



# State of Georgia Department of Revenue

## 2008 Corporation Income Tax Forms and General Instructions

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



### CREDIT CARD PAYMENTS



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

- ✓ Current-year individual and corporate tax payments;
- ✓ Liabilities on Department of Revenue-issued assessment notices;
- ✓ Individual and corporate estimated tax payments.

### FROM THE COMMISSIONER

This booklet is designed to provide information and assist 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 [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.

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.

**Bart L. Graham**  
Commissioner

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# NEW INFORMATION

## Federal Tax Changes

Georgia has adopted the provisions of **all** federal tax acts (as they relate to the computation of Federal taxable income) that were enacted on or before January 1, 2008, **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, 2008, Georgia has adopted the increased I.R.C. Section 179 deduction (**\$128,000 in 2008**) and the related phase out (**\$510,000 in 2008**) that was enacted as part of the Small Business and Work Opportunity Act of 2007. As per current legislation, GA will **not** follow the increased Section 179 expensing per the Economic Stimulus Act of 2008 that was signed into law on February 13, 2008

Any other provisions in any other federal acts that were signed into law during 2008 will **not** be followed by Georgia.

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

### **Depreciation Differences.**

Depreciation differences due to certain Federal acts Georgia has not adopted 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 2008 IRS Form 4562 and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 4, Line 7 along with the words "Deprec Adj".

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 5, Line 3 along with the words "Deprec Adj". 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.

## 2008 Legislation

The following bills that relate to corporations were passed by the Georgia Legislature for 2008:

**HB 515 (O.C.G.A. §§ 50-27-3, 50-27-24, and 50-27-24.1)** Allows certain lottery prizes to be assigned and requires withholding on the purchase price when they are assigned.

**HB 670 (redesignated from O.C.G.A. § 48-7-29.13 to O.C.G.A. § 48-7-29.14)** This bill establishes a new Code Section to create tax credits for transporting or diverting wood residuals to a renewable biomass qualified facility on or after July 1, 2008. It also creates 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, 2012.

**HB 851 (O.C.G.A. § 48-7-29.8)** Increases the amount of the tax credit for a historic home from 10 percent of qualified rehabilitation expenditures to 25 percent and it increases the amount of the tax credit for any other certified structure from 20 percent of qualified rehabilitation expenditures to 25 percent. The bill also increases the \$5,000 cap on credits in a ten-year period to \$100,000 for a historic home and \$300,000 for a certified structure. This bill is effective for tax years beginning on or after January 1, 2009.

**HB 926 (O.C.G.A. § 48-1-2)** For the 2008 tax year, this bill updates and conforms Georgia's adoption of certain portions of the Internal Revenue Code ("IRC") to the IRC as amended through January 1, 2008. In addition to the "annual update", HB 926 also adds a new paragraph to this code section to make this same update applicable retroactively to the 2007 tax year. The bill thus incorporates provisions of five federal tax bills that were passed during 2007 for purposes of both the Georgia 2007 and 2008 tax years.

**HB 977 (O.C.G.A. §§ 48-7-29.13 and 48-7-27)** This bill primarily focuses on Title 33 (Insurance) by authorizing the Commissioner of Insurance to adopt policies to promote, approve, and encourage high deductible health plans in Georgia. The bill also provides an exemption from insurance premium taxes that are administered by the Commissioner of Insurance for certain insurance products involving such high deductible health plans.

## **2008 Legislation (continued)**

Section 5 allows an employer (but only an employer who employs 50 or fewer persons either directly or whose compensation is reported on Form 1099) a tax credit against the tax imposed by Code Section 48-7-20 (Individuals and Partnerships) or 48-7-21 (Corporations), as applicable, 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 that includes, at a minimum, catastrophic health care coverage which is established and used with a health savings account established under 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. Any unused tax credit is allowed against the employer's succeeding years' tax liability, but no credit is allowed against the employer's prior years' tax liability. The qualified health insurance premium expense must equal at least \$250 annually.

Section 5 of this bill is effective for tax years beginning on or after January 1, 2009.

**HB 1100 (O.C.G.A. § 48-7-40.26)** Amends the Code Section relating to the Film Tax Credit. This bill increases the tax credit from 9 percent to 20 percent of the base investment or excess base investment and adds an additional 10 percent tax credit for including a qualified Georgia promotion in the qualified production activity. The bill eliminates the 3 percent additional tax credit for base investment in a tier 1 or tier 2 county, the 3 percent additional tax credit for wages paid to Georgia residents and the 2 percent additional tax credit for spending \$20 million for multiple television projects. This bill is effective for tax years beginning on or after January 1, 2008.

**HB 1133 (redesignated from O.C.G.A. § 48-7-29.13 to O.C.G.A. § 48-7-29.16)** Adds a new chapter 2A in Title 20 to define Student Scholarship Organizations, which are 501(c)(3) nonprofits that distribute at least 90% of their revenues for scholarships or tuition grants to allow students to attend qualified nonpublic schools. The bill also creates a new income tax credit for qualified educational expenses. A corporation is eligible for a credit amount that can equal up to 75% of its income tax liability. The credit is allowed on a first come, first served basis, and must be pre-approved. The aggregate amount of the tax credit allowed to all taxpayers cannot exceed \$50 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. This bill is effective for tax years beginning on or after January 1, 2008.

### **HB 1151 (O.C.G.A. §§ 48-7-21, 48-7-25, 48-7-27, 48-7-29.5, 48-7-54, 48-7-100, 48-7-101, and 48-7-129)**

Sections 1, 2 and 3 relate to raffle licenses, bingo, and bingo licensing procedures respectively. They eliminate the requirement of a determination letter from the Georgia Department of Revenue certifying exemption and replacing that requirement with a statement affirming that the applicant is exempt under O.C.G.A. § 48-7-25.

Sections 4 (Corporations) and 6 (Individuals) remove the mandatory formula from the statute that was used to calculate the amount of the direct and indirect interest expense attributable to the production of exempt interest or dividend income.

Section 5 provides that organizations exempt from federal income tax pursuant to Section 501(c), 501(d), 501(e), 664, or 401 of the Internal Revenue Code of 1986, will now be similarly exempt for purposes of O.C.G.A. § 48-7-21, eliminating the need for a separate Georgia letter. The Commissioner retains the prerogative to deny or revoke the organization's exempt status at the state level if warranted.

Section 7 eliminates the annual consent requirement for "S" corporations. Nonresident shareholders of "S" corporations will only need to file a single consent to jurisdiction 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 first becomes a shareholder of the Subchapter 'S' corporation in that year.

Section 9 allows the Department to require non-individual taxpayers to file an electronic return if they are already required to file electronically for federal tax purposes.

Section 10 clarifies the terms "distributions credited" and "distributions paid" for purposes of Georgia non resident withholding for partners, "S" corporation shareholders, and members of limited liability companies.

Section 12 reduces the penalty in O.C.G.A. § 48-7-129 from 100% to 25% on flow-through entities that fail to withhold tax on distributions. Currently, the entity can be assessed for the tax that was not withheld plus a penalty equal to that same amount. Section 12 also extends the due date for taxes deducted and withheld on distributions credited but not paid by a partnership, Subchapter 'S' corporation, or limited liability company to their nonresident members from 30 days after the close of the tax year, to the due date (without extensions) for filing the income tax return for the partnership, Subchapter 'S' corporation, or limited liability company. This bill is effective for tax years beginning on or after January 1, 2008.

## **2008 Legislation (continued)**

**HB 1196 (O.C.G.A. § 48-7-40.27 and 48-7-40.28)** Adds new Code Sections and amends an existing Code Section to create tax credits for certain qualified investments made on or after July 1, 2008 and to specify that funds invested by the state from the Seed-Capital Fund may include funds from sources other than the investment entity.

**HB 1246 (O.C.G.A. §§ 48-7-40, 48-7-40.1, 48-7-40.12, 48-7-40.15, 48-7-40.21 and 48-7-40.22)** Amends Code Sections dealing with income tax credits, to define the term "broadcasting," and to include such term in the definition of business enterprise. These amendments are effective for tax years beginning on or after January 1, 2008.

The bill also adds, in Title 33 (Insurance), new Code Sections 33-8-4.1 and 33-8-4.2, to create a tax credit against insurance premium tax liability for any business enterprise located in certain counties ranked and designated as less developed areas. "Business enterprise" is defined in Code Section 33-8-4.1 as any insurance company or the headquarters of any insurance company required to pay the tax under Code Section 33-8-4. It further provides that tax credits claimed under Code Section 33-8-4.1 can be assigned in whole or in part to one or more affiliated entities which pay tax under Code Section 33-8-4. The insurance portions of the bill are effective January 1, 2009.

**HB 1273 (O.C.G.A. § 48-7-40.1)** Changes the criteria for determination of what constitutes a less developed area in paragraph (4) of subsection (c) from "any area comprised of two or more contiguous census blocks" to "any area which is within or adjacent to one or more contiguous census blocks." The bill lowers the poverty rate in paragraph (4) of subsection (c) from 20% to 15%. It specifies that within areas of pervasive poverty as designated under paragraphs (2) and (4) of subsection (c), businesses shall only have to increase employment by two or more jobs in order to be eligible for the credit. This bill is effective for tax years beginning on or after January 1, 2008.

**HB 1274 (O.C.G.A. § 48-7-29.12)** Defines the terms "fair market value," "eligible donor," "related person," and "substantial valuation misstatement." The bill specifies that a fee simple conveyance to the federal government is a qualified donation and specifies that the credit amount shall be limited to an amount not to exceed the lesser of \$500,000.00, 25% of the fair market value of the donated real property for the year in which the donation occurred, or 25% of the difference between 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 as established for the year in which the donation occurred.

The bill provides that in the case of a taxpayer whose net income is determined under Code Section 48-7-23, the aggregate total credit allowed to all partners in a partnership shall be limited to an amount not to exceed the lesser of \$1 million, 25% of the fair market value of the donated real property as fair market value is established for the year in which the donation occurred, or 25% 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 as established for the year in which the donation occurred. It increases the carry-forward period from 5 years to 10 years and specifies that only one qualified donation may be made with respect to any real property that was, in the year prior to donation, within the same tax parcel of record, except that a subsequent donation may be made by a person who is not a related person with respect to any prior eligible donors of any portion of such tax parcel. The bill provides a penalty for a substantial valuation misstatement equal to the lesser of: 1) the greater of 25% of the overstated part of the credit **or \$1,000;** or 2) 125% of the fee received. There is no penalty if it is established that the appraisal value is more likely than not the correct appraisal value. This bill is effective for tax years beginning on or after January 1, 2008.

### **Electronic Filing Regulation (560-3-2-26)**

Effective January 1, 2007, taxpayers who pay by electronic funds transfer, whether mandatory or voluntary, must file the associated return electronically.

## NEW INFORMATION (continued)

### **CONSOLIDATED RETURNS**

The Department of Revenue adopted Regulation 560-7-3-.13 applicable to consolidated returns. This regulation became effective for tax years beginning on or after January 1, 2002. It substantially changes the rules for filing consolidated returns. Visit our website at [www.dor.ga.gov](http://www.dor.ga.gov) for more information, including instructions on proper return preparation and mailing.

**Please note: The approval letter must be attached to all consolidated returns.**

Beginning with the 2005 tax year, consolidated groups that conduct 100% of their business in Georgia **must** request permission to file a consolidated return using Form IT-CONSOL. The request must be submitted 75 days before the due date of the return (including extensions). Failure to request permission by such time will require the filing of separate returns for the applicable tax year.

Form IT-CONSOL should be mailed to: Georgia Department of Revenue, Taxpayer Services Division, P.O. Box 49748, Atlanta, GA 30359.

### **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 corporations, S corporations, partnerships, LLCs, and nonresident withholding are available on our website at [www.dor.ga.gov](http://www.dor.ga.gov).

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## GENERAL INFORMATION: INCOME TAX

### **INTRODUCTION**

The following instructions apply to two separate taxes on corporations. One is an income tax at a rate of 6% on taxable income. The second is a graduated tax based on corporate net worth. Instructions for net worth tax begin on Page 7.

Both taxes must be paid annually. Schedule 3 of the return is designed to combine the liabilities, any penalty and interest due, and the credits for prepayment, to result in a single balance due or overpayment.

### **FILING REQUIREMENTS**

All corporations that own property or do business in Georgia, or that have income from Georgia sources are required to file a Georgia income tax return. (Please round all dollar entries.) A corporation electing to file under the Internal Revenue Code provisions for S corporations having one or more stockholders who are nonresidents of Georgia must file consent 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 pay the regular corporate tax.

**Note: The requirements as to when and how often the 600S CA is required to be filed were changed for tax years beginning on or after January 1, 2008. See the 611S Booklet for more information.**

### **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 740397, Atlanta, Georgia 30374-0397. Taxpayers claiming credits on Schedules 9 and/or 10 should mail their returns to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431. Taxpayers filing a Georgia consolidated return should mail it together with separate returns for the members of the consolidated group to Georgia Taxpayer Services Division, P. O. Box 49432, Atlanta, Georgia 30359-1432.

### **LATE PAYMENT PENALTY**

A taxpayer having a Federal extension must prepay the Georgia tax using Form IT 560C. Credit for this prepayment should be claimed on Form 600, Schedule 3, 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.

# 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 600. A copy of the Federal Form 1120X or Federal audit adjustments must be attached. Mail the amended return to Georgia Department of Revenue, Processing Center, P.O. Box 740397, Atlanta, Georgia 30374-0397. Amended returns with credits on Schedules 9 and/or 10 should be mailed to Georgia Taxpayer Services Division, P. O. Box 49431, Atlanta, Georgia 30359-1431.

## 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 2004 calendar year on or before September 15, 2005 (extended due date for the 2004 tax year), the taxpayer must file any claim for refund by September 15, 2008.

## 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 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.

## COMPUTATION OF INCOME TAX

Georgia income tax is 6% of the Georgia taxable income shown on Schedule 1, Line 7. The amount of tax must be entered on Schedule 1, Line 8, and on Schedule 3, Line 1A.

## RELATION TO FEDERAL RETURN

The Georgia return correlates to the Federal return in most respects (**see information on Page 1 about Federal tax changes**). The taxable income shown on the Federal return is the basis used to calculate Georgia taxable income with adjustments as provided by Georgia law. The accounting period and method for the Georgia return must be the same as the Federal return. The Federal principles pertaining to execution of the return by an officer and the preparer also apply to Georgia returns. A copy of the Federal return and all supporting schedules must be attached to the Georgia return.

**Affiliated corporations that file a consolidated Federal income tax return must file separate income tax returns with Georgia unless they have prior approval or have been requested to file a consolidated return by the Commissioner of Revenue. If filing a consolidated Georgia income tax return, a separate net worth tax return must be filed by each subsidiary. Visit our website at [www.dor.ga.gov](http://www.dor.ga.gov) for instructions concerning proper return preparation and mailing.**

When a taxpayer entitled to a carry-back period for a net operating loss elects under I.R.C. Section 172(b)(3)(c) to forgo the entire carry-back period and elects the carry-forward only, such election is binding on 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. Mail the return to: Georgia Taxpayer Services Division, P. O. Box 49432, Atlanta, GA 30359-1432.

## ADJUSTMENTS TO FEDERAL INCOME

Federal taxable income is used as the basis of computation to calculate Georgia taxable income. Lines 2 and 4 of Schedule 1 provide the modifications required by Georgia Law. The total of additions to Federal income should be indicated on Schedule 1, Line 2 and listed in Schedule 4.

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. An authorized employee is someone legally allowed to work in the United States.

**Georgia does not allow the Federal deduction for income attributable to domestic production activities (I.R.C. Section 199).**

**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 5 for all or any portion of the addition listed on Schedule 4.**

Total subtractions from Federal income should be indicated on Schedule 1, Line 4 and listed in Schedule 5. 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 in the instructions on Page 1.**

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 taxpayers 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 pre-approval from the Department. Also see Georgia Regulation 560-7-3-.10

## GENERAL INFORMATION: INCOME TAX (continued)

A corporation which is a party to state contracts may subtract from Federal taxable 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 the DOAS website at <https://ssl.doas.state.ga.us/VendorDB/mainframe.jsp>.

If you claim a net operating loss deduction, you must file a complete statement detailing the sources for such deduction. (Attach Form IT-552 and Form 600, Schedule 11.)

Corporations doing business both within and outside Georgia who incur a loss shall compute the net operating loss carryover deduction by allocating to Georgia only the amount of the loss attributable to operations within Georgia. This deduction shall be entered on Schedule 7, Line 8.

**A net operating loss sustained for the current taxable year must be carried back and carried forward in the procedural sequence of taxable periods provided by Section 172 of the Internal Revenue Code of 1986, as it existed on January 1, 2008, and as adopted by Section 48-7-21 of the income tax laws of Georgia. Accordingly, for tax years beginning on or after January 1, 2008, losses should be carried back two years (with special rules for farmers and casualty losses). Also for tax years beginning on or after January 1, 2005, Georgia law was changed to specifically provide that Georgia follows I.R.C. Sections 108, 381, 382, and 384.**

**Form IT-552 must be used to report a net operating loss.**

**Georgia Taxes Deductible.** There shall be added to taxable income any taxes on, or measured by, net income or net profits paid or accrued within the taxable year imposed by the authority of the United States or any foreign country, or by any state **except the State of Georgia**, or by any territory, county, school district, municipality, or other tax subdivision of any state, territory, or foreign country to the extent such taxes are deducted to determine Federal taxable income. This includes Federal environmental tax.

When salaries and wages are reduced on the Federal return to compute Federal taxable income because of a Federal jobs tax credit, the eliminated salary and wage deduction should be listed in Schedule 5 as a subtraction from Federal taxable income.

### ALLOCATION AND APPORTIONMENT OF INCOME

If any corporation, domestic or foreign, does business or owns property both within and outside Georgia, Schedules 6 and 7 should be used to compute Georgia taxable income.

The tax imposed by Georgia law applies to the entire net income as previously defined, received by every corporation, foreign or domestic, that owns property in this state, does business in this State, or derives income from sources in this state. Every such corporation shall be deemed to be doing business in this State if engaged within this State in any activities or transactions for the purpose of financial profit or gain; whether or not such corporation is registered to do business in this State; whether or not it maintains an office or place of business within this State; whether or not any such activity or transaction is connected with interstate or foreign commerce. If the business income of the corporation is derived in part from Georgia sources, from property owned or business done within this 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) Gains 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 gains shall be allocated outside the State.

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



## GENERAL INFORMATION: INCOME TAX (continued)

### 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.

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 received from products shipped to customers in this State or products 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 received from customers within this State, or if the receipts are otherwise attributable to this State's marketplace.

■ For tax years beginning on or after January 1, 2008, the Georgia apportionment ratio shall be computed by applying only the gross receipts factor. See 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 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 company's regular trade or business.

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

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## 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 date of incorporation/qualification 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 payment of 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 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 2, using the ratio computed in Schedule 8. 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 the 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 8.**

## 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 pays the minimum tax of \$10.00. A corporation which 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.

**When two or more corporations file a consolidated return for income tax purposes, a separate net worth tax return must be filed by each subsidiary.** Visit our website at [www.dor.ga.gov](http://www.dor.ga.gov) for more information, including instructions concerning proper return preparation and mailing.

### NET TAX DUE OR OVERPAYMENT

Schedule 3 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.

### 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. 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, 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  $\frac{3}{12}$  = \$25.00 net worth tax due.

## NET WORTH TAX TABLE

### DOMESTIC AND DOMESTICATED FOREIGN CORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus (Schedule 2, Line 4).

### FOREIGN CORPORATIONS

Based on net worth including issued capital stock, paid-in surplus, and earned surplus employed within Georgia (Schedule 2, 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

## **ADDITIONAL INFORMATION**

### **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 (SOS). Registration, including the \$30 fee, is due between January 1 and April 1. The SOS 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. You may view the statute and obtain an application on the Secretary of State’s website 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.

### **TAX EXEMPT ORGANIZATIONS**

An organization that had tax exempt status with the Internal Revenue Service prior to January 1, 1987 is not required to apply to the Georgia Taxpayer Services Division for a tax exempt determination letter. Organizations that received IRS determination letters after that date, as well as any organization desiring a Georgia income tax determination letter for any reason,

must apply using Georgia Form 3605. A nonprofit corporate charter does not constitute an exemption from income tax.

**For tax years beginning on or after 1/1/2008, Form 3605 will no longer be required. The IRS determination letter allowing exempt status for the corporation along with the letter of incorporation will suffice. Attach these forms to the relevant exempt organization federal return that is filed with Georgia.**

Each exempt organization must file a copy of the forms they file with the Internal Revenue Service (Forms 990, 990-EZ, etc.) annually. The due date for filing copies of the Federal return with Georgia is the same as that for filing with the IRS.

Form 600-T should be mailed to the address on the form. The mailing address for Form 3605 is Georgia Taxpayer Services Division, 1800 Century Center Blvd. N.E., Suite 15311, Atlanta, GA 30345-3205. **(Will no longer be required for tax years beginning on or after 1/1/2008.)** Forms 990 and 5500 should be mailed to Georgia Department of Revenue, P.O. Box 740395, Atlanta, GA 30374-0395.

## GEORGIA NOL CARRY FORWARD WORKSHEET EXAMPLE

Col. 1 Loss Year	Col. 2 Loss Amount	Col. 3 Income Year	Col. 4 NOL Utilized	Col. 5 Balance	Col. 6 Remaining NOL
12/31/1994	\$ (225,351)	12/31/1996	\$ 49,052	\$ (176,299)	
		12/31/1997	\$ 39,252	\$ (137,047)	
		12/31/1998	\$ 26,880	\$ (110,167)	
		12/31/2000	\$ 59,504	\$ (50,663)	\$ (50,663)
12/31/1999	\$ (86,280)				\$ (86,280)
12/31/2001	\$ (116,287)				\$ (116,287)
12/31/2002	\$ (18,765)				\$ (18,765)
12/31/2003	\$ (52,711)				\$ (52,711)
12/31/2004	\$ (35,972)				\$ (35,972)
1. NOL Carry forward Available to Current Year (Enter on Schedule 1, Line 6 or Schedule 7, Line 8)					<360,678>
2. Current Year Income / (Loss)					
3. NOL Carry forward Available to Next Year					

### INSTRUCTIONS

- Column 1:** List the loss year(s).
  - Column 2:** List the loss amount for the tax year listed in Column 1.
  - Columns 3 & 4:** List the years in which the losses were utilized and the amount utilized each year.
  - Column 5:** List the balance of the NOL after each year has been applied.
  - Column 6:** List the remaining NOL applicable to each loss year.
- Total the remaining NOL (Col. 6) and enter in the space at the bottom of the worksheet for "NOL Carry forward Available to Current Year". Then insert "Current Year Income / (Loss)" in the space provided and compute the "NOL Carry forward Available to Next Year" in the last space.
- Create photocopies as needed.

# CORPORATION ESTIMATED INCOME TAX INSTRUCTIONS

## CORPORATIONS THAT MUST FILE ESTIMATED TAX

Every domestic or foreign corporation subject to taxation in Georgia shall pay estimated tax for the taxable year if its net income for such taxable year can reasonably be expected to exceed Twenty-Five Thousand Dollars (\$25,000.00).

All corporate income tax must be paid directly to the Georgia Department of Revenue. The estimated tax shall be paid on the specified dates so as to effect payment in full of the estimated tax by the 15th day of the twelfth month of the taxable year.

If the requirements to file estimated tax under Code Section 48-7-117 are first met as shown in the left-hand column of the following table, then the estimated tax shall be due as shown in the remaining columns.

Failure to comply with the provisions of the law may result in a penalty of 5%.

The following percentages of estimated tax shall be paid on or before the fifteenth day of the:	4th MONTH OF THE TAXABLE YEAR	6th MONTH OF THE TAXABLE YEAR	9th MONTH OF THE TAXABLE YEAR	12th MONTH OF THE TAXABLE YEAR
Before the first day of the fourth month of the taxable year.	25%	25%	25%	25%
After the last day of the third month and before the first day of the sixth month of the taxable year.		33 1/3%	33 1/3%	33 1/3%
After the last day of the fifth month and before the first day of the ninth month of the taxable year.			50%	50%
After the last day of the eighth month and before the first day of the twelfth month of the taxable year.				100%

### NEW ESTIMATED TAX FILERS

If you determine that you are required to file estimated tax, mail your initial payment along with Form 602ES. The estimated tax worksheet and Form 602ES are on Page 13. Include your corporate name, address, telephone number, Federal Employer Identification Number, and the taxable year. You will receive a personalized coupon booklet containing Form 602ES to be used for remittance of the remaining installments. For more information, contact the Corporate Tax Section at 404-417-2409.

Form 602ES should be mailed to State of Georgia, Department of Revenue, P.O. Box 105136, Atlanta, Georgia 30348-5136. Check or money order for payment of tax should be made payable to Georgia Department of Revenue. Include your Federal Employer Identification Number on your check or money order.

### ELECTRONIC PAYMENT

In accordance with O.C.G.A. § 48-2-32(f)(2), corporate estimate taxpayers with quarterly payments of \$10,000 or more must pay via electronic funds transfer. You may also voluntarily participate in our electronic funds transfer program. For registration forms and information, visit [www.dor.ga.gov/eft/index.aspx](http://www.dor.ga.gov/eft/index.aspx) or contact the EFT Section at (404) 417-2220, 1-800-659-1855, or via e-mail to [doreft@dor.ga.gov](mailto:doreft@dor.ga.gov).

As of February 2007, you may pay corporate income and estimated taxes using our e-File & e-Pay Program. This system gives corporate taxpayers the ability to report and pay the tax via a secure internet connection. You are not required to mail Form 602ES if you pay the tax electronically. Visit our website at [www.dor.ga.gov/busEfileEpay.aspx](http://www.dor.ga.gov/busEfileEpay.aspx) for information about the program. You may also contact the Electronic Services Customer Service Group at 404-417-4488, 1-888-604-9875, or via e-mail to [efile@dor.ga.gov](mailto:efile@dor.ga.gov) for assistance.

## EXTENSION INFORMATION FOR CORPORATIONS

Georgia Code Section 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 and Form 7004 is attached to the return, no late filing penalties will apply.

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

If an extension is 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 of more than six months from the due date of the return.

Payments made prior to filing a completed return must be accompanied by Form IT 560C and claimed on Form 600, Schedule 3, Line 2. An extension of time does not alter interest or penalty charges for late payment of tax.

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

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## TWO-DIMENSIONAL BARCODE RETURNS

The Department of Revenue has given approval to certain software companies to produce tax programs that include a two-dimensional (2D) barcode. A list of these companies is available on our website at [www.dor.ga.gov/processingctr/taxpayers.aspx](http://www.dor.ga.gov/processingctr/taxpayers.aspx).

**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.**

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## PV-CORP PAYMENT VOUCHER

If you owe taxes, mail your return and payment with Form PV CORP to the address on the return. If you file electronically, mail Form PV CORP with the payment to the address on the form. Do not use Form PV CORP 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 21.

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## TELEPHONE ASSISTANCE

Compliance Division .....	404-417-6400
Composite Returns .....	404-417-2300
Corporation and Net Worth Tax Return Information .....	404-417-2409
Corporation Refund Inquiry .....	404-417-2409
Corporation Return Processing, Forms, Estimates and Prepayment of Tax .....	404-417-2409
Electronic Funds Transfer .....	404-417-2220 or 1-800-659-1855
Employee Withholding Information .....	404-417-2311
Estate and Tax Exempt Organization Information .....	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

# TAX CREDITS

## Description

**Credit  
Type 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, 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.** 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.** 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 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 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. 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.

## TAX CREDITS (continued)

### Description

**Credit**  
**Type Code**

- 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 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 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. (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.



## TAX CREDITS (continued)

### Description

### Credit Type Code

- 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 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.** Businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, or research and development that have increased shipments out of Georgia ports during the previous 12-month period by more than 10% over their 1997 base year port traffic, or by more than 10% over 75 net tons, five containers or ten 20-foot equivalent units (TEU's) during the previous 12-month period are qualified for increased job tax credits or investment tax credits. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. If not, the percentage increase in port traffic will be calculated using 75 net tons, five containers, or 10 TEU's as the base. Companies must meet Business Expansion and Support Act (BEST) criteria for the county in which they are located. The tax credit amounts are as follows for all Tiers: An additional job tax credit of \$1,250 per job; investment tax credit of 5%; or optional investment tax credit of 10%. Companies that create 400 or more new jobs, invest \$20 million or more in new and expanded facilities, and increase their port traffic by more than 20% above their base year port traffic may take both job tax credits and investment tax credits. The credit is claimed by filing the appropriate form for the applicable credit (job tax: **Form IT-CA**; investment tax: **Form IT-IC**; or optional: **Form IT-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.
- 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 Manufacturing Facilities Jobs Credit.** 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.

## TAX CREDITS (continued)

### Description

### Credit Type Code

- 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 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 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. 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 at: <http://hpd.dnr.state.ga.us>
- 122 Film Tax Credit.** 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. 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. 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 **Form IT-FC**, 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 Teleworking Credit.** 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 ranges from 100%, 75% and 25% depending upon whether the business is located in a federal "nonattainment" area, 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 became effective July 1, 2007. Costs incurred between July 1, 2007 and January 1, 2008 will be treated as being incurred on January 1, 2008. Taxpayer must request preapproval to claim this credit on Form IT-TW. For more information, refer to O.C.G.A. §48-7-29.11.
- 124 Land Conservation Credit.** 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 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 \$1 million 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 five 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. For more information, refer to O.C.G.A. §48-7-29.12.

## TAX CREDITS (continued)

### Description

### Credit Type Code

- 125 Qualified Education Expense Credit.** This provides a tax credit for qualified educational expenses. A corporation is eligible for a credit amount that can equal up to 75% of its income tax liability. The credit is allowed on a first come, first served basis. The aggregate amount of the tax credit allowed to all taxpayers cannot exceed \$50 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. Taxpayer 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.
- 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, 2012. 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 2012. 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 2012. Taxpayer 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.

**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.aspx>

## 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 600?
- √ Have you included a copy of Federal Form 1120 and supporting schedules with your return?
- √ If there is tax due (on Schedule 3, Line 9), have you attached 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 2 of Form 600.**

**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 3, Line 6), did you show the amount to be refunded and/or credited to estimated tax (on Schedule 3, Line 10)?
- √ Have you addressed your envelope properly? Do not mail your Georgia Form 600 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 the applicable tax year-end.**
3. **Incomplete Georgia return referencing schedules that were not submitted with the return.**
4. **Incorrect consolidation of net worth tax for parent and subsidiary corporations.**
5. **Claiming prepayments remitted under another name, Federal ID Number, or taxable period without attaching a schedule of detailed information.**
6. **S Corporations filing on Form 600. The correct form is Form 600S unless the nonresident shareholders have not consented to be taxed.**
7. **Improper enclosure of Form IT 552 Application for Tentative Carry-back Adjustment. Form IT 552 should be attached to the front of the Loss-Year return. Do not attach Form IT 552 to a duplicate original return.**
8. **Failure to include BEST credit schedules and withholding Forms G2 A and G 2RP.**

STATE OF GEORGIA  
DEPARTMENT OF REVENUE  
TAXPAYER SERVICES DIVISION  
1800 CENTURY BLVD. NE, 8TH FLOOR  
ATLANTA, GEORGIA 30345-3205

PRSRT STD  
US POSTAGE PAID  
LANCASTER PA  
PERMIT NO. 123

**TO:** \_\_\_\_\_  
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