

FAQs - Angel Investment Program

**Are you an investor looking to invest in Arizona small companies?
You might qualify for a tax credit for up to 35%!**

What benefit does the Angel Investment Tax Credit program provide?

An Arizona income tax credit is made available to investors who invest in early-stage "qualified small businesses." The credit may be used to offset Arizona taxes over a 3-year period.

Who can apply for the credit?

A "qualified investor", which is any individual or entity excluding C-corporations.

How much is the credit?

The income tax credit is equal to 30% of the investment amount, increasing to 35% for investments in "bioscience enterprises" and in companies located in rural Arizona.

How much do I need to invest?

A "qualified investment" must be an equity investment in a minimum amount of \$25,000 per investment.

How much can I invest per year?

Each investor is limited to a maximum of \$250,000 in investments on which tax credits are allowed in all qualified small businesses per year.

What if I already invested in a qualified small business?

Only investments made and reported to Commerce within 30 days of the investment can receive tax credits. Also tax credits are not available to persons who already hold more than 30% of the equity of a qualified small business.

Is there a limit on the program?

The tax credits are capped at \$20 million during the 5-year life of the program.

How do I apply?

Application forms will be available starting July 1, 2006 at www.azcommerce.com

All investors must receive an authorization of tax credits by the Arizona Department of Commerce.

**Are you a small company looking for funding?
Your investor might qualify for a tax credit of up to 35%!**

How do I determine if my business activities qualify?

Generally, retail, professional services and banking related services don't qualify. For more information, visit www.azcommerce.com/innovation.

What are some of the requirements for my business?

A "qualified small business" must have a portion of its operations in Arizona and at least two full-time equivalent non-administrative employees in Arizona. The business must not have received more than \$2 million in "qualified investments."

Are there any size restrictions?

Your business' total assets may not be more than \$2 million at the time of certification.

What does Rural Arizona mean?

Rural Arizona means any county in Arizona excluding Maricopa or Pima.

What does bioscience enterprise mean?

A "bioscience enterprise" is engaged in conducting R&D, manufacture, marketing, and licensing of products and services relating to: medical, bioengineering, or other life-science based applications; or applications of modern biomechanical or bioinformatics technologies in the fields of human, plant or animal health, agriculture, defense, homeland security or the environment. Your company won't qualify if it engages in human cloning or embryonic stem cell research. For more information, visit www.azcommerce.com.

How do I apply?

Application forms will be available starting July 1, 2006 at www.azcommerce.com

All small businesses must be issued a letter of certification by the Arizona Department of Commerce.

Questions? Contact us at 602-771-1100 or email smallbusinessangel@azcommerce.com



ARIZONA DEPARTMENT OF COMMERCE
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