

**Illinois Department of Revenue
Regulations**

Title 86 Part 100 Section 100.2171 Angel Investment Credit

**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 100
INCOME TAX**

Section 100.2171 Angel Investment Credit (IITA 220)

- a) For taxable years beginning on and after January 1, 2011, and ending on or before December 31, 2021, a claimant (as defined under 14 Ill. Adm. Code 531.20) may claim a credit against the tax imposed under IITA Sections 201(a) and (b) in an amount equal to 25% of the Angel Investment (as defined under 14 Ill. Adm. Code 531.20) made by the claimant and that is shown on the Tax Credit Certificate issued by the Department of Commerce and Economic Opportunity (DCEO) under 14 Ill. Adm. Code 531.70. *A claimant may not sell or otherwise transfer a credit awarded under this Section to another person.* (IITA Section 220(g))
- b) Year in Which Credit is Taken. The credit allowed under this Section shall be taken in the taxable year that includes the date of the Tax Credit Certificate issued by DCEO under 14 Ill. Adm. Code 531.70.
- c) In the case of a credit earned by a partnership or subchapter S corporation, the credit passes through to the owners as provided in the partnership agreement under IRC section 704(a) or in proportion to their ownership of the stock of the subchapter S corporation under IRC section 1366(a). The credit earned by a partnership or subchapter S corporation will be treated as earned by its owners as of the last day of the taxable year of the partnership or subchapter S corporation in which the Tax Credit Certificate is issued by DCEO under 14 Ill. Adm. Code 531.70, and shall be allowed to each owner in the taxable year of the owner in which the taxable year of the partnership or subchapter S corporation ends.
- d) *The credit under this Section may not exceed the taxpayer's Illinois income tax liability under IITA Section 201(a) and (b) for the taxable year. If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability of the 5 taxable years following the excess credit year. The credit shall be applied to the earliest year for which there is a tax liability. If there are credits from more than one tax year that are available to offset a liability, the earlier credit shall be applied first.* (IITA Section 220(b))
- e) Recapture. *If, as determined by DCEO, an investment for which a claimant is allowed a credit under this Section is held by the claimant for less than 3 years, or, if within that period of time the qualified new business venture is moved from the State, the claimant shall pay to the Department of Revenue, on forms prescribed by the Department of Revenue, the amount of the credit that the claimant received related to the investment. DCEO shall annually certify that the claimant's investment has been made and remains in the qualified new business venture for no less than 3 years.* (IITA Section 220(d))

- f) Documentation of the Credit. A claimant shall attach to its Illinois income tax return a copy of the Tax Credit Certificate and/or annual certification (if any) issued by DCEO and, in the case of a partner in a partnership or shareholder of a subchapter S corporation that earned the credit, a Schedule K-1-P or other written statement from the partnership or subchapter S corporation stating the portion of the total credit shown on the Tax Credit Certificate that is allowed to that partner or shareholder and the taxable year of the partnership or subchapter S corporation in which the Tax Credit Certificate was issued.

(Source: Amended at 44 Ill. Reg. 2845, effective February 14, 2020)