



# State of Georgia Department of Revenue

## 2006 S Corporation Income Tax Forms and General Instructions

*File Form 600S electronically. Visit our website [www.dor.ga.gov](http://www.dor.ga.gov) for more information.*

### 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 S Corporation return. I strongly encourage you to take advantage of this new feature.

Beginning on Page 2 is a "New Information" section that I recommend you review prior to filling out your return.

This booklet contains the forms and schedules required by most S Corporations. If you need additional forms, we encourage you to visit our website at [www.dor.ga.gov](http://www.dor.ga.gov). There you can download forms and obtain up-to-date tax information and news from the Department of Revenue. Forms are also available via fax-on-demand at 404-417-6011. A list of useful telephone numbers is on Page 7.

Our mission and commitment is to serve Georgia's taxpayers in a prompt, courteous and professional manner and to effectively administer the State's tax laws. We welcome your comments and suggestions on how to better accomplish that mission.

**Bart L. Graham**  
Commissioner

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# NEW INFORMATION

## Federal Tax Changes

**Job Creation and Worker Assistance Act of 2002, Jobs and Growth Tax Relief Reconciliation Act of 2003, Working Families Tax Relief Act of 2004, American Jobs Creation Act of 2004, The Gulf Opportunity Zone Act of 2005, and Katrina Emergency Relief Act of 2005.** Georgia has adopted the provisions of these acts (as they relate to the computation of Federal taxable income) for taxable years beginning on or after January 1, 2006, **except** for I.R.C. 168(k) (the 30% and 50% bonus depreciation rules). This exception does not apply to I.R.C. 168(k)(2)(A)(i), (the definition of qualified property), I.R.C. 168(k)(2)(D)(i), (exceptions to the definition of qualified property) and 168(k)(2)(E), (special rules for qualified property). Georgia has also **not** adopted I.R.C. Section 199 (deduction for income attributable to domestic production activities, I.R.C. Section 1400L (New York Liberty Zone Benefits), I.R.C. Section 1400N(d)(1) (post 8/28/2006 Gulf Opportunity Zone (GOZ) property, I.R.C. Section 1400N(j) (GOZ public utility casualty losses), and I.R.C. Section 1400N(k) (NOLs attributable to GOZ losses). For tax years beginning on or after January 1, 2005, Georgia has adopted the increased I.R.C. Section 179 deduction (\$105,000 in 2005) and the related phase out (\$420,000 in 2005) that was enacted as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

**Federal deduction for income attributable to domestic production activities (I.R.C. Section 199).** This should be entered on Form 600S Page 2, Schedule 5, Line 4.

**Depreciation Differences.** Depreciation differences due to the Federal acts mentioned above should be handled 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 2006 IRS Form 4562 and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 5, Line 6 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment".

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 amount should be entered on Page 2, Schedule 6, Line 3 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment". Georgia Form 4562 and related instructions can be obtained from our website at [www.dor.ga.gov](http://www.dor.ga.gov) or from any Revenue Office.

Additionally, any depreciation differences will affect the calculation of gain when the property is sold.

## 2006 Legislation

The following bills that relate to corporations were passed by the 2006 Georgia Legislature:

**HB 1042 (O.C.G.A. § 48-7-33)** amends the Code Section to provide for a 52-53 week taxable year in a manner similar to the I.R.C. The Governor signed this bill on April 19, 2006, it became effective on that date, and is applicable to all taxable years beginning on or after January 1, 2006, and to all taxable years which pursuant to HB 1042 would be considered as beginning on January 1, 2006.

**HB 1160 (O.C.G.A. § 48-7-27)** amends the Code Section to provide for an adjustment to the distributive share of the Federal adjusted gross income of an individual who is a partner in a partnership, a shareholder in an S Corporation, or a member of a limited liability company that is either taxed as a partnership or that is disregarded for tax purposes, where the partnership or LLC has been taxed at the entity level by another state or S Corporation status is not recognized by the other state. Adjustments shall be allowed only for that portion of the income on which the tax was actually paid by the S Corporation, partnership, or limited liability company. The Governor signed this bill on April 28, 2006, it became effective on that date, and is applicable to all taxable years beginning on or after January 1, 2006.

**HB 1310 (O.C.G.A. §§ 48-1-2, 48-2-15, 48-2-32 and 48-2-36)** amends several Code Sections to provide for the following amendments that affect Georgia income tax:

**O.C.G.A. § 48-1-2** was amended to include the annual update provision that updates and conforms the Georgia Public Revenue Code to the IRS Code. It excludes Gulf Opportunity Zone bonus depreciation and increased net operating losses.

**O.C.G.A. § 48-2-15** was amended to ensure that tax information obtained by third parties contracting with the Department of Revenue will fall under confidentiality requirements. This is necessary to allow electronically filed sales and use tax returns to be processed in a manner similar to that allowed for withholding tax returns as already provided in Chapter 7.

**O.C.G.A. § 48-2-32** was amended to reduce the threshold requirement for electronic funds transfer from \$10,000 to \$5,000 for sales tax, use tax, withholding tax, and motor fuel distributor tax. This Code Section **retains** the current \$10,000 limit for corporate and individual estimated payments.

**O.C.G.A. § 48-2-36** was amended to allow the Commissioner to provide extensions for filing returns and making tax payments in a manner similar to the IRS in the event of a presidentially declared disaster, terrorist, or military action. The Governor signed this bill on April 19, 2006, and it became effective on that date with the exception that the amendment to O.C.G.A. § 48-1-2 shall apply to all taxable years beginning on or after January 1, 2006.

**SB 529 (O.C.G.A. § 48-7-21.1)** creates a new Code Section to define the terms "authorized employee" and "labor services." It also provides that on or before January 1, 2008, no wages or remuneration for labor services to an individual of \$600.00 or

## NEW INFORMATION (continued)

more per annum may be claimed and allowed as a deductible business expense for state income purposes by a taxpayer unless such individual is an authorized employee. The Governor signed this bill on April 17, 2006, and it will become effective on July 1, 2007.

**SB 545 (O.C.G.A. § 16-12-51)** amends Code Section 16-12-51 related to definitions for bingo games to define a “nonprofit, tax-exempt organization.” The Governor signed this bill on April 21, 2005, and it became effective on July 1, 2006.

### Tax Credits and Incentives

**HB 194 (O.C.G.A. §§ 48-7-29.11 and 48-7-40.26):**

**O.C.G.A. § 48-7-29.11** creates a new Code Section to allow income tax credits for employers who allow their employees to telework. The credit may be claimed by:

- Employers who incur expenses on behalf of their employees to enable those employees to telework. Up to \$1,200 per participating employee with the percentage of allowed expenditures between 100%, 75% and 25%, depending upon: eligible expenses pursuant to a telework agreement, telework days per month, and a business which is located in a Federal “nonattainment area”; and,
- Employers conducting a telework assessment in the year of implementation for 100% of the cost of preparing the assessment up to a maximum of \$20,000 per employer.

The aggregate maximum that can be claimed is \$2 million in 2008 and \$2 million in 2009.

**O.C.G.A. § 48-7-40.26** was amended to create a new paragraph clarifying the tier designation by allowing a certified production occurring in more than one year to be redesignated by the Commissioner so that the production company can still claim the credits within the old tier designation for their production should the tier change.

The Governor signed this bill on April 20, 2006, and it became effective on July 1, 2006 for the amendment to O.C.G.A. § 48-7-40.26, and will become effective on July 1, 2007 for O.C.G.A. § 48-7-29.11.

**HB 1107 (O.C.G.A. § 48-7-29.12)** provides for an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of Title 36. The Act shall be applicable to taxable years beginning on or after January 1, 2006. A “qualified donation” is defined in the statute and includes a conservation easement under Paragraph (4) of Code Section 36-22-2. Property donated to increase building density levels or property that will be used for or is associated with the playing of golf shall not be eligible. If the conservation easement or land donation meets the goals of the Georgia Land Conservation Act, taxpayers will be able to claim a credit against their state income tax liability of 25 percent of the fair market value of the donated property, up to a maximum credit of \$250,000 per individual and \$500,000 per corporation. The amount of the credit used in any one year may not exceed the amount of state income tax otherwise due. Any unused portion of the credit may be carried forward for five succeeding years. The Governor signed this bill on April 21, 2006. It became effective on the same date and is applicable to taxable periods beginning on or after January 1, 2006.

### 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.

### FREQUENTLY ASKED QUESTIONS

Frequently asked questions regarding S corporations, corporations, partnerships, LLCs, and nonresident withholding are available on our website at [www.dor.ga.gov](http://www.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, 2005, qualified only in cases of nonresident shareholders who must complete Form 600S CA (see page 9). 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.) A corporation electing the provisions of the I.R.C. for S Corporations, having

one or more stockholders who are nonresidents of Georgia, must file Form 600S CA on behalf of each nonresident. Failure to furnish a properly executed Form 600S CA for each nonresident stockholder negates Georgia’s recognition of the election, requiring each corporation to file Form 600 and to pay the regular corporate tax. 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

## GENERAL INFORMATION: INCOME TAX (continued)

adjustment will be allowed only if tax was actually paid by the corporation to Georgia or to another state(s).

**NOTE: If you use a software program or if you do not need a booklet next year, fill in the circle in the upper left corner of the form.**

### 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 [www.dor.ga.gov/processingctr/taxpayers.shtml](http://www.dor.ga.gov/processingctr/taxpayers.shtml).

**NOTE: The Department of Revenue encourages the use of 2D barcode returns; however, we neither support nor recommend any software company. Failure to mail your return to the correct address may cause processing delays.**

### PV CORP PAYMENT VOUCHER

If you owe taxes, mail your payment with Form PV CORP. Do not use it as a substitute for the form IT 560C. Failure to properly complete and mail the PV CORP could result in delayed or improper posting of your payment. For further instructions on the PV CORP see page 16.

### 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. Returns should be mailed to Georgia Department of Revenue, Processing Center, P.O. Box 740391, Atlanta, Georgia 30374-0391. Taxpayers listing credits on Schedules 10 and/or 11 should mail their returns to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431.

### RELATION TO FEDERAL RETURN

The Georgia return correlates to the Federal return in most respects (**see information on Page 2 about 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: Georgia Taxpayer Services Division, P.O. Box 49432, Atlanta, Georgia 30359-1432.

### 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 income would be apportioned to Georgia by multistate S Corporations.

### 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, Line 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.

Total subtractions from Federal income should be indicated on Schedule 8, Line 10 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 2 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.

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

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 <https://ssl.doas.state.ga.us/VendorDB/mainframe.jsp>.

### 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

## GENERAL INFORMATION: INCOME TAX (continued)

required to report only the share of allocated and apportioned income as computed in Schedule 9 (see page 2 for separately stated shareholder adjustments mentioned under Federal Tax Changes).

General instructions for computing the apportionment ratio and apportioned and allocated income are listed on Page 5. 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 having been separately allocated and deducted, the remainder of the net business income shall be apportioned by application of the following:

### THREE FACTOR FORMULA

(a) Property Factor. The property factor is composed of the average value of real and tangible personal property owned or rented and used during the taxable year. Property owned is valued at its original cost. Property rented is valued at eight times the net annual rental rate. The net annual rental rate is the annual rental rate paid less any annual rate received from any subrentals. With respect to rented property, averaging is achieved automatically by determining the net annual rental rate of such property.

(b) Payroll Factor. The payroll factor is the ratio of all salaries, wages, commissions, and other compensation paid by the taxpayer in this State for personal services performed by employees in connection with the trade or business of the taxpayer during the taxable year to the total salaries, wages, commissions, and other compensation paid by the taxpayer for personal services performed by employees in connection with its entire trade or business, wherever conducted, during the taxable year.

Payments made to an independent contractor or any other person not properly classified as an employee are excluded.

Compensation is paid in this State if the employee's service is performed entirely within this State or the employee's service outside Georgia is incidental to the service performed in this State or some of the service is performed in Georgia and the base of operations from which the service is directed is in this State, or some of the service is performed in Georgia and the base of operations from which the service is directed is not in any state where some part of the service is performed but the employee's residence is in Georgia.

(c) Gross Receipts Factor. The gross receipts factor is the ratio of gross receipts from income derived from Georgia sources and business done within this State to total gross receipts from business done everywhere.

The purpose of the gross receipts factor is to measure the marketplace for the taxpayer's goods and services. 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 Georgia sources or 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.

**(d) The apportionment factors determined above shall be weighted as follows:**

- For tax years beginning on or after January 1, 2006, and before January 1, 2007, the apportionment factors are 80% sales, 10% property, and 10% payroll. If the denominator for either the Property or Payroll factor is zero, the weighted percentage for the other will be 11.11% (1/9) and the weighted percentage for the Gross Receipts factor will be 88.89% (8/9). If the denominator for the gross receipts factor is zero, the weighted percentage for both property and payroll will be 50% each. If the denominators for any two factors are zero, the weighted percentage for the remaining factor will be 100%.

- For tax years beginning on or after January 1, 2007, different apportionment factors will apply. See Rules and Regulations 560-7-7-.03(4)(d) 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.

(e) Apportionment of Income: Business Joint Ventures and Business Partnerships. A Corporation 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 property, payroll and gross receipts values in its own apportionment formula.

## GENERAL INFORMATION: INCOME TAX (continued)

### 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. Amended returns listing credits on Schedules 10 and/or 11 should be mailed to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431.

### CLAIMS FOR REFUND

**For tax years beginning before January 1, 2003**, a claim for refund of tax paid must be made within three years from the date the tax was paid. Taxes which have been paid by either withholding or estimated tax are treated as having been paid on the regular due date of the return. An extension of time to file the return does not extend the deadline for filing a state claim for refund. For example, if payments were made with respect to the 2002 tax year on or before March 17, 2003 (due date of the 2002 tax year), the taxpayer must file any claim for refund of such tax by March 17, 2006. An extension of time to file the 2002 return does not change the March 17, 2006 deadline to file a claim for refund.

**For tax years beginning on or after January 1, 2003**, a claim for refund 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 2003

tax year on or before September 15, 2004 (extended due date for the 2003 tax year), the taxpayer must file any claim for refund by September 17, 2007 (this is because September 15, 2007 falls on a Saturday).

### 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 will accrue until the tax is paid. This penalty will accrue from the statutory due date regardless of any extension for filing the return.

### PENALTIES AND INTEREST

The Georgia Code imposes certain penalties as follows:  
Delinquent filing of a return—5% of the tax shown on the return 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.

**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 indicated on the return.

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

Penalties and interest may be avoided by paying the tax by the statutory due date of the return. 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. Thereafter, 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.

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 5.

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.**

# GENERAL INFORMATION: NET WORTH TAX (continued)

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 Georgia income and/or net worth 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. Periods 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, 2006. The Georgia taxable net worth per the March 31, 2006 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. The taxpayer must attach a copy of the extension granted by the Internal Revenue Service to his Georgia return. If the return is received within the time extended by the Internal Revenue

Service and Form 7004 is attached to the return, 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, late payment penalties of up to 25% of the tax due will be assessed until the tax is paid (income tax at 1/2 of 1% per month; 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 a Federal extension must also prepay the Georgia tax, accompanying such remittance with Form IT 560C. 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 penalty.

## 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 \$30 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 [www.georgiacorporations.org](http://www.georgiacorporations.org). Annual registration and certificate of authority obligations are separate from any filings with the Department of Revenue.

## TELEPHONE ASSISTANCE

Compliance Division .....	404-417-6400
Composite Returns .....	404-417-2300
Corporation/Net Worth Tax Information .....	404-417-2409
Corporation Refund Inquiry .....	404-417-2409
Corporation Forms/General Information .....	404-417-2409
Electronic Funds Transfer ..	404-417-2220 or 1-800-659-1855
Employer Withholding Information .....	404-417-2311
Estates and Tax Exempt Organizations .....	404-417-2402
Income Tax Forms .....	404-417-6011
Individual Income Tax Return Information .....	404-417-4480
Registration & Licensing Unit .....	404-417-4490
Secretary of State .....	404-656-2817
Taxpayer Services Division Director's Office ....	404-417-2400

## NET WORTH TAX TABLE

### DOMESTIC AND DOMESTICATED FOREIGN CORPORATIONS

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

### FOREIGN CORPORATIONS

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 .....
Over .....	25,000.00	and not exceeding	40,000.00 .....
Over .....	40,000.00	and not exceeding	60,000.00 .....
Over .....	60,000.00	and not exceeding	80,000.00 .....
Over .....	80,000.00	and not exceeding	100,000.00 .....
Over .....	100,000.00	and not exceeding	150,000.00 .....
Over .....	150,000.00	and not exceeding	200,000.00 .....
Over .....	200,000.00	and not exceeding	300,000.00 .....
Over .....	300,000.00	and not exceeding	500,000.00 .....
Over .....	500,000.00	and not exceeding	750,000.00 .....
Over .....	750,000.00	and not exceeding	1,000,000.00 .....
Over .....	1,000,000.00	and not exceeding	2,000,000.00 .....
Over .....	2,000,000.00	and not exceeding	4,000,000.00 .....
Over .....	4,000,000.00	and not exceeding	6,000,000.00 .....
Over .....	6,000,000.00	and not exceeding	8,000,000.00 .....
Over .....	8,000,000.00	and not exceeding	10,000,000.00 .....
Over .....	10,000,000.00	and not exceeding	12,000,000.00 .....
Over .....	12,000,000.00	and not exceeding	14,000,000.00 .....
Over .....	14,000,000.00	and not exceeding	16,000,000.00 .....
Over .....	16,000,000.00	and not exceeding	18,000,000.00 .....
Over .....	18,000,000.00	and not exceeding	20,000,000.00 .....
Over .....	20,000,000.00	and not exceeding	22,000,000.00 .....
Over .....	22,000,000.00	.....	5,000.00

### **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, Page 2. 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 2 and the Adjustments to Federal Income of Shareholders section on page 4. Under Sections 48-7-21(b)(7)(B) and 48-7-27(d)(2) of the Georgia Income Tax Act and Regulations thereunder, all nonresident shareholders must execute an agreement on Form 600S CA wherein said 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 distribution paid or credited to members is less than \$1,000.00. 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 check the "Composite Return Filed" box on Form 600S, Page 1. **For composite return information and/or forms call 404-417-2300.**

### **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. The income of nonresident shareholders is subject to withholding at the rate of 4% unless they are included in a composite return. If your S Corporation must pay estimated tax at the corporate level, see Form IT 611, pages 11 and 12, visit our website at [www.dor.ga.gov](http://www.dor.ga.gov), or call 404-417-2469 for blank forms and instructions.

# TAX CREDITS

**Credit  
Type Code**

**Description**

- 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, which may be contacted at 404-679-1625. 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. 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. The credit may be utilized up to 50% of the taxpayer’s total state income tax liability for a tax year. 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 404-679-1700 or visit their website at: <http://www.dtae.org/econdev/retrain.html>. 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.** 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, 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 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. 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** 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. 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. See the Job Tax Credit law (O.C.G.A. 48-7-40 and 48-7-40.1) and regulations for further information. 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 more information, refer to the Department of Community Affairs website at: [www.dca.state.ga.us/economic/TaxCredits/programs/taxcredit.asp](http://www.dca.state.ga.us/economic/TaxCredits/programs/taxcredit.asp).

- 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

## TAX CREDITS (continued)

**Credit  
Type Code**

**Description**

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%

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 IRS Code 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 (if a partnership, S Corporation or LLC) 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, 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. (Note that the base amount must contain positive Georgia taxable net income for all years.) The credit may not exceed 50% of the business's 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. 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 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

## TAX CREDITS (continued)

Credit Type Code	Description
	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 <b>Form IT-WH</b> 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 <b>Form IT-HQ</b> . For more information, refer to O.C.G.A. §48-7-40.17.
114	<b>Port Activity Tax Credit.</b> Businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development that have increased their port traffic tonnage through 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 <b>for all Tiers:</b> An additional job tax credit of \$1,250 per job; investment tax credit of 5%; 8% credit for pollution equipment; 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: <b>Form IT-CA</b> ; investment tax: <b>Form IT-IC</b> ; or optional: <b>Form IT-OIT</b> ) 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.
115	<b>Bank Tax Credit.</b> 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	<b>Low Emission Vehicle Credit.</b> 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. <b>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.</b> 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	<b>Zero Emission Vehicle Credit.</b> 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. <b>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.</b> 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	<b>New Manufacturing Facilities Jobs Credit.</b> In order to qualify, \$450 million in qualified investment property must be purchased for the project. 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. After an affirmative review of their application by a panel, the manufacturer 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 carry forward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.24.
119	<b>Electric Vehicle Charger Credit.</b> 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.

## TAX CREDITS (continued)

<u>Credit Type Code</u>	<u>Description</u>
120	<b>New Manufacturing Facilities Property Credit.</b> 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 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	<b>Historic Rehabilitation Credit.</b> A nonrefundable credit not to exceed \$5,000 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. This credit is applicable to taxable years beginning on or after January 1, 2004. This credit should be claimed on <b>Form IT-RHC</b> . For more information, refer to O.C.G.A. 48-7-29.8 or the Department of Natural Resources website at: <a href="http://hpd.dnr.state.ga.us/content/displaycontent.asp?txtDocument=35">http://hpd.dnr.state.ga.us/content/displaycontent.asp?txtDocument=35</a> .
122	<b>Film Tax Credit.</b> 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 9 percent of the base investment in the state, with additional percentages of: 3 percent for base investment in a Tier 1 or Tier 2 county; 3 percent for wages paid to Georgia residents; and 2 percent for spending at least \$20M on multiple television projects. 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 <b>Form IT-WH</b> at least 30 days prior to filing the return on which the credit will be claimed. Once the income tax return is filed, the Department has 90 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. The credit may only be sold by the production company and the purchasing taxpayer may only claim the credit against its income tax liability. 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. This credit should be claimed on <b>Form IT-FC</b> , along with certification from the Film Office of the Georgia Department of Economic Development. For more information, refer to O.C.G.A. §48-7-40.26.
123	<b>Teleworking Credit.</b> Employers who permit their employees to telework will be allowed an income tax credit for expenses incurred up to \$1,200 per participating employee. The percentage of the credit for allowed expenditures would range from 100%, 75% and 25% depending upon whether the business is located in a federal "nonattainment" area, for eligible expenses pursuant to a telework agreement, and number of telework days claimed per month. In addition, the employer will also be allowed a credit for conducting a telework assessment in the year of implementation for 100% of the cost of preparing the assessment, up to a maximum of \$20,000 per employer. However, such costs shall not be eligible for the credit if the employer has already deducted such expenses from income in any tax year. The aggregate maximum that can be claimed for this credit is \$2 million in 2008 and \$2 million in 2009. This credit is only available for taxable years 2008 and 2009 and will become effective July 1, 2007. Costs incurred between July 1, 2007 and January 1, 2008 will be treated as being incurred on January 1, 2008. For more information, refer to O.C.G.A. §48-7-29.10.
124	<b>Land Conservation Credit.</b> This provides for an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of Title 36. Property donated to increase building density levels or property that will be used, or is associated with the playing of golf shall <b>not</b> 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, up to a maximum credit of \$250,000 per individual and \$500,000 per corporation. 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 five succeeding years. Fair market value will be established pursuant to O.C.G.A. §48-5-2(3) for the year in which the donation occurred. 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. For more information, refer to O.C.G.A. §48-7-29.10.

**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://www.dor.ga.gov/inctax/taxcredits.shtml>.

## DOUBLE CHECK

Please review your completed return:

- √ Did you use the label? If so, is all information on the label correct?
- √ If you did not use the label, are your corporate name, address, and Federal ID Number shown 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 9), 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! Mail them in the same envelope to the address on Page 3 of Form 600S.**

**If you file a paper return and you owe tax, mail your return and payment along with the PV CORP payment voucher to the address on 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 10)?
- √ 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?
- √ 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.

Form 600S

Form 600S CA

PV Corp (Fill-in Form)

IT 560 C (Fill-in Form)

Addition tax forms are available at: [www.dor.ga.gov](http://www.dor.ga.gov)