

\$5 Million Still Available for Innovative Emerging Businesses

Five million dollars in tax credits are still available to investors in innovative emerging businesses in Kansas through the Kansas Angel Tax Credit (KAITC) program. The program offers Kansas income tax credits to qualified individuals who provide seed-capital financing for emerging Kansas businesses engaged in development, implementation, and commercialization of innovative technologies, products and services.

The KAITC Program is administered by the Kansas Department of Commerce and designed to bring together accredited angel investors with qualified Kansas companies seeking seed and early-stage investment. The Kansas Angel Investor Tax Credit act was established to facilitate the availability of equity investment in businesses in the early stages of commercial development and to assist in the creation and expansion of Kansas businesses, which are job- and wealth-creating enterprises.

How does it work?

The KAITC program grants tax credits against the Kansas income tax liability of investors investing in these startup ventures. With the primary goal of encouraging individuals to provide seed-capital financing for emerging, Kansas businesses engaged in the development, implementation, and commercialization of innovative technologies, products and services.

Applications for certification will be accepted only for Kansas businesses in the seed and early-stage rounds of financing.

Companies must meet the following criteria to be certified as a Qualified Kansas Business:

- 1. The business has a reasonable chance of success and potential to create measurable employment within Kansas.**
- 2. In the most recent tax year of the business, annual gross revenue was less than \$5,000,000.**
- 3. Businesses that are not Bioscience businesses must have been in operation for less than five years; bioscience businesses must have been in operation for less than 10 years.**
- 4. The business has an innovative and proprietary technology, product, or**

service.

- 5. The existing owners of the business have made a substantial financial and time commitment to the business.**
- 6. The securities to be issued and purchased are qualified securities.**
- 7. The company agrees to adequate reporting of business information to the Kansas Department of Commerce.**
- 8. The ability of investors in the business to receive tax credits for cash investments in qualified securities of the business is beneficial because funding otherwise available for the business is not available on commercially reasonable terms.**
- 9. Each applicant must sign a Qualified Company Agreement with the Kansas Department of Commerce.**

Who are Angel Investors?

Angel investors are either individuals or groups looking to make an investment in new or existing businesses. The incentive on such investments is that they may yield a higher return than other methods of investing.

Most angel investors are entrepreneurs who have had their own business succeed in part due to such investments.

Only accredited angel investors can qualify for the Kansas Angel Investor Tax Credit by investing in Kansas Department of Commerce certified Kansas businesses.

- The tax credit is 50% of the investor's cash investment into a qualified Kansas Business**
- The tax credit may be used in its entirety in the taxable year in which the cash investment was made**
- The Tax Credits are transferable**
- If the amount of the credit exceeds the investors' liability in any one taxable year the remaining portion of credit may be carried forward until the total amount of credit is used**
- Investors can receive tax credits up to \$50,000 in tax credits per company**

they invest in, not to exceed \$250,000 in one year

- **If investing through a permitted entity, all the equity owners of the permitted entity must be accredited investors.**

Certification of companies must meet mandates established by Kansas statute to allow accredited Angel Investors to receive the Kansas Angel Investor Tax Credit.

Applications for companies seeking investment are accepted through August 31, 2018. For complete information on the Kansas Angels Initiative, visit <http://kansasangels.com>.