBVs may be asked to provide the information necessary to show that the funds were received by the QNBV. More specific eligibility requirements and required forms can be found at www.ildceo.net/angel.

6. *How long can my business stay in the program?*

There is no time limit, but your business must be certified as a QNBV each year. As long as you continue to meet the QNBV eligibility requirements you can continue in the program. Once a company receives \$4M of investments that qualified for tax credits they are no longer eligible to be certified.

7. *Why does my business need to annually re-register?*

The program statute requires that you verify that your business still meets program requirements and the department uses this process to measure the effectiveness of the program.

8. *After being accepted into the program, does the state market my business?*

We publish a list of certified QNBVs on the Angel website. Approval of your business is not a state endorsement of your business.