

# ANGEL FUND INVESTMENT REPORTING FORM

NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

SFN 28245 (12-2013)

► **Important:** This form is for reporting investments made in tax years beginning on or after January 1, 2013 - see instructions.

► This form must be completed by the angel fund.

## Investment information

Date of investment		Amount of investment	
Type of investor <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> "C" Corporation <input type="checkbox"/> "S" corporation <input type="checkbox"/> Estate or trust			
Name of investor		Social security number or Federal Employer Identification Number	
Spouse's name, if joint investment		Spouse's social security number	
Address	City	State	ZIP Code

## Certified angel fund information

Name of angel fund	FEIN
Signature of authorized representative	Date
Printed name of authorized representative	Title

### General instructions

This form must be used by a North Dakota certified angel fund to report the receipt of a qualified investment from an eligible taxpayer for purposes of the angel fund investment tax credit under N.D.C.C. § 57-38-01.26.

**Important:** *Unless otherwise provided by a change in law, these instructions only apply to taxpayers in tax years beginning on or after January 1, 2013. For this purpose, the tax year of the eligible taxpayer (investor) is used, not the tax year of the qualified business.*

### Definitions

For purposes of investments reported on this form, the following definitions apply:

**Qualified investment**—means one that meets all of the following conditions:

- It is made by an eligible taxpayer—see "Eligible taxpayer" below.
- It is in the form of a cash payment to the angel fund. A commitment or pledge of monies to the angel

fund does not constitute a qualified investment. The monies must actually be paid to the angel fund.

- It is made within the certification period specified in the certification confirmation letter issued to the angel fund by the North Dakota Department of Commerce.
- It must remain at risk in the angel fund for at least three years from the date of investment to maintain its qualified status. The monies become at risk when they are actually paid to the angel fund and are available for its use.

**Eligible taxpayer**— means an individual, estate, trust, partnership (all types), corporation ("C" or "S"), or limited liability company. If an eligible taxpayer is a passthrough entity, the tax credit is calculated at the passthrough entity level and passed through to its owners.

**Passthrough entity**—means a partnership (all types), S corporation, or limited liability company treated like a partnership or S corporation.

**Date of investment**—means the date on which an angel fund receives a qualified investment from an eligible taxpayer.

### Privacy Act Notification

*In compliance with the Privacy Act of 1974, disclosure of a social security number or Federal Employer Identification Number (FEIN) on this form is required under N.D.C.C. §§ 57-01-15 and 57-38-01.26, and will be used for tax reporting, identification, and administration of North Dakota tax laws. Disclosure is mandatory. Failure to provide the social security number or FEIN may delay or prevent the processing of this form.*

### Specific instructions for the angel fund

If you have been certified as a North Dakota angel fund by the North Dakota Commerce Department's Division of Economic Development and Finance, you are required to use this form to report the receipt of a qualified investment from an eligible taxpayer for purposes of the angel fund investment tax credit under N.D.C.C. § 57-38-01.26. Your certification as a North Dakota angel fund will be evidenced by your receipt of a letter from the

Commerce Department confirming the certification and the certification period.

Within thirty days after the date of investment, you must complete and file this form—see “Filing instructions” below. A separate form must be completed and filed for each qualified investment you receive.

Complete all applicable items on the form. Unless the investment is made jointly by married individuals, provide the investment information for only one eligible taxpayer on each form. For a joint investment by married individuals, provide the name and social security number of both spouses.

For “Type of investor,” if the eligible taxpayer is a limited liability company (LLC), check the box indicating how the LLC is filing for federal income tax purposes. For example, if the LLC is filing as a partnership for federal income tax purposes, check the “Partnership” box.

**Filing instructions.** Give a copy of the completed form to the eligible taxpayer (investor). Keep a copy for your files.

Send a copy of this form to:

Office of State Tax Commissioner  
600 E. Boulevard Ave., Dept. 127  
Bismarck, ND 58505-0599

### **Specific instructions for the eligible taxpayer (investor)**

This form is evidence of your qualified investment in a North Dakota certified angel fund for purposes of the angel fund investment tax credit. Keep it for your records.

**Important:** *Unless otherwise provided by a change in law, these instructions only apply to investments you make in tax years beginning on or after January 1, 2013.*

**Eligibility for credit.** To maintain the qualified status of your investment, it must remain at risk in the angel fund for a minimum of three years after the date of investment. See “Qualified investment” under **Definitions** for additional information.

**Amount of credit.** The allowable tax credit is 45 percent of the total qualified investments you made during the tax year, up to a maximum tax credit of \$45,000 per tax year. The tax credit must be claimed in the tax year in which the date of investment falls.

**Unused credit carryover.** If you are unable to use all of your allowable tax credit in the tax year in which you made the qualified investment because it exceeds your tax liability, you may carry over and use the unused tax credit on subsequent years’ returns for up to seven tax years. For this purpose, “tax liability” means the total computed tax less any other tax credits that you choose to apply before the angel fund tax credit. If you are a passthrough entity, this carryover provision does not apply to you, but is available to each owner that is not another passthrough entity—see “Passthrough entity” below.

**Passthrough entity.** If you are a passthrough entity, pass the allowable tax credit through to your owners based on their respective ownership interests. See the instructions to Form 58 (partnership) or Form 60 (S corporation) for more information on how to report the total tax credit and the amount passed through to each owner.

**Lifetime limit on allowable credits.** For qualified investments made in angel funds in tax years beginning on or after January 1, 2013, you are allowed to claim no more than \$500,000 in cumulative angel fund tax credits based on your own investments plus any angel fund tax credits you receive as an owner of a passthrough entity. If you are a married individual, you and your spouse are considered one taxpayer for this purpose.

**Interaction with other tax credits.** If the angel fund in which you made your qualified investment (as shown on this form) also passed through to you a seed capital investment tax credit or an agricultural commodity processing facility investment tax credit based on an investment the angel fund made under either or both of those tax credit programs, you are allowed to claim only one of the credits. If you decide to claim the angel fund investment tax credit, you may not claim the tax credit under either of the other programs.

### **Contact Information**

If you have questions, contact us at:

- 701.328.1247
- TDD/TTY—call 1.800.366.6888 and ask for 701.328.1247
- [individualtax@nd.gov](mailto:individualtax@nd.gov)
- Office of State Tax Commissioner  
600 E. Boulevard Ave., Dept. 127  
Bismarck, ND 58505-0599