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Brian Kemp

Governor

David M. Curry

Revenue Commissioner

State of Georgia Department of Revenue

2020

Partnership Income Tax

General Instructions

File Form 700 electronically. Visit our website dor.georgia.gov for more information.

ELECTRONIC FILING

georgia department of revenue tax center

Accuracy. Security. Paperless. More Features.

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CREDIT CARD PAYMENTS

The Georgia Department of Revenue accepts Visa, American Express, MasterCard, and Discover credit cards for payment of:

√ Current-year individual and corporate tax payments;

√ Liabilities on Department of Revenue-issued assessment notices

√ Individual and corporate estimated tax payments.

FROM THE COMMISSIONER

This booklet is designed to provide information and assist partnerships in filing their Georgia partnership tax returns. I recommend you review the Department's website to determine if the changes affect your return.

This booklet contains the instructions required by most partnerships. If you need forms, we encourage you to visit our website at dor.georgia.gov. There you can download forms and always obtain up-to-date tax information and news from the Department of Revenue.

The Department of Revenue, as outlined in the Taxpayer Bill of Rights, will provide "fair, courteous and timely service" to the taxpayers of Georgia. Our mission is to provide the best customer service and operational performance of any state taxing authority and the IRS. We welcome your comments and suggestions on how to better accomplish that mission.

David M. Curry
Revenue Commissioner

What's Inside?

Georgia Tax Center

What is the Georgia Tax Center? The Georgia Tax Center (GTC) is the Department of Revenue's secure self-service customer facing portal for making online Individual or Business Tax payments and for corresponding with the Department.

Who Can Sign Up? Any taxpayer that pays taxes in the State of Georgia is eligible to use GTC for Sales and Use Tax, Withholding Tax, Film Withholding, Corporate Income Tax, International Fuel Tax Agreement, Individual Income Tax, Fiduciary, 911 Prepaid Wireless Fee, Alcohol and Tobacco, Motor Fuel, and Sales Tax Contractor Licensing Bonding.

How Do I Sign Up? To use GTC, visit our website at https://gtc.dor.ga.gov. First time users must register before accessing tax accounts. To register, you will need:

- Tax type account number
- A valid email address
- Amount of your last statement
- ZIP Code for your location address

Please visit our website for instructional videos and frequently asked questions. dor.georgia.gov/taxes/georgia-tax-center-help

GTC Features

- **Register a new business and receive an account number in 15 minutes!**
- Request:
  - Direct deposit account
  - To close an account
  - Filing frequency change
  - Address updates
  - Penalty waivers
  - Protest of proposed assessments
- Register and add access to accounts
- Submit and/or amend returns
- View account balances
- Make payments for returns and assessments

For a complete list of features visit GTC at https://gtc.dor.ga.gov

FEDERAL TAX CHANGES/CONFORMITY, NEW LEGISLATION, AND OTHER POLICY INFORMATION

Federal Tax Changes/Conformity with Federal Changes, New Legislation, and other Policy Information are available via the Department's website dor.georgia.gov/income-tax.

FILING REQUIREMENTS

A partnership, limited liability company, syndicate, group, pool, joint venture and unincorporated organization which is engaged in business or owns property located in Georgia or has members domiciled in Georgia or has income from Georgia sources, and which is required to file a Federal Income Tax return on Form 1065, is required to file a Georgia Income Tax return on Form 700.

WHEN AND WHERE TO FILE

Form 700 must be filed on or before the 15th day of the third month following the close of the taxable year. If the due date falls on a weekend or holiday, the return is due on the next day that is not a weekend or holiday. Paper returns should be mailed to the Georgia Department of Revenue, Processing Center, P.O. Box 740315, Atlanta, Georgia 30374-0315.

ELECTRONIC FILING REQUIREMENTS

Taxpayers that remit payments by electronic funds transfer, whether on a mandatory or voluntary basis, must file all associated returns electronically. Also, a nonindividual income tax return must be electronically filed when the federal counterpart of such return is required to be filed electronically pursuant to the Internal Revenue Code of 1986 or Internal Revenue Service regulations. Finally, a return is required to be electronically filed if the return generates, allocates, claims, utilizes, or includes in any manner a series 100 tax credit (see page 8, etc.).

FEDERAL AUDIT

Georgia House Bill 849 was enacted in 2017. This bill modifies Code Section 48-7-53 and provides for the reporting of federal partnership adjustments effective for taxable years beginning on or after January 1, 2018. With a federal partnership adjustment the partnership is required to file an amended Georgia return (please check the "Amended due to IRS Audit" box on Page 1 of the Form 700). With a federal partnership adjustment (and also for an amended return filed by the partnership), a partnership may elect to pay the tax due on behalf of its partners by checking the box on Schedule 1. If the partnership makes this election, a schedule should be attached to the Form 700 which provides the details of the income reported for the partners and the total income should be entered on Line 1 of Schedule 1.

The bill also provides for Georgia partnership audit adjustments and related appeals effective for taxable years beginning on or after January 1, 2017 and earlier if the Department and the partnership agree. For a Georgia partnership audit, a partnership may elect to pay the tax due on behalf of its partners by checking the box on Schedule 1. This election can be made on an original or amended return filed before the audit starts or at the time of the audit. If the election is made, the partnership will not file an amended return, instead the Department will issue a notice to the partnership to facilitate the collection of the tax. If the election is not made, the partnership and its direct and indirect partners must file amended returns.

Credits that are eligible to be sold only include series 100 tax credits that are eligible to be directly transferred or sold pursuant to the applicable statute and that have not been previously passed through and made available to the partners of the partnership or tiered partner. These credits may be entered on Schedule 1, Line 3. Series 100 tax credits are any tax credit designated by the Department with a tax credit code from 100 through 199.

AMENDED RETURNS

If a partnership becomes aware of changes after filing its return, it should file an amended Form 700. Check the Amended return box on Form 700 and submit an amended K-1 for each partner and a complete copy of the amended Federal partnership return, including schedules, if applicable.

RELATION TO THE FEDERAL RETURN

The Georgia return correlates to the Federal return in most respects (see information below about Federal tax changes). The accounting period and method used for the Georgia return must be the same as on the Federal return.

A complete copy of the Federal return and all supporting schedules must be included with the Georgia return. Otherwise, your return will be deemed incomplete.

ADJUSTMENTS TO FEDERAL INCOME
(Schedules 4 and 5)

To determine the total income for Georgia purposes, certain adjustments as provided by Georgia law are included in the computations for Schedules 4 and 5. The total additions to Federal Income should be placed on Line 9 of Schedule 7, and listed in Schedule 4. The total subtractions from Federal income should be shown on Line 11 of Schedule 7, and listed on Schedule 5. The more commonly used items are listed in each schedule.

A partnership must add back all intangible expense and related interest expense directly or indirectly paid to a related member. All such expense must be listed as an addition to Federal income even if the taxpayer qualifies for an exception. If the taxpayer qualifies for a full or partial exception, Form IT-Addback must be completed in order for the taxpayer to take a subtraction on Schedule 5 for all or any portion of the addition listed on Schedule 4.

A partnership must add back all captive REIT expenses directly or indirectly paid to a related member. All such expense must be listed as an addition to federal income even if the taxpayer qualifies for an exception. If a taxpayer qualifies for a full or partial exception, Form IT-REIT must be completed.

A taxpayer must addback payments of more than $600 in a taxable year made to employees who are not authorized employees and who are not excepted by O.C.G.A.§ 48-7-21.1. An authorized employee is someone legally allowed to work in the United States.

Additionally, adjustments due to other Federal tax changes should be reported as stated on the Department's website (dor.georgia.gov/income-tax).

U.S. obligation income that is subtracted must be reduced by direct and indirect interest expense. To arrive at such reduction, the total interest expense is multiplied by a fraction, the numerator of which is the taxpayer's average adjusted basis of the U.S. obligations, and the denominator of which is the average adjusted basis of all assets of the taxpayer.

Any expense that is subject to further limitation (e.g., Section 179 Deduction, Charitable Contributions, etc.) is not deductible in calculating total income for Georgia purposes. However, these expenses may be deductible on the partner's income tax return.

Where salaries and wages are reduced in computing Federal taxable income because a federal jobs tax credit has been taken, which required the elimination of the salary and wages deduction, the eliminated salary and wage deduction shall be subtracted from Georgia taxable income. Regulation 560-7-7-.05 defines the term "federal jobs tax credit".

Taxpayers who are parties to state contracts may subtract from Federal taxable income or Federal adjusted gross income 10% of qualified payments to minority subcontractors or $100,000, whichever is less, per taxable year.

A list of certified minority subcontractors is maintained by the Commissioner of the Department of Administrative Services for the Revenue Department and general public. To register your business as a minority subcontractor or to view the list, call 404-656-6315 or visit doas.ga.gov/state-purchasing/suppliers

A partnership may subtract Federally taxable interest received on Georgia municipal bonds designated as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986. "Recovery Zone Economic Development Bonds" under Section 1400U-2 of the Internal Revenue Code or any other bond treated as a "Qualified Bond" under Section 6431(f) of the Internal Revenue Code are considered "Build America Bonds" for this purpose.
A partnership may also subtract federally taxable interest received on Georgia municipal bonds issued by the State of Georgia and certain authorities or agencies of the State of Georgia for which there is a special exemption under Georgia law from Georgia tax on such interest.

Georgia follows the provisions of I.R.C. Section 163(j) as they existed before the 2017 Tax Cuts and Jobs Act.

See Georgia Code Section 48-7-27 for additional adjustments.

DEFERRED COMPENSATION

A nonresident, who receives deferred compensation or income from the exercise of stock options that were earned in Georgia in a prior year is required to pay tax on the income, but only if the prior year's income exceeds the lesser of: 1) 5 percent of the income received by the person in all places during the current taxable year; or 2) $5,000. However, the income is not taxed if federal law prohibits the state from taxing it. Federal law prohibits state taxation of some types of retirement income including pensions as well as income received from nonqualified deferred compensation plans if the income is paid out over the life expectancy of the person or at least 10 years. An employer is required to withhold Georgia income tax on any amounts that are required to be included in the nonresident's income.

INCOME APPORTIONMENT AND ALLOCATION (Schedules 6 and 2)

If any Partnership, domestic or foreign, is doing business or owns property both within and outside of Georgia, the average ratio as computed in Schedule 6 should be used to compute Georgia Net Income in Schedule 2. If the business income of the partnership is derived from Georgia sources, from property owned or business done within this State, and in part from property owned or business done outside this State, the tax shall be imposed only on that portion of the business income which is reasonably attributable to Georgia sources and property owned and business done within this State, to be determined as follows:

(1) Interest received on bonds held for investment and income received from other intangible property held for investment are not subject to apportionment. Rentals received from real estate held purely for investment purposes and not used in the operation of the business are also not subject to apportionment. All expenses connected with the interest and rentals from such investments are likewise not subject to apportionment but must be applied against the investment income. The net investment income from intangible property shall be allocated to Georgia if the partnership's situs is in Georgia, or the intangible property was acquired as income from property held in Georgia, or as a result of business done in Georgia.

Net investment income from tangible property in Georgia shall be allocated to Georgia.

(2) Gains from the sale of tangible or intangible property not held, owned or used in connection with the trade or business of the partnership, nor for sale in the regular course of business, shall be allocated to Georgia if the property sold is real or tangible personal property situated in this State, or intangible property having an actual situs or a business situs within this State. Otherwise the gains shall not be allocated to this State.

(3) Net income of the above classes having been separately allocated and deducted, the remainder of net business income shall be apportioned as follows:

ONE FACTOR FORMULA

(a) Gross Receipts Formula. The gross receipts factor is the ratio of gross receipts from business done within this State to total gross receipts from business done everywhere.
Receipts derived from the sale of tangible personal property shall be deemed to have been derived from business done in Georgia if they were received from products shipped to customers in this State or products delivered within this State to customers.
When receipts are derived from business other than the sale of tangible personal property, receipts shall be deemed to have been derived in Georgia if received from customers within this state, or if the receipts are otherwise attributable to this State's marketplace.

- For tax years beginning on or after January 1, 2008, the Georgia apportionment ratio shall be computed by applying only the gross receipts factor. See Rules and Regulation 560-7-7-.03 for specific details.
- For tax years beginning on or after January 1, 2006, a company whose net income is derived from the manufacture, production, or sale of tangible personal property, and from business other than the manufacture, production, or sale of tangible personal property, must include gross receipts from both activities in their receipts factor.
- For tax years beginning on or after January 1, 2006, a company whose net income is derived from business other than the manufacture, production, or sale of tangible personal property, only includes in their receipts factor gross receipts from activities which constitute the taxpayer's regular trade or business.

(b) Apportionment of Income; Business Joint Venture and Business Partnerships. A corporation or partnership which is involved in a business joint venture, or is a partner in a business partnership, must include its pro rata share of the joint venture or partnership gross receipts values in its own apportionment formula.

COMPUTATION OF TOTAL INCOME FOR GEORGIA PURPOSES (Schedule 7)

Schedule 7 reflects flow-through income from the federal return which is taxable to the individual partners. A resident partner is required to report his full share of partnership income or loss. A nonresident partner is required to report only his share of Georgia-apportioned and Georgia-allocated income on such partner's return. Payments made to a partner for services rendered or interest on capital contributions (guaranteed payments) are not deductible when computing the partnership's net income. Schedule 7 is similar to the Federal Schedule K. Enter the total amounts from each category on Schedule 7 where applicable.

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ADDITIONAL INFORMATION

INCOME TO PARTNERS (Schedule 3)

This schedule provides space to show identifying information and income distributable to the individual partners.

Enter for each partner: 1. Name; 2. Street and Number; 3. City, State , Zip Code and Country if foreign; 4. Social Security or Federal Identification Number; 5. Profit (Loss) sharing percentage (Enter the ending percentage that is listed on the Federal K-1); 6. Georgia Source Income. If the partnership has more than 5 partners, attach a separate schedule for the additional partners in the same format.

Total Georgia source income may differ from total net income because some of the partnership income (e.g., guaranteed payments) may not be based on the profit sharing ratio, or the partner is a Georgia resident. See example on page 5.

CREDIT USAGE AND CARRYOVER (Schedule 8)

Enter the information as specified on each line of schedule 8. With respect to Line 10, the "Tax Credits" summary in this booklet includes information regarding which credits can be sold.

CORPORATE PARTNERS OF PARTNERSHIPS

A corporation will be considered to own property in Georgia, do business in Georgia, or have income from Georgia sources whenever the corporation is a partner, whether limited or general, in a partnership which owns property or does business in Georgia, or has income from Georgia sources.

LIMITED LIABILITY COMPANY

Each limited liability company and foreign limited liability company shall be classified as a partnership for Georgia income tax purposes unless classified otherwise for Federal income tax purposes, in which case the limited liability company or foreign limited liability company shall be classified for Georgia income tax purposes in the same manner as it is classified for federal income tax purposes.

NET WORTH TAX

The partnership return is for information only. Partnerships are not subject to net worth tax.

PARTNERSHIPS WITH NONRESIDENT PARTNERS

Nonresident partners of partnerships doing business both within and outside Georgia shall compute their proportionate part of the partnership's allocated and apportioned income from the schedules on Form 700. Georgia net income computed on Line 7 of Schedule 2 should be multiplied by the percentage of ownership. This amount is further adjusted by the partner's share of the separately stated items mentioned on the Department's website. Please see page 2 for a link to the Federal Tax Changes section on the website and for the Adjustments to Federal Income section.

A partnership that owns property or does business within this State is required by O.C.G.A. § 48-7-129 to withhold on the annual partner's share of taxable income sourced to Georgia. The withholding tax rate is 4%. Withholding is not required if the annual partner's share of taxable income sourced to Georgia is less than $1,000. Also there are various exemptions from nonresident withholding. See Regulation 560-7-8-.34 and Form NRW-Exemption. As an alternative to withholding, the partnership may file a composite return (Form IT CR) for its nonresident partners. Permission is not required to file a composite return. Please check the Composite Return Filed box on page 1 of Form 700.

Subsection (c) of O.C.G.A. § 48-7-24 provides an exemption from Georgia income tax for a nonresident partner who receives income from a partnership which derives income exclusively from buying, selling, dealing in, and holding securities on its own behalf and not as a broker. Accordingly, withholding under O.C.G.A. § 48-7-129 would not apply in this situation.

Note: This exemption does not apply to a family limited partnership or similar nontaxable entity, the majority interest of which is owned by one or more natural or naturalized citizens related to each other within the fourth degree of reckoning according to the laws of descent and distribution. Also, this exemption does not apply to a partner that participates in the management of the partnership or that is engaged in a unitary business with another person (including entities) that participates in the management of the partnership.

GUARANTEED PAYMENT EXAMPLE

The following example illustrates how guaranteed payments should be treated when there is a nonresident partner: There are two partners in the partnership. Partner One is a resident of Georgia and owns 25% of the partnership. Partner One receives a guaranteed payment of $10. Partner Two is a nonresident of Georgia and owns 75% of the partnership. Partner Two receives a guaranteed payment of $40. The profit and loss sharing ratio is the same as the ownership percentage. The Georgia apportionment ratio on line 2, schedule 6, of Form 700 is 50%.

Ordinary income reported on
line 1, schedule 7, of Form 700 ....$100

Guaranteed payment reported on
line 5, schedule 7, of Form 700 ....$50

Total income for Georgia purposes,
line 12, schedule 7, of Form 700 .... $150

Partner One (resident) is required to report $35 on the Georgia return. The entire $10 guaranteed payment plus their share of the ordinary income of the partnership, which is $25 ($100 ordinary income placed on line 1, schedule 7, of Form 700 multiplied by the ownership percentage of 25%). Partner Two (nonresident) is required to report $58 on the Georgia return. The Georgia portion of the guaranteed payment is $20 ($40 guaranteed payment multiplied by the Georgia ratio of 50%) plus the share of the Georgia portion of the ordinary income of the partnership, which is $38 ($100 ordinary income placed on line 1, schedule 7 of Form 700 multiplied by their ownership percentage of 75% multiplied by the Georgia ratio of 50%).

FREQUENTLY ASKED QUESTIONS

Answers to frequently asked questions regarding corporations, S Corporations, partnerships, LLC's, and nonresident withholding are available on our website at dor.georgia.gov.

TELEPHONE ASSISTANCE

Composite Returns..1-877-423-6711

Customer Contact Center....................................1-877-423-6711

Employer Withholding Information.......................1-877-423-6711

Income Tax Forms 1-877-423-6711

Registration & Licensing Unit 1-877-423-6711

STATE PARTNERSHIP REPRESENTATIVE

Indicate on page 1 the State Partnership Representative if different than the Federal Partnership Representative. See Regulation 560-7-3-.11 for more information.

EXAMPLE OF HOW TO FILL OUT A TAX CREDITS SCHEDULE
FOR CREDITS THAT DO NOT REQUIRE PRE-APPROVAL

If receiving the same credit type from multiple entities, you should complete one tax credit schedule for each credit code. For the credit generated this tax year, list the Company Name, ID number and % of credit; if applicable. If the credit originated with this taxpayer, enter this taxpayer's name and ID# and 100% for the percentage. **Only enter a certificate number if the Department has provided a letter with your unique certificate number because the credit is preapproved.** Purchased credits and credits received from an allocation should also be included on this schedule. **If a credit is purchased from a previous year the credit should be claimed as previous year credit.**

1. Credit Code	103 Employer's Jobs Tax Credit				103
2. Company Name	TAXPAYER'S NAME			ID Number	12-3456789
Credit Certificate #		% of Credit	100	Credit Generated this Tax Year	45,000
3. Company Name	XYZ LLC			ID Number	67-0009876
Credit Certificate #		% of Credit		Credit Generated this Tax Year	3,000
4. Company Name	ABC COMPANY			ID Number	57-2233445
Credit Certificate #		% of Credit		Credit Generated this Tax Year	3,000
5. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
6. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
7. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
8. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	

9. Total available credit for this tax year (sum of Lines 2 through 8)	9.	51,000
10. Enter the amount of credit sold (only certain credits can be sold; see instructions)	10.	
11. Total allocated to owners on Schedule 9	11.	51,000
12. Credit used on Form IT-CR	12.	
13. Credits eligible to be sold that were not sold or allocated to partners from previous years (do not include amounts elected to be applied to withholding)	13.	
14. Credits used on Schedule 1 Line 3	14.	
15. Potential carryover to next tax year (Line 9 less Lines 10, 11, 12, 14 plus Line 13)	15.	

EXAMPLE OF HOW TO FILL OUT A TAX CREDITS SCHEDULE FOR CREDITS THAT REQUIRE PRE-APPROVAL

If receiving the same credit type from multiple entities, you should complete one tax credit schedule for each credit code. For the credit generated this tax year, list the Company Name, ID number and % of credit; if applicable. If the credit originated with this taxpayer, enter this taxpayer's name and ID# and 100% for the percentage. **Only enter a certificate number if the Department has provided a letter with your unique certificate number because the credit is preapproved.** Purchased credits and credits received from an allocation should also be included on this schedule. **If a credit is purchased from a previous year the credit should be claimed as previous year credit.**

1. Credit Code	112 Research Tax Credit				112
2. Company Name	TAXPAYER'S NAME			ID Number	12-3456789
Credit Certificate #	0112233445	% of Credit	100	Credit Generated this Tax Year	10,000
3. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
4. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
5. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
6. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
7. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	
8. Company Name				ID Number	
Credit Certificate #		% of Credit		Credit Generated this Tax Year	

9. Total available credit for this tax year (sum of Lines 2 through 8)	9.	10,000
10. Enter the amount of credit sold (only certain credits can be sold; see instructions)	10.	
11. Total allocated to owners on Schedule 9	11.	10,000
12. Credit used on Form IT-CR	12.	
13. Credits eligible to be sold that were not sold or allocated to partners from previous years (do not include amounts elected to be applied to withholding)	13.	
14. Credits used on Schedule 1 Line 3	14.	0
15. Potential carryover to next tax year (Line 9 less Lines 10, 11, 12, 14 plus Line 13)	15.	

Code

TAX CREDITS

Note: A return is required to be filed electronically if the return generates, allocates, claims, utilizes, or includes in any manner a Series 100 credit.

Disregarded Single Member LLC Credit Instructions. If the taxpayer owns or is owned by a disregarded single member LLC, the single member LLC should be disregarded for filing purposes. All credits should be claimed on the owner's return. All tax credit forms should be filed in the name of the single member LLC but included with the owner's return. This is necessary so that the returns can be processed and the credits flow to the proper taxpayer.

Note: The Timber Tax Credit (145) is not refundable directly to a partnership. Instead it is refundable to the owners of a partnership (if not purchased).

101 **Employer's Credit for Basic Skills Education.** Businesses which provide or sponsor an approved adult basic skills program may receive a tax credit. The program is administered by the Technical College System of Georgia. For taxable years beginning on or after January 1, 2016, taxpayers must request preapproval to claim this credit. This credit should be claimed on Form IT-BE 2016. For more information, refer to O.C.G.A. §48-7-41 and Revenue Regulation 560-7-8-.55.

102 **Employer's Credit for Approved Employee Retraining.** The retraining tax credit allows employers to claim certain costs of retraining employees to use new equipment new technology, or new operating systems. For tax years beginning on or after January 1, 2009, approved retraining shall not include any retraining on commercially, mass produced software packages for word processing, database management, presentations, spreadsheets, e-mail, personal information management, or computer operating systems except a retraining tax credit shall be allowable for those providing support or training on such software. The credit is calculated at 50% of the direct costs of retraining full-time employees, up to $500 per employee per approved retraining program per year. For tax years beginning on or after January 1, 2009, there is a cap of $1,250 per year per full-time employee who has successfully completed more than one approved retraining program. The credit may be utilized up to 50% of the taxpayer's total state income tax liability for a tax year. For tax years beginning on or after January 1, 2009, the credit must be claimed within 1 year instead of the normal 3 year statute of limitation period. Credits claimed but not used may be carried forward for 10 years. For a copy of the Retraining Tax Credit Procedures Guide, contact the Technical College System of Georgia. This credit should be claimed on Form IT-RC, with Program Completion forms signed by Technical College System of Georgia personnel attached. For more information, refer to O.C.G.A. §48-7-40.5.

103 **Employer's Jobs Tax Credit.** This credit provides for a statewide job tax credit for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism or research and development industries, but does not include retail businesses. If other requirements are met, job tax credits are available to businesses of any nature, including retail businesses, in counties recognized and designated as the 40 least developed counties.

Tier Designation	County Rankings	New Jobs Created	Credit Amount
Tier 1	1 through 71	5 or more*	$3,500
Tier 2	72 through 106	10 or more	$2,500
Tier 3	107 through 141	15 or more	$1,250
Tier 4	142 through 159	25 or more	$750

Credits similar to the credits available in Tier 1 counties are potentially available to companies in certain less developed census tracts in the metropolitan areas of the state. Note that the average wage for each new job must be above the average wage of the county that has the lowest average wage of any county in the state. Also employers must make health insurance available to employees filling the new full-time jobs, Employers are not, however, required to pay all or part of the cost of such insurance unless this benefit is provided to existing employees. For taxpayers that initially claimed this credit for any taxable year beginning before January 1, 2009, credits are allowed for new full-time employee jobs for five years in years two through six after the creation of the jobs. In Tier 1 and Tier 2 counties, the total credit amount may offset up to 100% of a taxpayer's state income tax liability for a taxable year. In Tier 3 and Tier 4 counties, the total credit amount may offset up to 50% of a taxpayer's state income tax liability for a taxable year. In Tier 1 counties and less developed census tracts only, credits may also be taken against a company's income tax withholding. To claim the credit against withholding, a business must file Form IT-WH as provided in the job tax credit regulation or as instructed by the Commissioner. A credit claimed but not used in any taxable year may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established. The measurement of the new full-time jobs and maintained jobs is based on average monthly employment. Georgia counties are re-ranked annually based on updated statistics. This credit should be claimed on Form IT-CA. An additional $500 per job is allowed for a business locating within a county that belongs to a Joint Development Authority per O.C.G.A. §36-62-5.1. For taxpayers that create a new year one under DCA regulations for any taxable year beginning on or after January 1, 2009 the following apply:

1. The definition of a business enterprise now also includes a business or headquarters of a business that provides services foe the elderly and persons with disabilities (only for the jobs credit provided pursuant to O.C.G.A. 48-7-40).
2. The credit may be claimed beginning with the year the job is created as opposed to the year after the job is created.
3. The credit may be claimed against withholding tax for a business enterprise engaged in a competitive project (as certified by the Department of Economic Development) which is located in a tier 2, 3, or 4 county.

4. The additional new full-time jobs created in the 4 years after the initial year shall be eligible for the credit.
5. The credit must be claimed within 1 year instead of the normal 3 year statute of limitation period.

*For a business enterprise that creates a new year one under DCA regulations for any taxable year beginning on or after January 1, 2012, in tier 1 counties, the business enterprise must increase employment by 2 or more new full-time jobs for the taxable year to be eligible for the credit. See the Job Tax Credit law (O.C.G.A. 48-7-40 and 48-7-40.1) and regulations for further information or refer to the Department of Community Affairs website.

For taxable years beginning in 2020 and 2021, taxpayers that claimed the Jobs tax credit in a taxable year beginning on or after January 1, 2019 and before December 31, 2019, have the option to utilize the number of new full-time jobs that the taxpayer claimed in the taxable year beginning on or after January 1, 2019 and before December 31, 2019; or calculate the number of new full-time jobs based on the number of full-time jobs created and maintained in that respective tax year.

104 **Employer's Credit for Purchasing Child Care Property.** Employers who purchase qualified child care property will receive a credit totaling 100% of the cost of such property. The credit is claimed at the rate of 10% a year for 10 years. Any unused credit may be carried forward for three years and the credit is limited to 50% of the employer's Georgia income tax liability for the tax year. Recapture provisions apply if the property is transferred or committed to a use other than child care within 14 years after the property is placed in service. This credit should be claimed on Form IT-CCC100. For more information, refer to O.C.G.A. §48-7-40.6.

105 **Employer's Credit for Providing or Sponsoring Child Care for Employees.** Employers who provide or sponsor child care for employees are eligible for a tax credit of up to 75% of the employers' direct costs. The credit may not exceed 50% of the taxpayer's total state income tax liability for the taxable year. Any credit claimed but not used in any taxable year may be carried forward for five years from the close of the taxable year in which the cost of the operation was incurred. This credit should be claimed on Form IT-CCC75. For more information, refer to O.C.G.A. §48-7-40.6.

106 **Manufacturer's Investment Tax Credit. Based on the same Tier Ranking as the Job Tax Credit program.** It allows taxpayer that has operated an existing manufacturing or telecommunications facility in the state for the previous three years to obtain a credit against income tax liability. The credit is calculated on expenses directly related to manufacturing or to providing telecommunications services. Taxpayers must apply (use Form IT-APP) and receive approval before claiming the credit on the appropriate tax return. A taxpayer may not claim the job tax credit or the optional investment tax credit when claiming this credit for the same project. Companies must invest a minimum of $50,000 per project/location during the tax year in order to claim the credit.

Tier Location	Tax Credit	Credit for Recycling, Pollution Control or Defense Conversion Activities
Tier 1	5%	8%
Tier 2	3%	5%
Tier 3 or 4	1%	3%

For a taxpayer with a manufacturing or telecommunications facility in a rural county located in a tier 1 county or tier 2 county that has purchased or acquired qualified investment property in a taxable year beginning on or after January 1, 2020 (which is then claimed on an income tax return in the taxable year after the purchased or acquired taxable year), the excess investment tax credit may be used to offset withholding as provided in the investment tax credit regulation. The taxpayer must receive preapproval as provided in DOR's regulation to use the excess credit against withholding. A taxpayer that has investment tax credit carry forward for qualified investment property that was purchased or acquired in a taxable year beginning before January 1, 2020, may request preapproval to use such investment tax credit carry forward against withholding tax if certain requirements are met; this provision is repealed on December 31, 2024. The taxpayer must receive preapproval as provided in DOR's regulation to use the credit carry forward against withholding. The total amount of tax credits preapproved to be used against withholding tax for taxpayers in rural counties located in tier 1 and tier 2 counties and for taxpayers to use investment tax credit carry forward against withholding together shall not exceed $1 million per taxpayer per calendar year and $10 million for all taxpayers per calendar year.

This credit should be claimed on Form IT-IC and accompanied by the approved Form IT-APP. For more information, refer to O.C.G.A. §48-7-40.2, 40.3, and 40.4.

107 **Optional Investment Tax Credit.** Taxpayers qualifying for the investment tax credit may choose an optional investment tax credit with the following threshold criteria:

Designated Area	Minimum Investment	Tax Credit
Tier 1	$ 5 Million	10%
Tier 2	$10 Million	8%
Tier 3 or 4	$20 Million	6%

Taxpayers must apply (use **Form OIT-APP**) and receive approval before they claim the credit on their returns. The credit may be claimed for 10 years, provided the qualifying property remains in service throughout that period. A taxpayer must choose either the regular or optional investment tax credit. Once this election is made, it is irrevocable. The optional investment tax credit is calculated based upon a three-year tax liability average. The annual credits are then determined using this base year average. The credit available to the taxpayer in any given year is the lesser of the following amounts:

(1) 90% of the excess of the tax of the applicable year determined without regard to any credits over the base year average; **or**

(2) The excess of the aggregate amount of the credit allowed over the sum of the amounts of credit already used in the years following the base year.

The credit must be claimed on **Form IT-OIC**. For more information, refer to O.C.G.A. §48-7-40.7, 40.8, and 40.9.

108 **Qualified Transportation Credit.** This is a credit of $25 per employee for any "qualified transportation fringe benefit" provided by an employer to an employee as described in Section 132(f) of the IRC of 1986. For more information, refer to O.C.G.A. §48-7-29.3.This credit was repealed on December 31, 2018 so only carryover can be used.

109 **Low Income Housing Credit.** This is a credit against Georgia income taxes for taxpayers owning developments receiving the federal Low-Income Housing Tax Credit that are placed in service on or after January 1, 2001. Credit must be claimed on Form IT-HC and accompanied with Federal Form K-1 from the providing entity and a schedule of the building allocation. For more information, refer to O.C.G.A. §48-7-29.6.

111 **Business Enterprise Vehicle Credit.** This credit is for a business enterprise for the purchase of a motor vehicle used exclusively to provide transportation for employees. In order to qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year. This credit cannot be claimed if the low and zero emission vehicle credit was claimed at the time the vehicle was purchased. For more information, refer to O.C.G.A. §48-7-40.22.

112 **Research Tax Credit.** A tax credit is allowed for research expenses for research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing, and distribution, processing, telecommunications, tourism, broadcasting or research and development industries. The credit shall be 10% of the additional research expense over the "base amount," provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986. For tax years beginning on or after January 1, 2009, the base amount calculation is based on Georgia gross receipts instead of Georgia taxable net income. (Note that for tax years beginning before January 1, 2009, the base amount must contain positive Georgia taxable net income for all years.) The credit may not exceed 50% of the business' Georgia net income tax liability after all other credits have been applied in any one year. Any unused credit may be carried forward 10 years. Excess research tax credit earned in taxable years beginning on or after January 1, 2012, may be used to offset withholding as provided in the research tax credit regulation. This credit should be claimed on Form IT-RD. For more information, refer to O.C.G.A. §48-7-40.12.

113 **Headquarters Tax Credit.** Companies establishing their headquarters or relocating their headquarters to Georgia prior to January 1, 2009 may be entitled to a tax credit if the following criteria are met: 1) At least fifty (50) headquarters jobs are created; and 2) within one year of the first hire, $1 million is spent in construction, renovation, leasing, or other cost related to such establishment or reallocation. Headquarters is defined as the principal central administrative offices of a company or a subsidiary of the company. The credit is available for establishing new full-time jobs. To qualify, each job must pay a salary which is a stated percentage of the average county wage where the job is located: Tier 1 counties at least 100%; Tier 2 counties at least 105%; Tier 3 counties at least 110%; and Tier 4 counties at least 115%. The company has the ability to claim the credit in years one through five for jobs created in year one and may continue to claim newly created jobs through year seven and claim the credit on each of those jobs for five years. The credit is equal to $2,500 annually per new full-time job meeting the wage requirement or $5,000 if the average wage of all new qualifying fulltime jobs is 200% or more of the average county wage where new jobs are located. The credit may be used to offset 100 percent of the taxpayers Georgia income tax liability in the taxable year. Where the amount of such credit exceeds the taxpayer's tax liability in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly withholding tax. To claim the credit against withholding, a business must file Form IT-WH as provided in the headquarters tax credit regulation or as instructed by the Commissioner. This credit should be applied for and claimed on Form IT-HQ. For more information, refer to O.C.G.A. §48-7-40.17.

114 **Port Activity Tax Credit (Use 114J for Port Activity Job Tax Credit and 114M for Port Activity Investment Tax Credit).** For taxable years beginning before January 1, 2010, businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development that have increased shipments out of Georgia ports during the previous 12-month period by more than 10% over their 1997 base year port traffic, or by more than 10% over 75 net tons five containers or ten 20- foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. If not, the percentage increase in port traffic will be calculated using 75 net tons, five containers, or 10 TEU's as the base. Companies must meet Business Expansion and Support Act (BEST) criteria for the county in which they are located. The tax credit amounts are as follows for all Tiers: An additional job tax credit of $1,250 per job; investment tax credit of 5%; or optional investment tax credit of 10%. Companies that create 400 or more new jobs, invest $20 million or more in new and expanded facilities, and increase their port traffic by more than 20% above their base year port traffic may take both job tax credits and investment tax credits. The credit is claimed by filing the appropriate form for the applicable credit (job tax: Form IT-CA; investment tax: Form IT-IC or optional: Form IT-OIC) with the tax return and providing a statement with port numbers to verify the increase in port traffic. For more information, refer to O.C.G.A. §48-7-40.15. For tax years beginning on or after January 1, 2010, the following changes apply:

144 **Post-Consumer Waste Materials Tax Credit.** Effective for taxable years beginning on or after January 1, 2018, a qualified employer, taxpayer that operates a facility in Georgia that recycles post-consumer waste materials into polyester bulk continuous filament fibers, may claim this tax credit. The credit may be used to offset the qualified employer's withholding taxes. For more information, refer to O.C.G.A. § 48-7-40.35.

145 **Timber Tax Credit.** This is a refundable income tax credit for taxpayers that suffered damage due to Hurricane Michael. Taxpayers must request preapproval electronically from the Department through the Georgia Tax Center during specific dates. The aggregate amount of tax credits allowed is $200 million. In the case of a partnership or S Corporation, the owners claim the refundable portion instead of the partnership or S Corporation. The credit can be sold to a Georgia taxpayer as provided in the regulation, the credit is not refundable for the purchaser of the timber tax credit. For more information, refer to O.C.G.A. § 48-7-40.36 and Revenue Regulation 560-7-8-.65.

146 **Railroad Track Maintenance Tax Credit.** Effective for taxable years beginning on or after January 1, 2019, a Class III railroad must request preapproval electronically from the Department through the Georgia Tax Center for this credit. The credit can be sold to a Georgia taxpayer as provided in the regulation. For more information, refer to O.C.G.A. § 48-7-40.34 and Revenue Regulation 560-7-8-.64.

147 **Personal Protective Equipment Manufacturer JobsTax Credit.** Effective for taxable years beginning on and after January 1, 2020 and if certain requirements are met, a personal protective equipment manufacturer that qualifies for and claims the jobs tax credit under O.C.G.A. § 48-7-40 or O.C.G.A. § 48-7-40.1, may claim an additional job tax credit of $1,250 per job for jobs engaged in the qualifying activity of manufacturing personal protective equipment. The credit may be used to offset 100 percent of the taxpayer's Georgia income tax liability in the taxable year. Where the amount of such credit exceeds the taxpayer's tax liability in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly withholding tax. To claim the credit against withholding, a taxpayer must file Form IT-WH as provided in the personal protective equipment manufacturer jobs tax credit regulation. No credit shall be claimed and allowed for jobs created on or after January 1, 2025. For more information reference O.C.G.A. § 48-7-40.1A.

NOTE: The credit type code numbers referenced above are subject to change from year to year. Please review the codes carefully to ensure you list the correct code number. For more details about credits and the latest forms, visit our website at: dor.georgia.gov.

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