

ANGEL INVESTOR TAX CREDITS

Prior Law

An angel investor tax credit is available for equity investments in a qualifying business or a community-based seed capital fund. The credit is available for individual income, corporation income, franchise, and the moneys and credits tax. The credit is not refundable but may be carried forward for up to five years.

The amount of the tax credit shall equal 20% of the taxpayer's equity investment. The maximum amount of a tax credit for an investment by an investor in any one qualifying business is \$50,000. An investor and any affiliate of an investor shall not claim tax credits for more than five different investments in five different businesses.

New Provisions

A tax credit claimed against individual income tax is now refundable. Tax credits claimed against corporation income tax, franchise tax, and the moneys and credits tax may only be carried forward for three years. A tax credit may not be carried back to a tax year prior to the tax year in which the taxpayer redeems the credit.

Investments in community-based seed capital funds no longer qualify for the tax credit. The eligibility requirements for a qualifying business are modified.

The amount of the credit is increased from 20% to 25% of the taxpayer's equity investment. The maximum tax credit limitations have been changed. The maximum tax credit that may be claimed per investment per year by any natural person, the person's spouse, or dependent shall not exceed \$100,000. The maximum amount of tax credits that may be issued for equity investments in any one qualifying business shall not exceed \$500,000.

Sections Amended

Section 107 of 2015 Iowa Acts Senate File 510 amends section 2.48, Code 2015. Section 108 amends section 15.119, Code 2015. Sections 109 through 119 amend sections 15E.41, .42, .43, .44, .46, and .52, Code 2015. Sections 120 through 122 amend sections 422.11F, .33, and .60, Code 2015. Section 123 amends section 432.12C, Code 2015. Section 124 repeals section 15E.45, Code 2015.

Effective Date

July 1, 2015, for equity investments made on or after that date and applications submitted to the Iowa Economic Development Authority on or after that date.

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