QUALIFIED NEW BUSINESS VENTURE PROGRAM

WISCONSIN ECONOMIC DEVELOPMENT

SUPPORTING INVESTMENT IN WISCONSIN'S YOUNG COMPANIES

Wisconsin's **Qualified New Business Venture (QNBV) Program** supports Wisconsin startups that are raising capital while delivering meaningful, short-term upside for investors—ultimately driving innovation and long-term economic growth in Wisconsin.

How it works

For startups, QNBV certification signals credibility and unlocks access to investor capital. For investors (angel investors, angel investment networks, or Qualified Venture Funds (QVFs), it offers a 25% tax credit on qualified equity investments.

Early-stage companies developing innovative products, processes, or services may apply to the Wisconsin Economic Development Corporation (WEDC) for QNBV certification. Companies must meet the following criteria, among others:

- Headquartered in Wisconsin
- At least 51% of employees and payroll based in the state
- Have fewer than 100 employees
- In operation for 10 consecutive years or less
- Demonstrate significant potential for increasing jobs or increasing capital investment in Wisconsin
- Have not received aggregate private equity or venture capital investment of more than $10 million

With a focus on high-growth technologies, QNBV certification does not apply to companies primarily engaged in real estate development, insurance, banking, lending, lobbying, political consulting, professional services, wholesale or retail trade, leisure, hospitality, transportation, or construction (except the construction of power production plants that derive energy from a renewable resource).

Claiming investment tax credits

Businesses can receive up to a total of $12 million in tax-eligible cash equity investment (for up to $3 million in tax credits for the investors). There is no limit on the amount of credits investors can claim.

TAKING ADVANTAGE OF WISCONSIN'S QNBV PROGRAM

For more information about investment opportunities available through the QNBV Program, please contact:

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For QNBV certification, you should be prepared to submit an up-to-date business plan or executive summary.

- An early-stage company must be certified as a QNBV by WEDC prior to the investment.
- A venture fund must be certified as a QVF by WEDC prior to investing in the QNBV companys.
- Angel investors are required to be accredited/sophisticated investors and must submit a completed Accredited/Sophisticated Investor Form to WEDC following the investment.
- The investment is considered complete upon deposit of the investment into the QNBV company's bank account and execution of the appropriate investment documents.

Investments must be clearly identifiable as being cash investments in exchange for common stock, preferred stock, a partnership or membership interest, or an equivalent ownership interest. Cash exchanged for convertible securities is not eligible until the securities are converted into ownership interest.

The following will not qualify for tax credits:

- 401(k), IRA, Roth IRA, or similar tax-deferred or tax-advantaged accounts are not eligible investment vehicles for the angel tax credit programs.
- An investor cannot control, and cannot be closely related (spouse, grandparent, parent, sibling, child, stepchild, grandchild) to someone who controls, more than 20% of the ownership interest in the company before the investment is made.

Corporations, operating business entities, nonprofit organizations, and foundations will not qualify under the angel tax credit but may be eligible if the entity is qualified as a venture fund by WEDC.