



## Research Tax Credit

Section 48-7-40.12

**This form is to be used for taxable years beginning on or after January 1, 2025.**

A tax credit is allowed for a business enterprise which has qualified research expenses in Georgia in a taxable year exceeding a base amount, provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the IRS Code of 1986, as amended. A copy of Federal Form 6765 must be attached.

### Section 1. Taxpayer Information

Name	Tax ID No.	NAICS Code
Address	Type of Business: <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership/LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> Other (Specify) _____	
City/State/Zip Code		
Contact Person		
Telephone Number	Tax Year Ending	

### Section 2. Ratio Calculation

(A) Previous 3 Years	(B) Georgia Research Expense	(C) Georgia Gross Receipts	Equals Ratio (D) [Col.B/Col.C]
(E) Total from Column (D) =			

### Section 3. Calculation of Average

Total from (E)	Divided by 3	Equals Average Research Ratio (F)
	3	=

### Section 4. Calculation of Tax Base\*

Current Year Georgia Gross Receipts	Multiplied by (F) or .300, <b>whichever is less</b>	= Base Amount (G)
\$		\$

### Section 5. Calculation of Tax Credit

Current Year Research Expense	Minus Base Amount (G)	Equals (H)	Multiply (H) by .10	Equals Tax Credit (I)
\$	\$	\$	X .10	\$

### Section 6. Application of Credit and Carry-Forward

1. Current Tax Liability Without any Credits	\$
2. Value of all other Credits Claimed	\$
3. Subtract Line 2 from Line 1, this is the remaining tax liability	\$
4. Multiply Line 3 by 50%, Maximum credit allowed	\$
5. Enter Research Tax Credit from Line I in Section 5	\$
5a. Enter amount of tax credit carried over from prior year	\$
6. Total available Research Tax Credit, Lines 5 and 5a	\$
<b>7. Credit to be claimed on return, lesser of Line 4 or Line 6</b>	\$
8. If Line 6 exceeds Line 7, Unused Credit or Carry-Forward	\$

Line 8 is the Available Carry-Forward. This amount may be carried forward for 5 years but may not exceed 50% of the business enterprise's remaining Georgia tax liability after all other credits have been applied. See example on next page.

\* If a business enterprise had no Georgia gross receipts during any one or more of the three preceding tax years in Column (C) Section 2, the base amount in (G) Section 4 should be calculated by multiplying the current year Georgia gross receipts by .300.

## Example

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This example is based on the following assumptions:

1. The current year's (2025) Georgia Gross Receipts = \$800,000
2. 2025 Research expenses in Georgia = \$325,000
3. The total of all other credits was = \$30,000
4. The credit carry-over from prior year is = \$10,000

### Section 2. Ratio Calculation

(A) Previous 3 Years	(B) Georgia Research Expense	(C) Georgia Gross Receipts	Equals Ratio (D) (Col. B - Col.C)
2024	300,000	750,000	0.4000
2023	200,000	600,000	0.3333
2022	150,000	500,000	0.3000
(E) Total from Column (D)			1.0333

### Section 3. Calculation of Average

Total from (E)	Divided by 3	Equals Average Research Ratio (F)
1.0333	3	0.3444

### Section 4. Calculation of Base Amount

Current Year Georgia Gross Receipts	Multiplied by (F) or .300, whichever is less	Base Amount (G)
\$800,000	0.300	\$240,000

### Section 5. Calculation of Tax Credit

Current Year Research Expense	Minus Base Amount (G)	Equals (H)	Multiply (H) by .10	Equals Tax Credit (I)
\$ 325,000	\$ 240,000	\$ 85,000	0.10	\$ 8,500

### Section 6. Application of Credit and Carry-Forward

1. Current Tax Liability without any Credits	\$ 48,000
2. Value of All other Credits Claimed	\$ 30,000
3. Subtract Line 2 from Line 1, this is the remaining tax liability	\$ 18,000
4. Multiply Line 3 by 50%, maximum credit allowed	\$ 9,000
5. Enter Research Tax Credit from Line I above	\$ 8,500
5a. Enter amounts of tax credit carried over from prior year	\$ 10,000
6. Total available Research Tax Credit, Lines 5 and 5a	\$ 18,500
<b>7. Credit to be claimed on return, lesser of Line 4 or Line 6</b>	<b>\$ 9,000</b>
8. If Line 6 exceeds Line 7, Unused Credit or Carry-Forward	\$ 9,500

In the instance of an S Corporation or other pass-through entity, the credit on Line 7 above would first be applied to any income tax at the entity level and then apportioned to shareholders or partners. For the purposes of the calculation, such a business enterprise's "Georgia gross receipts" shall be the numerator of the gross receipts factor provided in subsection (d) of Code Section § 48-7-31. The term "business enterprise" is defined in O.C.G.A. § 48-7-40.12.