



State of Arizona Angel Investment Program

The main objective of the Angel Investment program is to expand early stage investments in targeted Arizona small businesses. The program accomplishes this goal by providing tax credits to investors who make capital investment in small businesses certified by the Arizona Department of Commerce (Commerce).

Income Tax Credit Provisions

An investor seeking an income tax credit must document to Commerce the investment was made in either a qualified rural or bioscience company or any other qualified small business. For a qualified bioscience or rural company, the tax credit may total up to 35% of the investment amount over three years; for any other qualified business, the tax credit may total up to 30% over three years. If the tax credits exceed the investor's income tax liability, any unused tax credit amount may be carried forward for up to three taxable years as long as the investor timely claims the credits with Revenue.

Commerce may authorize up to \$20 million in tax credits to qualified investors beginning July 1, 2006 through June 30, 2011. The tax credits will be authorized on a first come, first served basis, which is established by the date and time the investor files an application with Commerce. Download the [Angel Tax Credit Allocation Table](#) to view the remaining amount of tax credits available.

Minimum Requirements

- 1. An individual, limited liability company, sub-chapter S corporation or a partnership (C corps are ineligible)**
- 2. Submits an application to Commerce within 30 calendar days after making a qualified investment. If an application is submitted more than 30 calendar days after making an investment, it will be rejected and the investor notified**
- 3. Makes qualified investments in one or more qualified small businesses. The investor and its affiliates may earn tax credits on investments of up to \$250,000 in a single year; investment amounts over \$250,000 do not generate tax credits**
- 4. Does not possess, along with its affiliates, more than 30% of the total voting power of all equity securities of the qualified small business immediately before making an investment**

An investment may be a “qualified investment” if it:

- 1. Is made on or after July 1, 2006**
- 2. Is an equity security**
- 3. Is at least \$25,000 cash or cash equivalent**
- 4. Is reported to Commerce within 30 calendar days after the investment is made**

A small business may be a “qualified small business” if it:

- 1. Is a corporation, limited liability company, partnership or other business entity (Sole proprietors are ineligible)**
- 2. Maintains a portion of its operations in Arizona**
- 3. Has at least two principal non-administrative full-time equivalent employees who are Arizona residents**
- 4. Is in the early stage of development and is not principally engage in statutorily precluded activities as provided in A.R.S. §41-1518(K)(6)**
- 5. Does not engage in activities that involve human cloning or embryonic stem cell research**
- 6. Does not have assets exceeding \$2 million, exclusive of intellectual property and any qualified investment**
- 7. Has not received aggregated qualified investments in excess of \$2 million by all qualified investors in all years**