



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

# new jersey

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## New Jersey Angel Investor Tax Credit Program

Please be advised as of May 1st 2017 that an investment into a holding company of a NJ emerging technology business is now eligible for participation in the NJ Angel Tax Credit Program (assuming the emerging technology business meets all other eligibility requirements). This shall be retroactive to include all investments on or after January 1st, 2012. Any holding company investments made from 1/1/2012-5/1/2017 will have until 12/31/2017 to apply. Any holding company investments made on or after 5/2/2017 will have the regular 6-month period post investment to submit an application.

### Application Deadline:

Investments made in 2016 will continue to have a 12-month deadline for submitting applications from date of investment and will be considered for a 2017 tax credit if such applications are complete, with ALL required documentation, and received at or before November 3rd, 2017. Investments made in 2017 will continue to have a 6-month deadline for submitting applications from date of investment and will be considered for a 2017 tax credit if such applications are complete, with ALL required documentation, and received at or before November 3rd, 2017. Any applications received after this date will be considered and reviewed for a potential tax credit certificate for 2018.

### If You Are:

A taxpayer, filing in New Jersey, who invests in calendar year 2012 or after, in a qualifying New Jersey emerging technology business with fewer than 225 employees, at least 75% of whom work in New Jersey.

### You Can Apply For:

A tax credit against New Jersey corporation business or gross income tax.

### In The Amount Of:

Ten percent (10%) of the qualified investment made in a New Jersey emerging technology business, up to a maximum allowed credit of \$500,000 for each qualified investment.

### Benefits:

The New Jersey Angel Investor Tax Credit establishes credits against corporation business or gross income taxes for the purposes of stimulating investment in New Jersey emerging technology businesses.

### Program Details:

Up to \$25 million of Angel Investor Tax Credit may be approved per calendar year. If the cumulative credits claimed by taxpayers exceed the amount available in a given year, then credits will be applied in the order in which applications are received and complete, starting on the first day of the succeeding calendar year in which Angel Investor Tax Credits do not exceed the amount of credits available.

### Eligibility:

To be eligible, the New Jersey emerging technology business must meet the following four criteria:

- Employs fewer than 225 full-time employees, at least 75% of whom work in New Jersey
- Does business, employs or owns capital or property, or maintains an office in New Jersey
- Conducts at least one of the following activities in New Jersey:
  - Incurs qualified research expenses in the State
  - Conducts pilot scale manufacturing in the State

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- Commercializes one or more of the following eligible technologies in the State: Advanced Computing, Advanced Materials, Biotechnology, Electronic Devices, Information Technology, Life Sciences, Medical Devices, Mobile Communications, and Renewable Energy Technology.
- Has as its primary business an eligible technology (as listed above.)
- Qualified investments include non-refundable transfers of cash made directly to the New Jersey emerging technology business in connection with at least one of the items listed below. To be considered non-refundable, these items must be held or not expire for at least 2 calendar years from the date of the transfer of cash, with an exception being made for initial public offerings (IPOs), mergers and acquisitions, damage awards for the business's default of an agreement, or other return of initial cash outlay beyond the investor's control.
  - stock, interests in partnerships or joint ventures, licenses (exclusive or non-exclusive), rights to use technology, marketing rights, warrants, options, or any similar items, including but not limited to options or rights to acquire any of the listed
  - a purchase, production, or research agreement.
- Credits may be treated as an overpayment and refunded (but no interest on the overpayment will be paid.), For corporate taxpayers, the tax credits may be carried over up to 15 tax years following the tax year for which the credit was allowed. Individuals cannot carryforward the tax credits.
- Credits may not be carried forward in a tax year in which the taxpayer was a target for corporate acquisition or in which the taxpayer was party to a merger or consolidation unless the taxpayer can demonstrate to the New Jersey Division of Taxation the identity of the acquiring corporation.
- Credits may be claimed on the taxpayer's New Jersey tax return in the tax year applicable to the effective date of approval.
- Applications should be submitted by the angel investor entity, if applicable, or the individual angel investor. The New Jersey emerging technology business also will need to fill out a section of the application and provide certain information with the submission, though the angel investor is responsible for all application information.

## Fees:

- Application fee (non-refundable):
  - \$500 for investment amounts of \$50,000 or less
  - \$2,500 for investment amounts over \$50,000
- Approval fee for qualified investments over \$500,000
  - 5% of the amount of the tax credit or \$2,500, whichever is greater. The application fee is credited toward the approval fee.
- A non-refundable fee of \$150.00 shall be paid to the Authority for each request for reissuance per tax certificate previously issued pursuant to N.J.A.C. 19:31-19.6.

## [Application](#)

### [Steps for Review, Approval, and Securing a Replacement Certificate](#)

[Sample Application](#) (for illustrative purposes only - see application link above to apply)

### [New Jersey Angel Investor Tax Credit Act, P.L. 2014, c. 14](#)

[P.L. 2017, c.40 Permits holding companies of eligible New Jersey emerging technology companies to receive investments under New Jersey](#)

### [Angel Investor Tax Credit Act](#)

### [Frequently Asked Questions](#)

### [Activity Report](#)

### [Comparison of Angel Investor - Technology Tax Credit State Programs](#)

### [Courtesy Copy of Current Angel Investor Tax Credit Program Rules, N.J.A.C. 19:31-19.1 through 19.8\\*](#)

For more information on the NJ Angel Investor Tax Credit Program, visit [www.njeda.com](http://www.njeda.com).

\*All fees are non-refundable.