



Illinois
Department of Commerce
& Economic Opportunity
OFFICE OF ENTREPRENEURSHIP,
INNOVATION & TECHNOLOGY

ILLINOIS ANGEL INVESTMENT



TAX CREDIT PROGRAM

TO: Illinois Angel Investment Tax Credit Program Stakeholders
FROM: Robert Kerr
Deputy Director, Office of Entrepreneurship, Innovation & Technology
DATE: January 1, 2019
RE: 2019 Application to be Certified as a Claimant

The Illinois Department of Commerce and Economic Opportunity (the “Department”) is pleased to release the Angel Investment Tax Credit Program *2019 Application to be Certified as a Claimant* form. This form is to be used by investors who have made eligible investments into a 2019 Qualified New Business Venture (“QNBV”). Eligible investments must be in the form of equity and must have been made on or after the 2019 certification date of the QNBV. All investments are required to remain in the QNBV for three years and annual attestations confirming the investment (and any other verification requested by the Department) are required. Additional requirements are detailed under the Investor section at www.ildceo.net/angel.

Allowable Investments

An investment means 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. For the purposes of this definition, an investment is at risk of loss if its repayment depends entirely upon the success of the business operations of the qualified new business venture.

A contingent equity investment is an eligible investment if it converts 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 the Department.

A Simple Agreement for Future Equity (“SAFE”) is 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

ANGEL TAX INCENTIVE ALLOCATIONS

A total of \$10 million in Angel Investment tax credits will be allocated in 2019. Funds will be allocated by quarter, on a first-come first-served basis (see **2019 Angel Investment Tax Credit Program Allocation Schedule** below). Once tax incentive funding for a particular quarter is exhausted, no further funds can be allocated until the subsequent quarter.

Assigned Reserves

In addition, there are two assigned reserves:

1. \$500,000 in tax credits are reserved 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, and Persons with Disabilities Act); and
2. \$500,000 in tax credits are reserved for investments made in QNBVs with their principal place of business in counties with a population of not more than 250,000.

Any remaining reserved credits after Q3 will be made available for all other QNBV investments in Q4. The Registration Notice provided to each QNBV upon certification indicates which, if any, reserve eligibilities apply.

2019 ANGEL INVESTMENT TAX CREDIT PROGRAM ALLOCATION SCHEDULE

	ASSIGNED RESERVES			
	Eligible investments made in QNBVs which are minority owned businesses, women owned businesses, or businesses owned by a person with a disability ¹	Eligible investments made in QNBVs with principle place of business in counties with a population of not more than 250,000	All other eligible QNBV Investments	TOTAL
QTR 1	\$ 175,000	\$ 175,000	\$ 3,150,000	\$ 3,500,000
QTR 2	\$ 175,000	\$ 175,000	\$ 3,150,000	\$ 3,500,000
QTR 3	\$ 150,000	\$ 150,000	\$ 1,800,000	\$ 2,100,000
QTR 4 ²	\$ 0	\$ 0	\$ 900,000	\$ 900,000
TOTAL	\$ 500,000	\$ 500,000	\$ 9,000,000	\$ 10,000,000

¹ as those terms are used and defined in the Business Enterprise for Minorities, Women, & Persons with Disabilities Act

² any funds remaining in the Assigned Reserves after Q3 will be made available for All Other QNBV Investments in Q4

PROGRAM BACKGROUND

The Illinois Angel Investment Tax Credit Program attracts and encourages investment dollars into early-stage, innovative companies throughout Illinois. Businesses that meet the programmatic requirements are encouraged to register as a qualified new business venture (QNBV). Investments in QNBVs provide eligible companies with much-needed access to working capital to further their growth and success in Illinois. The Angel Investment Tax Credit Program offers tax incentives equal to 25% of an investment in a QNBV. While the tax credit may not exceed the taxpayer's Illinois income tax liability for the taxable year, the credit may be carried forward for up to 5 years following the excess credit year.

For more information on the Illinois Angel Investment Tax Credit Program, go to www.ildceo.net/angel or email angelinvestment@illinois.gov.