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ELEMENTS & ROADMAP FOR COMPANIES QUALIFYING TO BE ELIGIBLE FOR ARIZONA'S ANGEL TAX CREDIT PROGRAM

THIS DOCUMENT IS ACCURATE AS OF JANUARY 1, 2022. It is not intended to be legal advice and does not create an attorney-client relationship with us. It is designed to help entrepreneurs and qualified small businesses navigate the process to qualify for the Arizona Angel Tax Credit Program, which will allow investors that have Arizona income tax obligations to receive up to 35% of their investments back in dollar-for-dollar Arizona tax credits. Use the clickable links to access or download necessary forms or information. To be eligible for participation in the program, a company must satisfy the following criteria:

1. Be a corporation, limited liability company, partnership, or other business entity (sole proprietor ineligible).
2. Maintain a portion of its operations in Arizona.
3. Have at least two principal non-administrative full-time equivalent employees who are Arizona residents
4. Be in the early stages of development and not principally engaged in [precluded activities](#).
5. Not engage in activities that involve human cloning or embryonic stem cell research.
6. Not have assets exceeding \$10 million, exclusive of intellectual property and any qualified investment.
7. Not have received aggregated qualified investments in excess of \$2 million by all qualified investors in all years.

ADDITIONAL INCENTIVE: Arizona also offers the elimination of capital gains tax on income derived from investments in ACA certified companies (A.R.S. § 43-1022).

Roadmap

IF your business satisfied the above criteria, the following roadmap may facilitate you in qualifying your business so that your investors can take advantage of the Arizona tax credit program. You will need to fill in each of the Exhibits attached hereto (also linked to in the roadmap below). The following steps will guide you through the process. If you have further questions, the Arizona Commerce Authority is an invaluable resource and can help guide you or answer any additional questions.

1. First apply for a username and password:
<https://www.azcommerce.com/incentives/apply-now/>
2. Items Needed For Application (Basic Business Information of Qualifying Company):
 - (a) Name of your company and the entity type (*i.e.*, LLC or corporation).
 - (b) State of Organization
 - (c) NAICS (Industry Classification Code) <https://www.naics.com/search/> (use the search box and/or make sure you click through to the **four or six digit code**)
 - (d) Address (street plus mailing if different) & phone number
 - (e) Business Contact's name, title, contact info (phone & email)
 - (f) Year authorized to do business in AZ (has it been operated under any other name since August 2005?)
 - (g) Date tax year ends & if company filed combined or consolidated income tax return (**UPLOAD** NAMES & ADDRESSES OF MEMBER COMPANIES IN COMBINED OR CONSOLIDATED RETURN. **IF** LLC/S-CORP **UPLOAD** NAME, ADDRESS, TIN OF DEEMED OWNER)
 - (h) Is company "bio science enterprise"? [A.R.S. § 41-1518\(K\)\(3\)](#)
 - (i) Number of employees worldwide/in AZ (full time vs part time in AZ)/contract workers in AZ
 - (j) Average gross cash wage (including bonuses) to AZ full-time employees
 - (k) Percentage of health insurance premiums/membership costs paid by company
 - (l) (Non-proprietary) one paragraph description of company's business
 - (m) Does company engage in human cloning or embryonic stem cell research?
 - (n) Does more than 50% of the company's business involve an ["Excluded Business Activity"](#)?
 - (o) Value of assets (excluding IP)

ITEMS TO UPLOAD

3. Identify two or more employees who together satisfy the requirement that the Business have at least two full-time equivalent employees who are Arizona residents and whose responsibilities are not exclusively administrative. For the foregoing, **UPLOAD**

employee name, home address, hire date, annualized compensation (or, in the case of owners not currently earning wages, identify ownership %), annualized hours worked, and duties.

4. Proof of [E-Verify](#) program:

- (a) [Log into E-Verify](#) (create account if necessary).
- (b) From Company, select Edit Company Profile. E-Verify will display the company name, ID number, address, etc.
- (c) Print this page and use it as proof of enrollment in E-Verify.

5. Certificate of Good Standing from the [Arizona Corporation Commission](#):

- (a) Register for an account and/or login to your account.
- (b) Click on “[Online Services](#)” (near the top, below the blue title bar).
- (c) Click on “Service Requests” from the menu bar on the left side of the screen.
- (d) Choose “Certificate of Good Standing” and enter entity name.

6. Upload a completed Arizona Department of Revenue (ADOR) [Form 285-SBI](#) (attached as **Exhibit B**).

7. If available, provide the Business’s most recent [UC-020](#) (attached as **Exhibit C**).

YOU MUST RE-QUALIFY YOUR BUSINESS ANNUALLY IF RAISING ADDITIONAL CAPITAL TO ALLOW INVESTORS TO TAKE ADVANTAGE OF THE PROGRAM.

You will need to fill out the attached Exhibits.

Exhibit A: Affidavit Statement by Authorized Taxpayer

Exhibit B: Arizona Form 285 SBI (Disclosure Authorization Form)

Exhibit C: UI Tax Wage Listing

EXHIBIT A



Affidavit Statement by Authorized Office of Taxpayer

As an authorized officer of the Taxpayer, I certify under penalty of perjury that the information contained in the application for the ACA program identified below is true and correct according to my best knowledge and belief after a reasonable investigation of the facts.

The form authorizes the Arizona Department of Economic Security (DES) Employment Security Administration, U.I. Tax Section to release Unemployment Tax and Wage Reports (UC-018 and UC-020) to the Arizona Commerce Authority

Authorized Officer's Signature

Date

Authorized Officer's Name

Authorized Officer's Title

Taxpayer Name

Federal Identification Number

ACA Program



EXHIBIT B

ARIZONA FORM 285-SBI

Disclosure Authorization Form (Irrevocable*) Small Business Investments Credit ARIZONA DEPARTMENT OF REVENUE

This form authorizes the Department to release confidential information of the taxpayer(s) named below to the appointee(s) named below for the tax type(s) specified below. This form is NOT A POWER OF ATTORNEY and DOES NOT grant the appointee(s) any powers of representation.

1. TAXPAYER INFORMATION - Please print or type.		Enter only those that apply:
TAXPAYER NAME(S)		FEDERAL EMPLOYER IDENTIFICATION NUMBER
PRESENT ADDRESS - number and street, rural route, apartment/suite no.		SOCIAL SECURITY NUMBER
CITY, TOWN OR POST OFFICE	STATE ZIP CODE	DAYTIME TELEPHONE NUMBER ()

2. APPOINTEE INFORMATION	
NAME	
Arizona Commerce Authority	
ADDRESS	
333 North Central Avenue, Suite 1900	
CITY, TOWN OR POST OFFICE	STATE ZIP CODE
Phoenix	AZ 85004
DAYTIME TELEPHONE NUMBER	
(602) 845-1200	

3. **TAX MATTERS.** The appointee is authorized to receive confidential information for the tax matters listed below.

- | | | | |
|---|--------------------------------------|--------------------------------------|---------------------------------------|
| <input type="checkbox"/> Individual Joint Return | <input type="checkbox"/> Partnership | <input type="checkbox"/> LLC | <input type="checkbox"/> Estate |
| <input type="checkbox"/> Individual Separate Return | <input type="checkbox"/> Trust | <input type="checkbox"/> Corporation | <input type="checkbox"/> Other: _____ |

4. **TAX PERIODS.** This authorization will be valid for the following tax years:

_____, _____, _____, _____, _____,
_____, _____, _____, _____, _____

5. **REVOCATION.** This Disclosure Authorization Form does not revoke any prior Power of Attorney or other authorization forms on file with the Department.

*This disclosure authorization cannot be revoked without written consent from the Arizona Department of Commerce.

6. **SIGNATURE OF OR FOR TAXPAYER.** I hereby certify that the Arizona Department of Revenue is authorized to release any and all confidential information concerning the above-mentioned Taxpayer. By signing this form, I certify that I have the authority, within the meaning of A.R.S. §42-2003(A), to execute this authorization form on behalf of the above-mentioned corporation(s), limited liability company(ies), trust(s), partnership(s), and/or individual(s). I understand that to knowingly prepare or present a document which is fraudulent or false is a class 5 felony pursuant to A.R.S. §42-1127(B)(2).

SIGNATURE DATE

PRINT NAME

TITLE

SIGNATURE DATE

PRINT NAME

TITLE

EXHIBIT C

UC-020-FF (8-17)

UI TAX WAGE LISTING CONTINUATION

ARIZONA DEPARTMENT OF ECONOMIC SECURITY
P.O. BOX 52027 • PHOENIX, ARIZONA 85072-2027
TELEPHONE: (602) 771-6801

ARIZONA ACCOUNT NUMBER _____

CALENDAR QUARTER ENDING _____

Page _____ of _____

LIST EMPLOYEES IN NUMERICAL ORDER BY SOCIAL SECURITY NUMBER OR ALPHABETICALLY BY LAST NAME.

[illegible]

See UC-018 for EOE/ADA/LEP disclosures