
Georgia Income Tax Credits

2007

Alphareresults Overview

identifying your tax credits

Since 2002, Alphareresults has helped companies all over Georgia identify and obtain tax credits. Typically we work with companies who were:

- unaware of these tax credits
- frustrated by the complexity of meeting the requirements of the credits, or
- overwhelmed by the resources and costs required for these credits

We maximize the tax credits while minimizing the risk, resources, and costs associated with obtaining them.

qualifying for your tax credits

If your company pays Georgia income taxes, including pass-through entities, look for these tax credit activities:

- Install/upgrade software - Retraining Tax Credits
- Create jobs - Job Tax Credits
- Invest in new equipment - Investment Tax Credits
- Perform research and development - Research Tax Credits
- For activities planned, current, and going back 3 years

We help you identify these plus several other opportunities that could significantly reduce the cost of doing business in Georgia.

the Alphareresults team

Our team of professionals has broad experience with tax credits and incentives. Our expertise and knowledge of the regulations, filing requirements, and compliance are extensive. We maintain valuable relationships with the agencies involved with issuing and regulating these credits.

about Alphareresults

Alphareresults helps companies identify and obtain tax credits. Hundreds of companies have realized millions of dollars from our services. CPA firms and other tax preparers trust Alphareresults to ensure that benefits are maximized and compliance is assured.

For more information, contact Alphareresults at 770-667-1332, email us at info@alphareresults.com, or visit www.alphareresults.com

Georgia Retraining Tax Credit Overview

overview of the tax credit

The Georgia Retraining Tax Credit is available to any business that has operations in Georgia, trains Georgia resident employees on new technology, and pays Georgia income taxes (including pass-through entities).

amount of the tax credit

The Retraining Tax Credit is 50% of the direct costs of training up to \$500 per eligible employee per training program per tax year. It can be used against 50% of income tax liability in a given year. Unused retraining tax credits may be carried forward ten years.

Example: Company installed new enterprise-wide business system and trained their 100 employees on 2 programs each. Company is eligible to receive \$100,000 in tax credits [$\$500 \times 100 \times 2 = \$100,000$].

qualifications

The company must conduct training on new equipment, new operating systems (new and upgraded software), and other new technologies such as total quality management, ISO 9000, and employee involvement programs. The employees must be Georgia residents and worked at least 16 weeks at the company full time. The costs include instruction vendor costs, instructor salaries, employee salaries, materials, manuals and travel costs.

additional information

State of Georgia website: www.dtae.tec.ga.us/econdev/retrain.html

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Georgia Job Tax Credit Overview

industries that can utilize the tax credit:

The Job Tax Credit is available to a business or to its headquarters engaged in any of the following six industries:

Manufacturing	Research & Development
Telecommunications	Processing (data, information, software)
Warehousing and Distribution	Tourism

amount of the tax credit:

Job tax credits range from \$750 to \$3,500 per new job created for each year and is dependent on the geographical location of the new job. The tax credit is taken over a five year period beginning in the year after the year that the minimum number of jobs is created. Unused job tax credits may be carried forward ten years.

Example: Taxpayer creates 50 jobs in a tier 1 county offering a \$3,500 credit; receives \$875,000 in tax credits over 5 years [50 jobs x \$3,500/job x 5 years = \$875,000].

geographical location:

Each Georgia county is assigned to one of four tiers: 1, 2, 3 or 4. The lower the tier number, the higher the tax credit amount. Job tax credits can be used against income tax liability and Georgia payroll withholding in certain situations.

bonuses for the Job Tax Credit:

Bonuses are added for Joint Development Authority and Port Activity.

additional information:

State of Georgia website:

www.dca.state.ga.us/economic/TaxCredits/programs/taxcredit.asp In addition, contact Alphareresults.

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Georgia Investment Tax Credit Overview

industries that can utilize the tax credit:

The Investment Tax Credit is available to a business enterprise engaged in either of the following two industries and must have operated the facility in Georgia for at least three years:

Manufacturing

Telecommunications

amount of the tax credit:

The investment tax credit requires a capital expenditure of at least \$50,000 that is directly related to manufacturing activity or providing telecommunication services. It may include the construction of a new facility and the associated real property. The tax credit is limited to 50% of the income tax liability each year. The credit is taken in the year following the year that minimum investment is made. Unused Investment tax credits may be carried forward ten years.

Example: A business enterprise has a \$200,000 capital expenditure in a tier 1 county; receives a \$10,000 in tax credits [$\$200,000 \times 5\% = \$10,000$].

geographical location:

Each Georgia county is assigned to one of four tiers: 1, 2, 3 or 4. The lower the tier number, the higher the tax credit amount. The credit equals 5%, 3% or 1% of the capital investment. A higher percentage applies to pollution control and recycling equipment.

bonus and options to the investment tax credit:

Bonuses for Port Activity increase the percentage to 5%. An optional investment tax credit can be taken in lieu of the investment tax credit for large capital investment

additional information:

www.etax.dor.ga.gov/inctax/TSD_Application_for_Approval_of_Project_Plan_ITAPP.pdf

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Georgia Research Tax Credit Overview

industries that can utilize the tax credit:

The Georgia Research Tax Credit is available to a business or to its headquarters for research conducted within Georgia and engaged in any of the following industries:

Manufacturing	Research & Development
Telecommunications	Processing (data, information, software)
Warehousing and Distribution	Tourism

amount of the tax credit:

The research tax credit is a flat 10% of the additional Georgia research expenses over a base amount. It can be used against 50% of income tax liability in a given year after all other tax credits have been applied. Unused research tax credits may be carried forward ten years.

Example: Taxpayer has base of \$192,000. Current year's R&D expense is \$5,192,000. Taxpayer is eligible to receive an income tax credit of \$500,000: [$\$5,192,000 - \$192,000$] x 10% = \$500,000.

qualifications:

The company must qualify for a Federal research tax credit under Section 41. In addition, the company must have a positive Georgia taxable net income for each of the previous three years.

additional information:

State of Georgia website:
www.etax.dor.ga.gov/inctax/TSD_Research_Tax_Credit_Form_ITRD.pdf

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Results Achieved

Manufacturing

- Over \$650,000 of tax credits for job tax credit and withholding option
- Family-owned food processor, 250 employees



Engineering Firm

- Over \$60,000 of tax credits for new software
- Multi-discipline engineering consulting firm, 130 employees

Physician Practice

- Over \$33,000 of tax credits for new software and additional jobs
- Orthopedic medicine, 7 employees

Contractor

- Over \$170,000 of tax credits for new software and investments
- Provides highway and bridge contracting services

Community Bank

- Over \$55,000 of tax credits for new software
- \$125 million total assets, 48 employees

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New Tax Credits for 2007

job tax credit bonus for existing industries (HB 389)

For business enterprises which have operated in Georgia for the preceding three years, an additional \$500 in job tax credit may be claimed for each eligible new job created in tax years beginning on or after January 1, 2006 and ending with tax years beginning prior to January 1, 2011. There is no carry forward provision on this additional credit amount, so it must be utilized in the year it is claimed. Please note that this bonus credit for existing industries may only be claimed for one year.

telework tax credit (HB 194)

Employers who permit their employees to telework will be allowed an income tax credit for expenses. The credit may be claimed:

- By employers who incur expenses on behalf of their employees to enable those employees to telework- up to \$1,200 per participating employee with the percentage of allowed expenditures between 100%, 75% and 25%, depending upon: eligible expenses pursuant to a telework agreement, telework days per month, and a business which is located in a Federal “nonattainment area”; and,
- By employers conducting a telework assessment in the year of implementation for 100% of the cost of preparing the assessment up to a maximum of \$20,000 per employer.
- The aggregate maximum that can be claimed is \$2 million in 2008 and \$2 million in 2009 and will become effective July 1, 2007.

additional information

DOR tax legislation for 2003 – 2005:

www.etax.dor.ga.gov/inctax/inctax_legis.aspx

DOR tax legislation for 2006:

www.etax.dor.ga.gov/legislation/TLP_2006_Legislative_Summary_2006LS_2006.pdf

DOR tax credit summary: www.etax.dor.ga.gov/inctax/info_taxcredits.aspx

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Georgia Tax Credit Summary

Activity	Tax Credit	Industry	Note
Software installed	Retraining <i>in case 107</i>	- All	- Train employees - New business processes
Add jobs	Job	- Manufacturing - Telecommunications - Warehousing and Distribution - Research & Development - Processing (data, information, software) - Tourism	- Add 5 to 25 jobs - Use for 5 yrs. - Location - Economic census tracts
New equipment	Investment <i>case 103</i>	- Manufacturing - Telecommunications	- Location - Recycling and pollution control equipment.
Conduct research and development	Research <i>code 106</i>	- Manufacturing - Telecommunications - Warehousing and Distribution - Research & Development - Processing (data, information, software) - Tourism	- Federal Research credit - Georgia costs
Other incentives activities	Other Georgia and Federal tax credits <i>code 117</i>	- Varies by incentive	- Alphareults can evaluate potential