IT 611S

Nathan Deal
Governor

Douglas J. MacGinnitie
Revenue Commissioner

State of Georgia
Department of Revenue

2014
S Corporation Income Tax
Forms and General Instructions

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√ 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 S Corporations in filing their Georgia corporate tax returns.

This year, you can electronically file your corporate return. I strongly encourage you to take advantage of this feature. I also recommend that you review the "New Information" section beginning on Page 1 prior to filling out your return.

This booklet contains the forms and schedules required by most corporations. If you need additional forms, we encourage you to visit our website at http://dor.ga.gov. There you can download forms and 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.

Douglas J. MacGinnitie
Commissioner

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NEW INFORMATION

FEDERAL TAX CHANGES

The Governor signed House Bill 292 into law. Consequently, for taxable years beginning on or after January 1, 2014, except as discussed below, Georgia has adopted the provisions of all federal acts (as they relate to the computation of Federal Adjusted Gross Income (AGI) or federal taxable income for non-individuals) that were enacted on or before January 1, 2015. For 2014, for Georgia purposes, the I.R.C. Section 179 deduction is **limited to $500,000** and the related phase out is **$2,000,000.** Georgia has not adopted theSection 179 deduction for certain real property.

Exceptions

Georgia has ***not*** adopted I.R.C. Section 168(k) (the 30%, 50% and 100% bonus depreciation rules) except for I.R.C. Section 168(k)(2)(A)(i) (the definition of qualified property), I.R.C. Section 168(k)(2)(D)(i) (exceptions to the definition of qualified property), and I.R.C. Section 168(k)(2)(E) (special rules for qualified property) and Georgia has not adopted I.R.C. Section 199 (federal deduction for income attributable to domestic production activities).

Georgia has also ***not*** adopted the following:

•The exclusion of $2,400 of unemployment income for 2009, I.R.C. Section 85(c).

•Additional itemized deduction for the sales tax on the purchase of a new vehicle in 2009, I.R.C. Sections 164(a)(6) and 164(b)(6). Please note: Georgia also does not allow the increased standard deduction for sales tax on the purchase of a new vehicle in 2009 because Georgia has its own standard deduction.

•The election to increase the normal two year net operating loss carryback to 3, 4, or 5 years for tax years 2008 and 2009, I.R.C. Sections 172(b)(1)(H) and 810(b)(4).

•The transition rule that would allow a taxpayer to revoke a prior election to forego the net operating loss carryback period.

•Deferral of debt income from reacquisitions of business debt at a discount in 2009 and 2010 which is federally deferred for up to five years, then included ratably over five years, I.R.C. Section 108(i).

•Modified rules for high yield original issue discount obligations, I.R.C. Sections 163(e)(5)(F) and 163(i)(1).

•New York Liberty Zone Benefits, I.R.C. Section 1400L.

•50% first year depreciation for post 8/28/2006 Gulf Opportunity Zone property, I.R.C. Section 1400N(d)(1).

•50% bonus depreciation for most tangible property and computer software bought after May 4, 2007 and placed in service in the Kansas Disaster Area, I.R.C. Section 1400N(d)(1).

•50% bonus depreciation for "qualified reuse and recycling property", I.R.C. Section 168(m).

•50% bonus depreciation in connection with disasters federally declared after 2007, I.R.C. Section 168(n).

•Increased ($8,000) first-year depreciation limit for passenger automobiles if the passenger automobile is "qualified property," I.R.C. Section 168(k).

•15 year straight-line cost recovery period for certain improvements to retail space, I.R.C. Sections 168(e)(3)(E)(ix), 168(e)(8), and 168(b)(3)(I).

•Modified rules relating to the 15 year straight-line cost recovery for qualified restaurant property (allowing buildings to now be included), I.R.C. Section 168(e)(7).

•5 year depreciation life for most new farming machinery and equipment, I.R.C. Section 168(e)(3)(B)(vii).

•Special rules relating to Gulf Opportunity Zone public utility casualty losses, I.R.C. Section 1400N(j).

•5 year carryback of NOLs attributable to Gulf Opportunity Zone losses, I.R.C. Section 1400N(k).

•5 year carryback of NOLs incurred in the Kansas disaster area after May 3, 2007, I.R.C. Section 1400N(k).

•5 year carryback of certain disaster losses, I.R.C. Sections 172(b)(1)(J) and 172(j).

•The election to deduct public utility property losses attributable to May 4, 2007 Kansas storms and tornadoes in the fifth tax year before the year of the loss, I.R.C. Section 1400N(o).

•Special rules relating to a financial institution being able to use ordinary gain or loss treatment for the sale or exchange of certain preferred stock after Dec. 31, 2007, I.R.C. Section 1221.

•Temporary tax relief provisions relating to the Midwestern disaster area, I.R.C. Sections 1400N(f) and 1400N(k).

Depreciation Differences. Depreciation differences due to the Federal acts mentioned above should be treated as follows (If the taxpayer has depreciation differences from more than one Federal act, it is not necessary to make a separate adjustment for each act):

A. Depreciation must be computed one way for Federal purposes and another way for Georgia purposes. To compute depreciation for Federal purposes, taxpayers should use the current year IRS Form 4562 and attach it to the Georgia return. This should be entered on the other addition line of the return.

B. Depreciation must also be computed for Georgia purposes. Taxpayers should use Georgia Form 4562 to compute depreciation for Georgia purposes and attach it to the Georgia return. This should be entered on the other subtraction line of the return.

Federal deduction for income attributable to domestic production activities (IRC Section 199). This adjustment should be entered on the addition line of the applicable return. An adjustment to the Georgia partnership or S Corporation return is not required if the partnership or S Corporation is not allowed the Section 199 deduction directly, but instead passes through the information, needed to compute the deduction, to the partners or shareholders.

Other Differences. Other differences should be placed on the other addition or subtraction line of the applicable return. Attach a statement to the return explaining these differences.

Additionally, the provisions listed above may have an indirect effect on the calculation of Georgia taxable income.

Adjustments for the items listed below should be added or subtracted on your Georgia income tax form.

1. When property is sold for which the bonus depreciation was claimed, there will be a difference in the gain or loss on the sale of the property.
2. The depreciation adjustment may be different if the taxpayer is subject to the passive loss rules and is not able to claim the additional depreciation on the Federal return.
3. Other Federal items that are computed based on Federal Adjusted Gross Income or Federal Taxable Income will have to be recomputed if the provisions of the Federal Acts are claimed.

Furthermore, in 2003 the IRS started requiring separate reporting, to shareholders of S Corporations and partners of partnerships, for the gain from asset sales for which an I.R.C. Section 179 deduction was claimed. Georgia follows the separate reporting treatment of the gain and the Section 179 deduction. Accordingly, the gain should not be reported directly on the S Corporation or partnership return, but the gain, along with any Georgia adjustment to the gain (due to the Federal acts), should be reported separately to the shareholders or partners.

2014 Legislation

HB 348 (O.C.G.A. §§ 48-7-29.18 and 48-7-29.19) This bill enacts Code Sections 48-7-29.18 and 48-7-29.19 to create a tax credit for the purchase of an alternative fuel heavy-duty vehicle and an alternative fuel medium-duty vehicle.

Code Section 48-7-29.18:
•Provides a tax credit for the amount expended on or after July 1, 2015, and before June 30, 2017, to purchase an alternative fuel heavy-duty vehicle not to exceed $20,000.00.

•Provides a tax credit for the amount expended on or after July 1, 2015, and before June 30, 2017, to purchase an alternative fuel medium-duty vehicle not to exceed $12,000.00.

•Provides that the tax credits shall be limited to $2.5 million in each fiscal year beginning with fiscal year 2016 and ending with fiscal year 2017.

•Specifies that in no event shall the total amount of the credit for a taxpayer or an affiliated entity for a taxable year exceed the lesser of the taxpayer's income tax liability or $250,000.00. No unused portion of the credit shall be allowed the taxpayer or an affiliated entity against succeeding years' tax liabilities. No tax credit shall be allowed the taxpayer or an affiliated entity against any prior years' tax liability. This tax credit shall not apply to any vehicle for which the taxpayer or an affiliated entity has applied for and received a tax credit as set forth in Code Section 48-7-40.16 (zero and low emission vehicle credit).

Code Section 48-7-29.19:
•Provides that a taxpayer seeking to claim a tax credit under Code Section 48-7-29.18 shall submit an application to the Commissioner for preapproval of such tax credit. Before any such application for such tax credit is filed, the applicant shall have completed the purchase and shall have registered the qualified vehicle or vehicles in this state.

•Specifies that the application shall include:
oCertification from the Department of Natural Resources that the vehicle is an alternative fuel heavy-duty vehicle, or alternative fuel medium-duty vehicle, as defined in Code Section 48-7-29.18;

oA sworn affidavit from the taxpayer certifying that the vehicle shall accumulate at least 75 percent of its mileage in Georgia in each year for a five-year period, that it is registered in Georgia and shall remain registered in Georgia for no less than five years; and

oAny other information requested by the Commissioner pursuant to a rule or regulation. The Commissioner shall create and make available the forms to be used for such applications. Within 60 days of receipt of a properly completed application, the Commissioner shall preapprove the application if a sufficient amount of available tax credits remain.

•Provides that the Commissioner shall preapprove the tax credits based on the order in which properly completed applications were submitted. In the event that two or more applications were submitted on the same day and the amount of funds available will not be sufficient to fully fund the tax credits requested, the Commissioner shall prorate the available funds between or among the applicants.

•The commissioner shall be authorized to promulgate any rules and regulations necessary to implement and administer the provisions of this Code section, including provisions for repayment of any credit in the event any of the certifications of paragraph (2) of subsection (a) of this Code section are or become untrue during the five-year period following the date of application.
House Bill 348 became effective upon its approval by the Governor on April 4, 2014 and is applicable to taxable years beginning on or after January 1, 2015.

HB 697 (O.C.G.A. §§ 20-3-316.1 and 20-3-409) The income tax portion of this bill (Section 6 and Section 7) provides that each income tax return (Form 500) for taxable years beginning on or after January 1, 2015, shall contain appropriate language, to be determined by the state revenue commissioner, offering the taxpayer the opportunity to contribute to the nonprofit corporations established by subparagraph (Y) of paragraph (1) of Code Section 20-3-316 to assist students with educational expenses by either donating all or any part of any tax refund due and by authorizing a reduction in the refund check otherwise payable, or by contributing any amount over and above any amount of tax owed by adding that amount to the taxpayer's payment. The bill also repeals Code Section 20-3-409, which allows taxpayers to contribute to the Georgia Student Finance Fund. House Bill 697 is effective on July 1, 2014.

HB 782 (O.C.G.A. § 48-2-100) This bill:
•Provides an exemption for certain businesses and employees (out-of-state businesses or out-of-state employees as defined in the bill) that enter into this state, on a temporary basis to provide help and assistance in response to a declared state of disaster or emergency. The exemption applies to income taxes, net worth taxes, and income tax withholding (and certain other state and local taxes, fees, and registration requirements not administered by the Department).

•The bill provides no exemption for transaction taxes and fees including but not limited to fuel taxes, sales taxes, use taxes, hotel taxes, and car rental taxes and fees.

•Any out-of-state business or out-of-state employee that remains in this state after the disaster or emergency period shall become subject to the state's normal requirements for establishing presence, residency, or doing business and shall comply with all state and local registration, licensing, and filing requirements.

2014 Legislation (continued)

•Any out-of-state business that enters Georgia to perform qualified work during a disaster or emergency period shall provide to the Department and to the Georgia Emergency Management Agency a statement that it is in this state for purposes of responding to the disaster or emergency, which statement shall include the business' name, state of domicile, principal business address, federal tax identification number, date of entry, and contact information.

•A registered business in this state shall provide the information required above to the Department and to the Georgia Emergency Management Agency for any affiliate that enters Georgia that is an out-of-state business. The notification shall also include contact information for the registered business in this state.

House Bill 782 is effective on July 1, 2014.

HB 791 (O.C.G.A. § 48-7-40.1) This bill amends Code Section 48-7-40.1, the job tax credit for less developed areas, to provide that any subsequent redrawing or alteration of census tracts that results in an area no longer being in a census tract adjacent to a federal military installation shall not disqualify an area which has previously qualified if the area continues to have pervasive poverty as described in Code Section 48-7-40.1. House Bill 791 became effective upon its approval by the Governor on April 15, 2014.

HB 918 (O.C.G.A. §§ 48-1-2 and 48-2-32) Section 1 applies to income tax and is applicable to taxable years beginning on or after January 1, 2013 (thus it also includes the 2014 tax year). This section adopts certain provisions of all federal laws related to the computation of Federal Adjusted Gross Income (Federal Taxable Income for non-individuals) that were enacted on or before January 1, 2014. Please see the Federal Tax Changes Section for more information.

HB 958 (O.C.G.A. § 48-7-40.26) The income tax portion of this bill (Section 1) amends Code Section 48-7-40.26, the film tax credit. More specifically, it changes the provisions relating to qualified interactive entertainment production companies. Section 1 of House Bill 958 became effective upon its approval by the Governor on April 14, 2014 and is applicable to all taxable years beginning on or after January 1, 2014.

HB 1000 (O.C.G.A. §§ 48-7-160 through 48-7-170) This bill allows the Administrative Office of the Courts to receive an individual taxpayer's state income tax refund on behalf of certain courts to offset a debt. House Bill 1000 is effective on January 1, 2015.

SB 391 (O.C.G.A. § 48-7-27) The income tax portion of this bill (Section 2-1) amends Code Section 48-7-27(a) by adding a new paragraph (13.2). The new paragraph provides for a subtraction ($1,000 per clerkship up to ten clerkships) on Form 500 for any physician who served as the community based faculty physician for a medical core clerkship, physician assistant core clerkship, or nurse practitioner core clerkship. Please see the Form 500 subtraction instructions for more information. Senate Bill 391 is effective on July 1, 2014 and the income tax portion is applicable to all taxable years beginning on or after January 1, 2014.

Georgia Tax Center

What is Georgia Tax Center? 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 corresponding to the Department.

Who Can Sign Up? Any business 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, Amusement (COAM), 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. http://www.gataxinfo.org

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- Make payments for returns and assessments

For a complete list of features visit GTC and click on the "What can I do inside GTC" button. https://gtc.dor.ga.gov

GENERAL INFORMATION: INCOME TAX

INTRODUCTION

Georgia law recognizes an election to file as an S Corporation under the provisions of the I.R.C. as it existed on January 1, 2015, qualified only in cases of nonresident shareholders who must complete Form 600S-CA (see page 11). It also provides for the imposition of a Net Worth Tax.

FILING REQUIREMENTS

All corporations that own property, do business in Georgia, or derive income from Georgia sources are required to file a Georgia income tax return.(Please round all dollar entries.)

HB-1151 passed in the 2008 Legislative Session changed the annual consent filing requirement for nonresident shareholders of "S" corporations. Such nonresidents will only need to file a single consent in the year in which the Subchapter "S" corporation is first required to file a Georgia income tax return. For a Subchapter "S" corporation in existence prior to January 1, 2008, the consent agreement must be filed for each shareholder in the first Georgia tax return filed for a year beginning on or after January 1, 2008. A consent agreement will also need to be filed in any subsequent year for any additional nonresident who becomes a shareholder of the Subchapter "S" corporation in that year.

Georgia resident shareholders of Subchapter "S" Corporations may make an adjustment to Federal adjusted gross income for Subchapter "S" income where the Subchapter "S" election is not recognized for Georgia purposes or by another state. The adjustment is allowed in order to avoid double taxation on this type of income. Therefore, this adjustment will be allowed only for the portion of income on which tax was actually paid by the corporation to Georgia or to another state(s).

WHEN ELECTRONIC FILING IS REQUIRED

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 re- turn 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.

TWO-DIMENSIONAL (2D) BARCODE FORMS

The Department of Revenue has given approval to certain software companies to produce tax programs that include a 2D barcode. A list of these companies is available on our website at http://dor.ga.gov

NOTE: The Department of Revenue encourages the use of 2D barcode returns; however, we neither support nor recommend any software company. Returns with a 2D barcode should be mailed to the address indicated by the software program.

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.

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. See Regulation 560-7-4-.05 for more information.

PV CORP PAYMENT VOUCHER

If you owe taxes, mail your return and payment with Form PV-CORP. If you file electronically, mail Form PV- CORP with your payment to the address on the form. Do not use Form PV-CORP as a substitute for form IT-560C. Failure to properly complete and mail the PV-CORP could result in delayed or improper posting of your payment.

WHEN AND WHERE TO FILE

The return is due on or before the 15th day of the 3rd month following the close of the taxable year. This would be March 15th if filing on a calendar-year basis. If the due date falls on a weekend or holiday, the return shall be due on the next day that is not a weekend or a holiday. Returns should be mailed to Georgia Department of Revenue, Processing Center, P.O. Box 740391, Atlanta, Georgia 30374-0391.

RELATION TO FEDERAL RETURN

The Georgia return relates to the Federal return in most respects (see page 1 for Federal tax changes). The accounting period and method 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 attached to the Georgia return. If a Federal audit results in a change in taxable income, the taxpayer shall file a return reflecting the changed or corrected net income within 180 days of final determination. The return should be mailed to: Taxpayer Services Division, P.O. Box 49432, Atlanta, Georgia 30359-1432. Further, if the changes result in a refund, the refund must be claimed within one year of the date the changes are submitted.

QUALIFIED SUBCHAPTER S SUBSIDIARY (QSSS)

For income tax purposes, Georgia follows the Federal treatment for a Qualified Subchapter S Subsidiary (QSSS). However, the QSSS and its parent must file separate net worth tax returns. If the parent is not registered with the Secretary of State, and does not do business or own property in Georgia (other than through the QSSS), they would not be required to file a net worth tax return.

COMPUTING GEORGIA TAXABLE INCOME SCHEDULE 1

If an S Corporation is required to pay tax at the federal level, it may be required to pay tax at the state level. Schedule 1 applies only to S Corporations which have converted from a C Corporation and are subject to corporate income tax due to Excess Net Passive Investment Income, Capital Gains, or Built-in Capital Gains. This

FREQUENTLY ASKED QUESTIONS

Frequently asked questions regarding S corporations, corporations, partnerships, LLCs, and nonresident withholding are available on our website at http://dor.ga.gov .

ADJUSTMENTS TO FEDERAL INCOME OF SHAREHOLDERS

To determine total income for Georgia purposes, certain additions and subtractions as provided by Georgia law are included in the Schedule 8 computation. Lines 8 and 10 of Schedule 8 provide for modifications required by Georgia law. The total of the additions to Georgia income should be indicated on Schedule 8 and listed in Schedule 5. Georgia does not allow the Federal deduction for income attributable to domestic production activities (I.R.C. Section 199). An adjustment to the Georgia S Corporation return is not required if the S Corporation is not allowed the Section 199 deduction directly, but instead passes the information needed to compute the deduction to the shareholders.

A corporation 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 to take a subtraction on Schedule 6 for all or any portion of the addition listed on Schedule 5.

A corporation 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.

Total subtractions from Federal income should be indicated on Schedule 8 and listed in Schedule 6. The more commonly used items are listed in each of these schedules. Additionally, adjustments due to other Federal tax changes should be reported as stated on Page 1 of the instructions. U.S. obligation income 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 other methodology requires preapproval from the Department. Also see Georgia Regulation 560-7-3-.10.

Any deductions subject to further limitations such as a Section 179 deduction, charitable contributions, etc., are not deductible in the calculation of total income for Georgia purposes. These items are deductible, based on percentage of ownership, by the individual shareholder on his or her individual tax return.
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. The Commissioner of the Department of Administrative Services maintains a list of certified minority subcontractors for the Revenue Department and general public. To register as a minority subcontractor or to view the list, visit http://doas.ga.gov/Suppliers/Pages/SupplierMBE.aspx.

A corporation 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.

See Georgia Code Section 48-7-21 for additional adjustments.

A corporation may 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.

ALLOCATION AND APPORTIONMENT OF INCOME SCHEDULES 7, 8, and 9

If any corporation, domestic or foreign, does business or owns property both within and without Georgia, the Georgia ratio as computed in Schedule 7 should be used to compute Georgia taxable income for nonresidents. Schedule 8 reflects flow-through income from the federal return, which is taxable to the individual shareholders.

A resident shareholder is required to report the full share of corporate income or loss. A nonresident shareholder, however, is required to report only the share of allocated and apportioned income as computed in Schedule 9 (see Federal Tax Changes on page 1 for separately stated shareholder adjustments).

General instructions for computing the apportionment ratio and apportioned and allocated income are listed below. If the business income of the corporation is derived from Georgia sources, from property owned or business done within the State, and derived in part from property owned or business done outside the State, the tax is imposed only on that portion of the business income which is reasonably attributable to Georgia sources and property owned and business done within the 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 situs of the corporation 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. The net investment income from tangible property in Georgia shall be allocated to Georgia.

(2) Gain from the sale of tangible or intangible property not held, owned, or used in connection with the trade or business of the corporation nor for sale in the regular course of business, shall be allocated to the State if the property held is real or tangible personal property situated in the State, or intangible property having an actual situs or a business situs within the State. Otherwise, such gain shall be allocated without the State.

(3) Net income of the above classes have been separately allocated and deducted, the remainder of the net business income shall be apportioned by application of the following:

ONE FACTOR FORMULA

(a) **Gross Receipts Factor.** The gross receipts factor is the ratio of gross receipts from business done within this State to total gross receipts from business done everywhere.

When receipts are derived from the sale of tangible personal property, receipts shall be deemed to have been derived from business done in this State if they were received from products shipped or delivered to customers within this State.

When receipts are derived from business other than the sale of tangible personal property, receipts shall be deemed to have been derived from business done in this State if they were received from customers within this State, or if they 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 100% gross receipts factor. See Georgia Comp.Rules and Regulations 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 its 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 its receipts factor gross receipts from activities which constitute the company's regular trade or business.

(b) **Apportionment of Income:** Business Joint Ventures and Business Partnerships. A Corporation or partnership that 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.

AMENDED RETURNS

Georgia has no separate form for filing an amended return. To amend a return, check the amended return block on Form 600S. A copy of the Federal Form 1120S or federal audit adjustments must be attached. The amended return should be mailed to Georgia Department of Revenue, Processing Center, P. O. Box 740391, Atlanta, Georgia 30374-0391.

CLAIMS FOR REFUNDS

For tax years beginning on or after January 1, 2003, a claim for refund of tax paid must be made within three years from the later date of either: payment of the tax, or the due date of the income tax return (including extensions which have been granted). For example, if payments were made with respect to the 2011 tax year on or before September 17, 2012 (extended due date for the 2011 tax year), the taxpayer must file any claim for refund by September 15, 2015.

LATE PAYMENT PENALTY

A taxpayer having a Federal extension must prepay the Georgia tax due using Form IT 560C. Credit for this prepayment should be claimed on Form 600S, Schedule 4, Line 2. If tax is not paid by the statutory due date of the return, a late payment penalty of 1/2 of 1% per month (up to 25%) will accrue until the tax is paid. This penalty will accrue from the statutory due date regardless of any extension for filing the return. Late payment penalty is not due if the return is being amended due to an IRS audit; check the "Amended due to IRS Audit" box on page 1 of Form 600S.

PENALTIES AND INTEREST

The Georgia Code imposes certain penalties as follows:

- Delinquent filing of a return–5% of the tax not paid by the original due date for each month or fractional part thereof up to 25%.
- Failure to pay tax shown on a return by the due date–1/2 of 1% of the tax due for each month or fractional part thereof up to 25%.
- Assessment of other penalties are as follows:
- Negligent underpayment of tax–5% thereof.
- Fraudulent underpayment–50% thereof.
- Underpayment of estimated tax- see Form 611 for more information.

Note: The combined total of the penalty for delinquent filing of a return and failure to pay tax shown on a return cannot exceed 25% of the tax not paid by the original due date.

Interest accrues at the rate of 12% per year on all unpaid tax from the original due date until the date the liability is paid in full. An extension of time for filing does not affect any interest or penalty charged for late payment of tax.

GENERAL INFORMATION: NET WORTH TAX

INITIAL FILING AND DUE DATES

A new domestic or foreign corporation doing business or owning property in Georgia must file an initial net worth tax return on or before the fifteenth day of the third calendar month after incorporation or qualification. **The initial net worth tax return is based on the beginning net worth (Federal Schedule L) of the corporation and covers the tax period from the incorporation/qualification date to the end of the year. If this return is for a short period of less than six months, the tax due is 50%. The initial net worth return cannot be combined with the initial income tax return because the due dates do not coincide.**

Thereafter, an annual return must be filed on or before the fifteenth day of the third month following the beginning of the corporation's taxable period.

PENALTIES AND INTEREST

Penalty for delinquent filing is 10% of tax due. Penalty for delinquent payment is 10% of tax due. In addition, interest at 12% per annum is due on delinquent payments from the due date until the liability is paid in full.

COMPUTATION OF TAX

The tax is graduated based on net worth. **In the case of new corporations, this is the beginning net worth. Thereaf ter, it is the net worth on the first day of the corporation's net worth taxable year.** Net worth is defined to include issued capital stock, paid in surplus and retained earnings. Treasury stock should not be deducted from issued capital stock. See page 10 for the net worth tax table.

Foreign corporations qualified to conduct business in Georgia are taxed based upon the portion of net worth employed within Georgia as computed in Schedule 3, using the ratio computed in Schedule 2. To compute the ratio, the property factors will reflect total balance sheet assets within Georgia and everywhere. This includes all intangible assets reflected on the Federal return such as accounts receivable. Gross receipts factors are determined per instructions on page 7.

For net worth tax purposes, a foreign corporation is a corporation or association created or organized under the statutory laws of any nation or state other than Georgia.

Domestic corporations and domesticated foreign corporations are taxed based upon total net worth (100% ratio) and should not use the ratio computation in Schedule 2.

For net worth tax purposes, a domestic corporation is a corporation or association created or organized under the statutory laws of Georgia. A domesticated foreign corporation is a foreign corporation which has agreed under the provisions of Georgia law to be treated as a domestic corporation and to be taxed based upon total net worth.

A dormant corporation must file a net worth tax return and pay the tax to retain its charter. A foreign corporation admitted into Georgia must file a net worth tax return until it has withdrawn from Georgia. A corporation with a deficit net worth will pay the minimum tax of $10.00. A corporation that has been liquidated and is filing its final income tax return is not required to file a net worth tax return, nor is it entitled to a refund of previously paid net worth tax.

NET TAX DUE OR OVERPAYMENT

Schedule 4 provides for the computation of net tax due or the net overpayment of the two taxes. Compute any penalty and interest due for the respective taxes and enter the amounts on the applicable lines.

QUALIFIED SUBCHAPTER S SUBSIDIARY (QSSS)

For income tax purposes, Georgia follows the Federal treatment for a QSSS. However, the QSSS and the parent **must file separate net worth tax returns**. If the parent is not registered with the Secretary of State and does not do business or own property in Georgia (other than through the QSSS) they would not be required to file a net worth tax return.

FEDERAL SCHEDULE L REQUIREMENT

Schedule L must be completed on the Georgia copy of the Federal return even if it is not required for Federal purposes.

TREATMENT OF SHORT PERIOD NET WORTH TAX RETURN

All corporations filing a short period income and/or net worth Georgia tax return for any reason other than filing an initial or final return shall compute the net worth in accordance with the following instructions:

The net worth tax shall be computed based upon the net worth per the ending balance sheet of the short period return. The tax is then prorated based on the number of months included in the short period return.

Note: Any short periods ending on the 1st through the 15th day of the month are backed up to the last day of the preceding month. Years ending on the 16th day or later are moved forward to the last day of that month.

EXAMPLE: Corporation A files a three-month short period return ending March 31, 2009. The Georgia taxable net worth per the March 31, 2009 balance sheet is $90,000. The Georgia net worth tax is computed as follows: Tax per scale $100.00 x 3/12 = $25.00 net worth tax due.

EXTENSION INFORMATION FOR CORPORATIONS

O.C.G.A. § 48-7-57 provides that a taxpayer need not apply for a Georgia extension if he applies for and receives an automatic six (6) month extension to file his Federal income tax return. If the return is received within the time extended by the Internal Revenue Service, no late filing penalties will be incurred.

Failure to attach a copy of the Federal extension will result in the assessment of late filing penalties! If you do not need a Federal extension, use Form IT 303 to request a Georgia extension if necessary.

If an extension was granted but the tax was not paid by the statutory due date, then late payment penalties will be assessed until the tax is paid (income tax at 1/2 of 1% per month up to 25% of the tax due; net worth tax at 10%). Also, interest will be assessed at the rate of 12% per annum from the statutory due date until the tax is paid in full. Late payment penalties and interest accrue from the statutory due date regardless of an extension. Georgia law prohibits granting an extension for more than six months from the due date of the return.

A taxpayer having an extension must also prepay the Georgia Tax. Form IT 560C must be included with the remittance.

Credit for the prepayment should be claimed on Form 600S, Schedule 4, Line 2. An extension of time does not alter the interest or penalty charge for late payment of tax.

NOTE: Check the "Extension" box on Form 600S if a Federal or Georgia extension was granted. Failure to check the extension box will result in assessment of a late filing penalties.

ANNUAL REGISTRATION WITH THE SECRETARY OF STATE

All Georgia corporations and foreign corporations that "qualify" to do business in Georgia must file an annual registration with the Secretary of State. Registration, including the fee, is due between January 1 and April 1. The Secretary of State will send a notice to the corporation's principal office address in early January. Foreign corporations (those formed in a state other than Georgia) should determine the need to obtain a Certificate of Authority by reviewing O.C.G.A. § 14-2-1501. The statute can be read and an application obtained at http://www.sos.georgia.gov/. Annual registration and certificate of authority obligations are separate from any filings with the Department of Revenue.

TELEPHONE ASSISTANCE

Compliance Division	1-877-423-6711
Composite Returns	1-877-423-6711
Corporation/Net Worth Tax Information	1-877-423-6711
Corporation Refund Inquiry	1-877-423-6711
Corporation Forms/General Information	1-877-423-6711
Electronic Funds Transfer	1-877-423-6711
Employer Withholding Information	1-877-423-6711
Tax Exempt Organizations	1-877-423-6711
Income Tax Forms	1-877-423-6711
Individual Income Tax Return Information	1-877-423-6711
Registration & Licensing Unit	1-877-423-6711
Secretary of State	404-656-2817
Taxpayer Services Division Director's Office	404-417-2400

DIRECT DEPOSIT OPTION

DIRECT DEPOSIT- Fast Refunds! Choose Direct Deposit. A fast, simple, safe, secure way to have your refund deposited automatically to your checking or savings account. Check the appropriate box for the type of account. Do not check more than one box. You must check the correct box to ensure your direct deposit is accepted.

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. Ask your financial institution for the correct routing number to enter if:

•The routing number on a deposit slip is different from the routing number on your checks.

•The deposit is to a savings account that does not allow you to write checks or

•Your checks state they are payable through a financial institution different from the one at which you have your checking account. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank.

Reasons your direct deposit may be rejected – If any of the following apply, your direct deposit request will be rejected and a check will be sent:

•Any numbers or letters are crossed out or whited out.

•Your financial institution will not allow a joint refund to be deposited to an individual account. The State of Georgia is not responsible if a financial institution rejects a direct deposit.

•You request a deposit of your refund to an account that is not in your name (such as your tax preparer's own account).

INSTRUCTIONS FOR NONRESIDENT SHAREHOLDERS

Nonresident shareholders of corporations doing business both within and without Georgia shall compute their portion of the corporation's allocated and apportioned income from the schedules on Form 600S. The Georgia net income of nonresidents computed on Schedule 9, Line 7 should be multiplied by the percentage of stock owned. The result of this calculation yields the beginning taxable income for the nonresident which should be reported on the Georgia individual tax return. This beginning taxable income should be adjusted for the separately stated items mentioned in the "Federal Tax Changes" section on page 1 and the " Adjustments to Federal Income of Shareholders" section on page 6. Under Sections 48-7-21 and 48-7-27 of the Georgia Code thereunder, all nonresident shareholders must execute an agreement on Form 600S- CA wherein the shareholders agree to pay Georgia income tax on their portion of the corporation's Georgia taxable income or the S Corporation election will be terminated by the Commissioner.

Special Note: Any S Corporation with nonresident members shall be subject to withholding tax unless a composite return, Form IT CR, is filed or the aggregate annual member's share of the taxable income sourced to Georgia is less than $1,000.00. However, if the shareholder has a properly executed 600S-CA, withholding is not due provided the shareholder reports the income and pays the tax. Permission to file a composite return is not required. To ensure Georgia's recognition of your S Corporation election, attach a properly completed Form 600S CA for each nonresident shareholder to Form 600S when it is filed, even if a composite return has been filed. Please see Page 11 for details as to when and how often the 600S CA is required. Please check the "Composite Return Filed" box on Form 600S, Page 1. **For composite return information and/or forms call 1-877-423-6711.**

CORPORATION ESTIMATED INCOME TAX

For Georgia residents, income on most S Corporations flows through to the individual shareholders and estimated tax is paid accordingly at the individual level. If your S Corporation must pay estimated tax at the corporate level, see the Estimated Income Tax page of the Form IT 611, visit our website at http://.dor.ga.gov , or call 1-877-423-6711 for blank forms and instructions.

NET WORTH TAX TABLE

DOMESTICANDDOMESTICATEDFOREIGNCORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus (Schedule 3, Line 4).

FOREIGNCORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus employed within Georgia (Schedule 3, Line 6).

Not exceeding	$ 10,000.00			10.00
Over	10,000.00	and not exceeding	25,000.00	20.00
Over	25,000.00	and not exceeding	40,000.00	40.00
Over	40,000.00	and not exceeding	60,000.00	60.00
Over	60,000.00	and not exceeding	80,000.00	75.00
Over	80,000.00	and not exceeding	100,000.00	100.00
Over	100,000.00	and not exceeding	150,000.00	125.00
Over	150,000.00	and not exceeding	200,000.00	150.00
Over	200,000.00	and not exceeding	300,000.00	200.00
Over	300,000.00	and not exceeding	500,000.00	250.00
Over	500,000.00	and not exceeding	750,000.00	300.00
Over	750,000.00	and not exceeding	1,000,000.00	500.00
Over	1,000,000.00	and not exceeding	2,000,000.00	750.00
Over	2,000,000.00	and not exceeding	4,000,000.00	1,000.00
Over	4,000,000.00	and not exceeding	6,000,000.00	1,250.00
Over	6,000,000.00	and not exceeding	8,000,000.00	1,500.00
Over	8,000,000.00	and not exceeding	10,000,000.00	1,750.00
Over	10,000,000.00	and not exceeding	12,000,000.00	2,000.00
Over	12,000,000.00	and not exceeding	14,000,000.00	2,500.00
Over	14,000,000.00	and not exceeding	16,000,000.00	3,000.00
Over	16,000,000.00	and not exceeding	18,000,000.00	3,500.00
Over	18,000,000.00	and not exceeding	20,000,000.00	4,000.00
Over	20,000,000.00	and not exceeding	22,000,000.00	4,500.00
Over	22,000,000.00			5,000.00

TAX CREDITS

Code

101 **Employer's Credit for Basic Skills Education.** Businesses which provide or sponsor basic skills education that enhances reading, writing, or mathematical skills up to and including the 12th grade, or classes to receive a GED certificate, may receive a tax credit. The program is administered by the Department of Technical and Adult Education. This credit should be claimed on Form IT-BE. For more information, refer to O.C.G.A. §48-7-41.

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, data base 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 Department of Technical and Adult Education at 404-253-2800 or visit their website. This credit should be claimed on Form IT-RC, with Program Completion forms signed by Department of Technical and Adult Education personnel attached. For more information, refer to O.C.G.A. §48-7-40.5.

103 **Employer's Jobs Tax Credit.** 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 average wages for the new jobs must be above the ave- rage 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 fulltime 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 at least 30 days prior to filing the return on which the applicable jobs are claimed or 30 days prior to the due date of the return if earlier. Once the income tax return is filed, the Department has 120 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. 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 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. An existing business enterprise as defined in O.C.G.A. §48-7-40 qualifies for an additional $500 credit for each new fulltime job provided all conditions are met. For taxpayers that create a new year one under DCA regulations for any taxable year beginning on or after January 1, 2009 the following changes apply:

1. The definition of a business enterprise now also includes a business or headquarters of a business that provides services for 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 $500.00 tax credit for an existing business enterprise is allowed to be claimed in the year the job is created as opposed to the year after the job is created.
5. The additional new full-time jobs created in the 4 years after the initial year shall be eligible for the credit.
6. 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.

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 a 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 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%

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-OIT.** 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.

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.

110 **Diesel Particulate Emission Reduction Technology Equipment.** This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For more information, refer to O.C.G.A. §48-7-40.19.

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** at least 30 days prior to filing the return on which the applicable jobs are claimed. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. 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.** For taxable years beginning before January 1, 2010, businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, broad- casting, 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-OIT**) 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:

1. "Base year port traffic" means the amount of imports and exports during the second preceding 12 month period. For example, if the taxpayer is trying to claim the credit for 2010, they would compare 2009 to 2008 and if the increase is more than 10% they would qualify. 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.
2. "Port traffic" means the amount of imports and exports.

115 **Bank Tax Credit.** All financial institutions that conduct business or own property in Georgia are required to file a Georgia Financial Institutions Business Occupation Tax Return, Form 900. Effective on or after January 1, 2001, a depository financial institution with a Sub S election can pass through the credit to its shareholders on a pro rata basis. For more information, refer to O.C.G.A. §48-7-29.7.

116 **Low Emission Vehicle Credit.** This is a credit, the lesser of 10% of the cost of the vehicle or $2,500, for the purchase or lease of a new low emission vehicle. Also there is a credit for the conversion of a standard vehicle to a low emission vehicle which is equal to 10% of the cost of conversion, not to exceed $2,500 per converted vehicle. **Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.** A low emission vehicle is defined as an "alternative fuel" vehicle and does not include any gasoline powered vehicles (i.e. hybrids). A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.

117 **Zero Emission Vehicle Credit.** This is a credit, the lesser of 20% of the cost of the vehicle or $5,000, for the purchase or lease of a new zero emission vehicle. Also there is a credit for the conversion of a standard vehicle to a zero emission vehicle which is equal to 10% of the cost of conversion, not to exceed $2,500 per converted vehicle. **Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.** A zero emission vehicle is a motor vehicle which has zero tailpipe and evaporative emissions as defined under rules and regulations of the Board of Natural Resources and includes an electric vehicle whose drive train is powered solely by electricity, provided the electricity is not generated by an on-board combustion device. A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.

118 **New Facilities Jobs Credit.** For business enterprises who first qualified in a taxable year beginning before January 1, 2009, $450 million in qualified investment property must be purchased for the project within a six-year period. The manufacturer must also create at a minimum 1,800 new jobs within a six-year period and can receive credit for up to a maximum of 3,300 jobs. For business enterprises who first qualify in a taxable year beginning on or after January 1, 2009; the definition of business enterprise is any enterprise or organization which is registered and authorized to use the federal employment verification system known as "E-Verify" or any successor federal employment verification system and is en gaged in or carrying on any business activities within this state. Retail businesses are not included in the definition of a business enterprise; (2) the business enterprise must meet the job creation requirement and either the qualified investment requirement, $450 million qualified investment property, or the payroll requirement, $150 million in total annual Georgia W-2 reported payroll within the six-year period. The business enterprise can receive credit for up to a maximum of 4,500 jobs. For tax years beginning on or after January 1, 2012, the job creation requirement is extended if certain amounts of qualified investment property are purchased. After an affirmative review of their application by a panel, the business enterprise is rewarded with the new job tax credit. The credit is $5,250 per job created. The credit offsets income tax liability and any excess credit may be used to offset withholding taxes. There is a 10-year carryforward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.24.

119 **Electric Vehicle Charger Credit.** This is a credit for a business enterprise for the purchase of an electric vehicle charger located in the State of Georgia. The credit allowed is the lesser of 10% of the cost of the charger or $2,500. For more information, refer to O.C.G.A. §48-7-40.16.

120 **New Manufacturing Facilities Property Credit.** This is an incentive for a manufacturer who has operated a manufacturing facility in this state for at least 3 years and who spends $800 million on a new manufacturing facility in this state. There is also the requirement that the number of full-time employees equal or exceed 1,800. However, these jobs do not have to be new jobs to Georgia. An application is filed which a panel must approve. The benefit awarded to a manufacturer is a credit against taxes equal to 6 percent of the cost of all qualified investment property purchased or acquired. The total credit allowed is $50 million. The credit offsets income tax liability and any excess may be used to offset withholding taxes. There is a 15-year carry forward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.25.

121 **Historic Rehabilitation Credit.** A credit will be available for the certified rehabilitation of a certified structure or historic home. Standards set by the Department of Natural Resources must be met. For taxable years beginning on or after January 1, 2009, a credit not to exceed $100,000 for a historic home and $300,000 for a certified structure will be available. This credit should be claimed on Form ITRHC. For more information, refer to O.C.G.A. 48-7-29.8 or the Department of Natural Resources website.

122 **Film Tax Credit (use code 133 if the credit is for a Qualified Interactive Entertainment Production Company).** Production companies which have at least $500,000 of qualified expenditures in a state certified production may claim this credit. Certification must be approved through the Georgia Department of Economic Development. The credit is equal to 20 percent of the base investment in the state, with an additional 10 percent for including a qualified Georgia promotion in the state certified production. There are special calculation provisions for production companies whose average annual total production expenditures in this state exceeded $30 million for 2002, 2003 and 2004. This credit may be claimed against 100 percent of the production company's income tax liability, while any excess may be used to offset the production company's withholding taxes. To claim the credit against withholding, the production company must file **Form IT-WH** at least 30 days prior to filing the return on which the credit will be claimed or 30 days prior to the due date of the return if earlier. Once the income tax return is filed, the Department has 120 days to review the withholding credit being claimed and notify the production company of the approved credit and when and how it may be claimed. The production company also has the option of selling the tax credit to a Georgia taxpayer. A credit claimed but not used in any taxable year may be carried forward for 5 years from the close of the taxable year in which the investment occurred. **Form IT-FC,** along with certification from the Film Office of the Georgia Department of Economic Development must be filed with the production company's income tax return to claim the credit. For more information, refer to O.C.G.A. §48-7-40.26.

124 **Land Conservation Credit.** This provides for an income tax credit for the qualified donation of real property that qualifies as conservation land. Property donated to increase building density levels or property that will be used, or is associated with the playing of golf shall not be eligible. Taxpayers will be able to claim a credit against their state income tax liability not exceeding 25 percent of the fair market value of the donated property, or 25 percent of the difference between the fair market value and the amount paid to the donor if the donation is effected by a sale of property for less than fair market value, up to a maximum credit of $250,000 per individual, and 500,000 per corporation, and $500,000 per partnership. However, the partners of the partnership are subject to the per individual and per corporation limits. The amount of the credit used in any one year may not exceed the taxpayer's income tax liability for that taxable year. Any unused portion of the credit may be carried forward for ten succeeding years. The Department of Natural Resources will certify that such donated property is suitable for conservation purposes. A copy of this certificate must be filed with the taxpayer's tax return in order to claim the credit. This credit should be claimed on Form IT-CONSV. The taxpayer beginning January 1, 2012, has the option of selling the credit to a Georgia Taxpayer. For more information, refer to O.C.G.A. §48-7-29.12 and Regulation 560-7-8-.50. For donations in taxable years beginning on or after January 1, 2013, to claim the credit Form IT-CONSV, the DNR certification, the State Property Commission's determination, and the appraisal must be attached to the income tax return; and the taxpayer must add back to Georgia taxable income the amount of any federal charitable contribution related to the Georgia conservation tax credit.

125 **Qualified Education Expense Credit.** This provides a tax credit for qualified educational expenses. The credit is allowed on a first come, first served basis. The aggregate amount of the tax credit allowed to all taxpayers cannot exceed $58 million per tax year. The taxpayer must add back to Georgia taxable income that part of any federal charitable contribution deduction taken on a federal return for which a credit is allowed. Taxpayers must request preapproval to claim this credit on Form IT- QEE- TP1. For more information, refer to O.C.G.A. § 48-7-29.16 and Revenue Regulation 560-7-8-.47.

126 **Seed-Capital Fund Credit.** This provides tax credits for certain qualified investments made on or after July 1, 2008. For more information, refer to O.C.G.A. §§ 48-7-40.27 and 48-7-40.28.

127 **Clean Energy Property Credit.** This provides a tax credit for the construction, purchase, or lease of clean energy property that is placed into service in Georgia between July 1, 2008 and December 31, 2014. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is $2.5 million for calendar years 2008, 2009, 2010, 2011, and $5 million for calendar years 2012, 2013, and 2014. A person receiving a grant from GEFA under O.C.G.A. § 50-23-21 shall not be eligible to claim this tax credit with respect to the same clean energy property. If a taxpayer is denied the Clean Energy Property Tax Credit because the credit cap has been reached, that taxpayer shall be added to a waiting list and receive priority for the following years credit allocation. Credits claimed in calendar years 2012-2014 must be taken in four equal installments over four years. Taxpayer must request preapproval to claim these credits on Forms IT-CEP-AP. For more information, refer to O.C.G.A. § 48-7-29.14.

128 **Wood Residuals Credit.** This provides a tax credit for transporting or diverting wood residuals to a renewable biomass qualified facility on or after July 1, 2008. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is $2.5 million for calendar years 2008, 2009, 2010, 2011; and $5 million for calendar years 2012, 2013, and 2014. Taxpayers must request preapproval to claim this credit on Form IT-WR-AP. For more information, refer to O.C.G.A. § 48-7-29.14.

129 **Qualified Health Insurance Expense Credit.** Effective for taxable years beginning on or after January 1, 2009, an employer (but only an employer who employs 50 or fewer persons either directly or whose compensation is reported on Form 1099) is allowed a tax credit for qualified health insurance expenses in the amount of $250.00 for each employee enrolled for twelve consecutive months in a qualified health insurance plan. Qualified health insurance means a high deductible health plan as defined by Section 223 of the Internal Revenue Code. The qualified health insurance must be made available to all employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code. The total amount of the tax credit for a taxable year cannot exceed the employer's income tax liability. The qualified health insurance premium expense must equal at least $250 annually.

130 **Quality Jobs Credit.** For tax years beginning on or after January 1, 2009, a taxpayer creating at least 50 "new quality jobs" may be entitled to a credit provided certain conditions are met. A "new quality job" means a job that: 1) Is located in this state; 2) Has a regular work week of 30 hours or more; 3) Is not a job that is or was already located in Georgia regardless of which taxpayer the individual performed services for; 4) which pays at or above 110 percent of the average wage of the county in which it is located; and 5) For a taxpayer that initially claimed the credit in a taxable year beginning before January 1, 2012, the job has no predetermined end date. The credit amount varies depending upon the pay of the new quality jobs. The credit must be claimed within 1 year instead of the normal 3 year statute of limitation period. The taxpayer may claim the credit in years one through five for new quality jobs created in year one and may continue to claim newly created new quality jobs through year seven and claim the credit on each of those new quality jobs for five years. 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 taxpayer must file Form IT-WH at least 30 days prior to filing the return on which the applicable jobs are claimed or 30 days prior to the due date of the return if earlier. Once the income tax return is filed, the Department has 120 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. For more information, refer to O.C.G.A. § 48-7-40.17.

131 **Alternate Port Activity Tax Credit.** O.C.G.A. § 48-7-40.15A provides an alternate port tax credit. The definitions of "base year port traffic" and "port traffic" include imports and exports of product. It allows the credit to any business enterprise located in a tier two or three county established pursuant to O.C.G.A. § 48-7-40 and in a less developed area established pursuant to O.C.G.A. § 48-7-40.1 and which qualifies and receives the tax credit under O.C.G.A. § 48-7-40.1 and which:
1. Consists of a distribution facility of greater than 650,000 square feet in operation in this state prior to December 31, 2008;
2. Distributes product to retail stores owned by the same legal entity or its subsidiaries as such distribution facility; and
3. Has a minimum of 8 retail stores in this state in the first year of operations.
The business enterprise shall not be authorized to claim both this credit and the port credit provided in O.C.G.A. § 48-7-40.15, unless such business enterprise has increased its port traffic of products during the previous twelve month period by more than 20 percent above its base year port traffic, and also has increased employment by 400 or more no sooner than January 1, 1998. The tax credit, in addition to the tax credit under O.C.G.A. § 48-7-40, shall be limited to an amount not greater than 50 percent of the taxpayer's state income tax liability which is attributable to income derived from operations in this state for that taxable year. No credit may be claimed and allowed under this code section for any jobs created on or after January 1, 2015.

132 **Qualified Investor Tax Credit.** This provides a 35% credit for amounts invested in a registered qualified business. The aggregate amount of credit allowed an individual person for one or more qualified investments in a single taxable year, whether made directly or by a pass-through entity and allocated to such individual, shall not exceed $50,000.00. The credit is available for investments made in 2011, 2012, 2013, 2014, and 2015. The credit is claimed 2 years later, in 2013, 2014, 2015, 2016, and 2017 respectively. The aggregate amount of tax credits allowed is $10 million for investments made in calendar years 2011, 2012, and 2013; and $5 million for investments made in calendar years 2014 and 2015. The taxpayer must get approval as provided in O.C.G.A. § 48-7-40.30 before claiming the credit. This became effective January 1, 2011. See Code Section 48-7-40.30 and Regulation 560-7-8-.52 for more information.

133 **Film Tax Credit for A Qualified Interactive Entertainment Production Company.** For taxable years beginning during 2013 the aggregate amount of film tax credits allowed for qualified interactive entertainment production companies and their affiliates which are qualified interactive entertainment production companies shall not exceed $25 million. Such cap for taxable years beginning in 2014 and 2015 is $12.5 million for each year. The maximum credit for any qualified interactive entertainment production company and its affiliates which are qualified interactive entertainment production companies is $5 million for 2013, 1.5 million for 2014, and 1.5 million for 2015. The film tax credit for qualified interactive entertainment production companies and their affiliates will not be available for taxable years beginning on or after January 1, 2016. For 2014 and 2015 no qualified interactive entertainment production company shall be allowed to claim an amount of tax credits for any single year in excess of its total aggregate payroll expended to employees working within Georgia for the calendar year directly preceding the start of the year the qualified interactive entertainment production company claims the film tax credit. The amount in excess of this limit is not eligible for carry forward to the succeeding years' tax liability, nor shall such excess amount be eligible for use against the qualified interactive entertainment production company's quarterly or monthly payment under Code Section 48-7-103, nor shall such excess amount be assigned, sold, or transferred to any other taxpayer. For 2014 and 2015 before the Department of Economic Development issues its approval to the qualified interactive entertainment production company for the qualified production activities related to interactive entertainment, the qualified interactive entertainment production company must certify to the Department of Revenue that it maintains a business location physically located in Georgia and that it had expended a total aggregate payroll of $500,000.00 or more for employees working within Georgia during the calendar year directly preceding the start of the taxable year of the qualified interactive entertainment production company; if these requirements are met the Department of Revenue will issue a certification. The credits are allowed on a first-come first-served basis based on the date the film tax credits are claimed.

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: http://dor.ga.gov

DOUBLE CHECK

Please review your completed return:

√ Are your corporate name, address, and Federal ID Number entered correctly on the return?

√ Is the taxable year shown on your return?

√ Did you receive an extension of time to file your return? If so, did you enclose a copy of the extension request form with your return? Did you check the extension box on Form 600S?

√ Have you included a copy of Federal Form 1120S and supporting schedules with your return?

√ If there is tax due (on Schedule 4, Line 10), did you include Form PV-CORP and your remittance payable to Georgia Department of Revenue with your return? (To ensure proper credit, put your Federal ID Number and the tax year-end on your remittance.)

NOTE: Please do not mail your return and payment separately! If you file a paper return and you owe tax, mail your return and payment along with the payment voucher to the address on Page 3 of Form 600S.

If you file electronically, mail your payment with the PV-CORP to the address indicated on the payment voucher.

√ If there is an overpayment (on Schedule 4, Line 6), did you show the amount to be refunded and/or credited to estimated tax (on Schedule 4, Line 11)?

√ Have you addressed your envelope properly? Do not mail your Georgia Form 600S to the Internal Revenue Service.

√ If you claimed Georgia Business credits, did you include the required schedules or forms?

√ Please DO NOT use staples.

COMMON ERRORS THAT DELAY REFUNDS AND CREATE ASSESSMENTS

1. **Incorrect addresses and Federal ID Numbers.**
2. **Failure to indicate proper tax year-end.**
3. **Incomplete Georgia return referencing schedules that were not submitted with the return.**
4. **Claiming prepayments remitted under another name, Federal ID Number, or taxable period without including a schedule of detailed information.**
5. **Failure to include BEST credit schedules and withholding Forms G2-A and G-2RP.**
6. **Failure to include a Form 600S-CA Consent Agreement for each nonresident shareholder as explained on Page 11.**

STATE OF GEORGIA
DEPARTMENT OF REVENUE
TAXPAYER SERVICES DIVISION
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