



State of Georgia Department of Revenue

2012 Corporation Income Tax Forms and General Instructions

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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, where you can download forms and obtain up-to-date tax information and news from the Department of Revenue.

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

Douglas J. MacGinnitie
Commissioner

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NEW INFORMATION

FEDERAL TAX CHANGES

The Governor signed House Bill 266 into law. Consequently, for taxable years beginning on or after January 1, 2012, except as discussed below, Georgia has adopted the provisions of all federal acts (as they relate to the computation of Federal Adjusted Gross Income (AGI) for individuals or federal taxable income for non-individuals) that were enacted **on or before** January 3, 2013. For 2012, the I.R.C. Section 179 deduction is **\$250,000** and the related phase out is **\$800,000**. Georgia has not adopted the Section 179 deduction for certain real property.

Exceptions

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

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

- The exclusion of \$2,400 of unemployment income for 2009, I.R.C. Section 85(c).
- Additional itemized deduction for the sales tax on the purchase of a new vehicle in 2009, I.R.C. Sections 164(a)(6) and 164(b)(6). Please note: Georgia also does not allow the increased standard deduction for sales tax on the purchase of a new vehicle in 2009 because Georgia has its own standard deduction.
- The election to increase the normal two year net operating loss carryback to 3, 4, or 5 years for tax years 2008 and 2009, I.R.C. Sections 172(b)(1)(H) and 810(b)(4).
- The transition rule that would allow a taxpayer to revoke a prior election to forego the net operating loss carryback period.
- Deferral of debt income from reacquisitions of business debt at a discount in 2009 and 2010 which is federally deferred for up to five years, then included ratably over five years, I.R.C. Section 108(i).
- Modified rules for high yield original issue discount obligations, I.R.C. Sections 163(e)(5)(F) and 163(i)(1).
- New York Liberty Zone Benefits, I.R.C. Section 1400L.
- 50% first year depreciation for post 8/28/2006 Gulf Opportunity Zone property, I.R.C. Section 1400N(d)(1).
- 50% bonus depreciation for most tangible property and computer software bought after May 4, 2007 and placed in service in the Kansas Disaster Area, I.R.C. Section 1400N(d)(1).
- 50% bonus depreciation for "qualified reuse and recycling property", I.R.C. Section 168(m).
- 50% bonus depreciation in connection with disasters federally declared after 2007, I.R.C. Section 168(n).
- Increased (\$8,000) first-year depreciation limit for passenger automobiles if the passenger automobile is "qualified property," I.R.C. Section 168(k).
- 15 year straight-line cost recovery period for certain improvements to retail space, I.R.C. Sections 168(e)(3)(E)(ix), 168(e)(8), and 168(b)(3)(l).
- Modified rules relating to the 15 year straight-line cost recovery for qualified restaurant property (allowing buildings to now be included), I.R.C. Section 168(e)(7).
- 5 year depreciation life for most new farming machinery and equipment, I.R.C. Section 168(e)(3)(B)(vii).
- Special rules relating to Gulf Opportunity Zone public utility casualty losses, I.R.C. Section 1400N(j).
- 5 year carryback of NOLs attributable to Gulf Opportunity Zone losses, I.R.C. Section 1400N(k).

- 5 year carryback of NOLs incurred in the Kansas disaster area after May 3, 2007, I.R.C. Section 1400N(k).
- 5 year carryback of certain disaster losses, I.R.C. Sections 172(b)(1)(J) and 172(j).
- The election to deduct public utility property losses attributable to May 4, 2007 Kansas storms and tornadoes in the fifth tax year before the year of the loss, I.R.C. Section 1400N(o).
- Special rules relating to a financial institution being able to use ordinary gain or loss treatment for the sale or exchange of certain preferred stock after Dec. 31, 2007, I.R.C. Section 1221.
- Temporary tax relief provisions relating to the Midwestern disaster area, I.R.C. Sections 1400N(f) and 1400N(k).

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

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

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

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

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

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

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

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

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

NEW INFORMATION

2012 Legislation

HB 100 (Numerous Sections) This bill creates the Georgia Tax Tribunal which is an independent and autonomous division within the Office of State Administrative Hearings operating under the sole direction of the chief tribunal judge. The Tribunal will also have a small claims division. Although appeals to the Office of State Administrative Hearings that were previously provided pursuant to O.C.G.A. § 50-13-12 are eliminated, the taxpayer will retain the option of appealing directly to Superior Court instead of the Georgia Tax Tribunal. Petitions for appeal of Tribunal decisions will be heard by the Superior Court of Fulton County, sitting as a reviewing court. Taxpayers can file petitions in the Georgia Tax Tribunal beginning January 1, 2013.

HB 846 (O.C.G.A. §§48-2-15.2, 48-2-55, and 48-3-7) Section 1 authorizes the publication of redacted letter rulings, effective for letter rulings requested after May 1, 2012. Section 2 of the bill modernizes the provisions governing the Commissioner's levy and sale of personal property. Section 3 of the bill authorizes the commissioner to electronically store, retrieve, and transmit tax executions. House Bill 846 became effective upon its approval by the Governor on May 1, 2012.

HB 386 (O.C.G.A. §§48-7-26, 48-7-27, and 48-7-29.12) The income tax portions of this bill provide as follows:

Section 2-1 of the bill amends Code Section 48-7-26 by raising the personal exemption for married taxpayers filing a joint return from \$5,400 to \$7,400 and for a married taxpayer filing a separate return from \$2,700 to \$3,700.

Section 2-2 caps the retirement exclusion at \$65,000 for 2012 and later for a taxpayer who is age 65 or more (it was previously slated to gradually rise to an unlimited amount by tax year 2016 for a taxpayer who is age 65 or more).

Section 3-1 of the bill amends Code Section 48-7-29.12 (conservation tax credit):

·Specifies that for each application for certification, DNR shall require submission of an appraisal of the qualified donation by the taxpayer along with a nonrefundable \$5,000. application fee; provided, however, that the nonrefundable application fee for property donated to the state shall be 1 percent of the total value of the donation, unless such donation is being made to qualify the state for a federal or state grant.

·Specifies that appraisals received by DNR shall be forwarded to the State Properties Commission for review. The State Properties Commission shall approve the appraisal amount submitted or recommend a lower amount based on its review and inform DNR of its determination. Upon receipt of the State Properties Commission's determination, DNR may proceed with the certification process.

·Specifies that "fair market value" is as determined by the State Properties Commission. Current law states that fair market value means the value of the donated property established by a property appraisal or appraisals meeting the requirements of Section 170 of Title 26 of the United States Code, to be submitted in such manner as the Commissioner may by regulation require.

·Requires the taxpayer to file a copy of the State Property Commission's determination with their tax return to claim the credit.

·Changes the definition of "qualified donation" to specify that beginning on January 1, 2014, the bona fide charitable non-profit organization must be accredited by the Land Trust Accreditation Commission; to specify that the qualified donation must be for use in a manner consistent with at least two conservation purposes which are now defined in the law; and to eliminate the requirement that the conservation easement must meet the requirements under paragraph (4) of Code Section 12-6A-2.

·Changes the per property credit limitation for partners in a partnership from \$1 million to \$500,000 (note the per taxpayer limitations still apply).

·Requires that the certification issued by the Department of Natural Resources (DNR) specify that the donated property meets certain additional requirements which are now specified in the law.

·Provides that the appraisal required shall be a full narrative appraisal and include:

oA certification page, as established by the Uniform Standards of Professional Appraisal Practice, signed by the appraiser; and

oAn affidavit signed by the appraiser which includes a statement specifying:

·The value of the unencumbered property, the total value of the qualified donation in gross, and an accompanying statement identifying the methods used to determine such values;

·Whether a subdivision analysis was used in the appraisal;

·Whether the landowner or related persons own any other property, the value of which is increased as a result of the donation; and

·That the appraiser is certified pursuant to Chapter 39A of Title 43.

·Specifies that a final determination by DNR or the State Properties Commission shall be subject to review and appeal under Chapter 13 of Title 50, the Georgia Administrative Procedure Act.

·Changes the qualified donation limitation from stating 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, to stating that only one qualified donation may be made with respect to any real property that was, in the five years prior to the donation, within the same tax parcel of record (but retains the exception for a donation by a person who is not a related person with respect to any prior eligible donors of any portion of such parcel).

·Provides any tax credits earned by a taxpayer in a taxable year beginning on or after January 1, 2013, previously claimed and not used may be transferred or sold in whole or in part by the taxpayer to another Georgia taxpayer but the transferor may make only a single transfer or sale of tax credits earned in a taxable year; however the transfer or sale may involve one or more transferees.

NEW INFORMATION (continued)

- Changes the penalty relating to an appraisal that has a substantial valuation misstatement.

- Specifies that no credit shall be allowed with respect to any amount deducted from taxable net income by the taxpayer as a charitable contribution.

The income tax portions of this bill are applicable to taxable years beginning on or after January 1, 2013.

HB 729 (O.C.G.A. § 48-1-2) The income tax portion of this bill (see Section 1), for taxable years beginning on or after January 1, 2011, adopts certain provisions of all federal acts (as they relate to the computation of Federal Adjusted Gross Income (AGI) for individuals or federal taxable income for non-individuals) that were enacted on or before January 1, 2012. Please see the federal tax change section for more information.

HB 808 (O.C.G.A. § 48-7-27) This bill provides an exclusion for disability income received by a disabled veteran who is a citizen and resident of Georgia to the extent the income is included in Federal Adjusted Gross Income. "Disabled veteran" means:

- Any wartime veteran who was discharged under honorable conditions and who has been adjudicated by the United States Department of Veterans Affairs as being at least 90 percent totally

and permanently disabled and entitled to receive service connected benefits; or

- Any veteran who is receiving or who is entitled to receive a statutory award from the United States Department of Veterans Affairs for:

1. Loss or permanent loss of use of one or both feet;
2. Loss or permanent loss of use of one or both hands;
3. Loss of sight in one or both eyes; or
4. Permanent impairment of vision of both eyes of the following status: Central visual acuity of 20/200 or less in the better eye, with corrective glasses, or central visual acuity of more than 20/200 if there is a field defect in which the peripheral field has contracted to such an extent that the widest diameter of visual field subtends on angular distance no greater than 20 degrees in the better eye.

This bill is applicable to taxable years beginning on or after January 1, 2013.

HB 868 (O.C.G.A. §§ 48-7-40, 48-7-40.1, 48-7-40.12, 48-7-40.15, 48-7-40.17, and 48-7-40.24) This bill changes certain provisions regarding the following state income tax credits.

The bill amends Code Section 48-7-40 (job tax credit):

- Adds "the manufacturing of alternative energy products for use in solar, wind, battery, bioenergy, biofuel, and electric vehicle enterprises" and "biomedical manufacturing" to the definitions of a "business enterprise" and "existing business enterprise".

- Changes the job creation requirement for a tier 1 county from five jobs to two jobs.

- Allows the existing business enterprise tax credit to be carried forward.

- Specifies that taxpayers that initially claimed this credit for any taxable year beginning before January 1, 2012, shall be governed, for purposes of all such credits claimed as well as any credits claimed in subsequent taxable years related to such initial claim, by this Code section as it was in effect for the taxable year in which the taxpayer made such initial claim.

The bill amends Code Section 48-7-40.1 (job tax credit for business enterprises in less developed areas):

- Adds "the manufacturing of alternative energy products for use in solar, wind, battery, bioenergy, biofuel, and electric vehicle enterprises" and "biomedical manufacturing" to the definition of a "business enterprise".

- Specifies that taxpayers that initially claimed this credit for any taxable year beginning before January 1, 2012, shall be governed, for purposes of all such credits claimed as well as any credits claimed in subsequent taxable years related to such initial claim, by this Code section as it was in effect for the taxable year in which the taxpayer made such initial claim.

The bill amends Code Section 48-7-40.12 (research tax credit):

- Provides that where the amount of credit exceeds 50 percent of the business enterprise's remaining Georgia net income tax liability after all other credits have been applied in a taxable year, the excess credit can be used against payroll withholding.

The bill amends Code Section 48-7-40.15 (port activity tax credit):

- Changes the NAICS Code for broadcasting from 516 to 519 in the definition of "broadcasting".

- Adds "the manufacturing of alternative energy products for use in solar, wind, battery, bioenergy, biofuel, and electric vehicle enterprises" and "biomedical manufacturing" to the definition of a "business enterprise".

- Allows a business enterprise under Code Section 48-7-40.1 (job tax credit for business enterprises in less developed areas) to claim the port activity tax credit.

The bill amends Code Section 48-7-40.17 (quality jobs tax credit):

- Eliminates the requirement that a new quality job have no predetermined end date from the definition of "new quality job."

- Specifies that taxpayers that initially claimed this credit for any taxable year beginning before January 1, 2012, shall be governed, for purposes of all such credits claimed as well as any credits claimed in subsequent taxable years related to such initial claim, by this Code section as it was in effect for the taxable year in which the taxpayer made such initial claim.

The bill amends Code Section 48-7-40.24 (mega tax credit).

This bill is applicable to taxable years beginning on or after January 1, 2012.

NEW INFORMATION (continued)

HB 965 (O.C.G.A. §§ 48-7-114 and 48-7-129) This bill makes the following changes:

Section 1 of the bill amends O.C.G.A. § 48-7-114(e) to provide that fiduciaries shall not be required to pay estimated tax with respect to any taxable year ending before the date two years after the date of the decedent's death in the case of:

1. The estate of such decedent; or
2. A testamentary trust as defined in IRC Section 6654(l)(2)(B).

Section 2 of the bill amends O.C.G.A. § 48-7-129, relating to nonresident withholding for partnerships, Subchapter 'S' corporations, and limited liability companies. Currently withholding is required on any monthly "distributions paid" and on annual "distributions credited but not paid". This bill changes the requirement such that withholding will only be required annually on the nonresident member's share of the taxable income sourced to this state, whether distributed or not. The payment is due on or before the due date (without extensions) for filing the income tax return of the entity.

This bill became effective when the Governor signed the bill and Section 2 is applicable to taxable years beginning on or after January 1, 2012.

HB 1027 (O.C.G.A. §§ 48-7-40.24 and 48-7-40.26) This bill makes the following changes:

Section 1 of the bill amends Code Section 48-7-40.24 (mega tax credit):

- Defines the term "affiliate".
- Includes the term "taxpayer", and adds the phrase "and its affiliates" to the definition of "business enterprise".
- Section 1 is applicable to taxable years beginning on or after January 1, 2012.

Section 2 of the bill amends Code Section 48-7-40.26 (film tax credit):

- Changes the definition of "multimarket commercial distribution" to specify that the term means "paid" commercial distribution.
- Includes expenditures (excluding license fees) incurred with Georgia companies for sound recordings and musical compositions in the definition of "production expenditures".
- Eliminates the requirement that a travel agency or travel company must be "based" in Georgia from the definition of "production expenditures"; eliminates the requirement that an insurance agency or company must be "based" in Georgia from the definition of "production expenditures".
- Specifies that the term "production expenditures" shall not include postproduction expenditures for footage shot outside of Georgia, marketing, story rights, or distribution, but shall not affect other qualified story rights; and specifies that payments to a loan-out company that have met their withholding tax obligations as newly specified in the law are included in the definition of "production expenditures".

- Changes the definition of "qualified Georgia promotion" to specify that it includes a qualified movie production which includes a five-second long static or animated logo that promotes Georgia in the end credits before the below-the-line crew crawl for the life of the project and which includes a link to Georgia on the project's web page; and to specify that it includes a qualified TV production which includes an embedded five-second long Georgia promotion during each broadcast worldwide for the life of the project and which includes a link to Georgia on the project's web page.

- Defines the term "qualified interactive entertainment production company".

- Changes the definition of "qualified production activities" to specify that commercials must be televised; to add a comma between "series" and "pilot"; to include video on demand, direct to DVD, digital platforms designed for the distribution of interactive games, and advertiser supported sites as part of multimarket commercial distribution; to eliminate corporations, live venues, the internet, or any other channel of exhibition from multimarket commercial distribution; and to specify that local interest programming, instructional videos, corporate videos, or projects not shot, recorded or originally created in Georgia shall not be included in the definition of "qualified production activities".

- Adds to the definition of "state certified production" by providing that, in the instance of a "work for hire" in which one production company hires another production company to produce a project or contribute elements of a project for pay, the hired company shall be considered a service provider for the hiring company, and the hiring company shall be entitled to the film tax credit.

- Allows a qualified interactive entertainment production company to claim the film tax credit.

- Specifies that in lieu of the inclusion of the Georgia promotional logo, the production company or qualified interactive entertainment production company may offer alternative marketing opportunities to be evaluated by the Georgia Department of Economic Development (DECD) to ensure that they offer equal or greater promotional value to the state of Georgia.

- Provides that DECD shall prepare an annual report detailing the marketing opportunities it has approved and specifies what must be included in the report and when the report must be submitted.

- Specifies that in no event shall the aggregate amount of tax credits allowed for qualified interactive entertainment production companies and affiliates exceed \$25 million. The maximum credit for any qualified interactive entertainment production company and its affiliates shall be \$5 million.

- Provides that the Commissioner shall allow the tax credits for qualified interactive entertainment production companies on a first come, first served basis based on the date the credits are claimed. When the \$25 million cap is reached, the tax credit for qualified interactive entertainment production companies shall expire.

- Section 2 is applicable to taxable years beginning on or after January 1, 2013.

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 begins on Page 8.

Both taxes must be paid annually. Schedule 3 of the return is designed to combine the liabilities, any penalty and interest due, any business tax credits, 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. If the due date falls on a weekend or holiday, the return shall be due on the next day that is not a weekend or a holiday. Returns should be mailed to Georgia Department of Revenue, Processing Center, P.O. Box 740397, Atlanta, Georgia 30374-0397.

WHEN ELECTRONIC FILING IS REQUIRED

Taxpayers that remit payments by electronic funds transfer, whether on a mandatory or voluntary basis, must file all associated returns electronically. Also, a non-individual income tax return must be electronically filed when the federal counterpart of such return is required to be filed electronically pursuant to the Internal Revenue Code of 1986 or Internal Revenue Service regulations.

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.

LATE PAYMENT PENALTY

A taxpayer having an 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 (up to 25%) will accrue until the tax is paid. This penalty will accrue from the statutory due date regardless of any extension for filing the return. See page 6 for more information. Late payment penalty is not due if the return is being amended due to an IRS audit.

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.

CONSOLIDATED RETURNS

Regulation 560-7-3-.13 applicable to consolidated returns became effective for tax years beginning on or after January 1, 2002. It substantially changed the rules for filing consolidated returns. Visit our website at 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, Office of Tax Policy, Suite 15316, 1800 Century Blvd, NE, Atlanta, GA 30345. **Please note: Tax returns should not be sent to this address. See "When and Where to File" for the mailing addresses.**

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.

GENERAL INFORMATION: INCOME TAX (continued)

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 2009 calendar year on or before September 15, 2010 (extended due date for the 2009 tax year), the taxpayer must file any claim for refund by September 16, 2013.

PENALTIES AND INTEREST

The Georgia Code imposes certain penalties as follows:

- Delinquent filing of a return—5% of the tax not paid by the original due date for each month or fractional part thereof up to 25%.
- Failure to pay tax shown on a return by the due date -1/2 of 1% of the tax due for each month or fractional part thereof up to 25%. Failure to pay tax penalty is not due if the return is being amended due to an IRS audit.
- Assessment of other penalties are as follows:
 - Negligent underpayment of tax-5% thereof.
 - Fraudulent underpayment-50% thereof.
 - Underpayment of estimated tax- see page 13.

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

Interest accrues at the rate of 12% per year 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 for instructions concerning proper return preparation and mailing.

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.

DEFERRED COMPENSATION

A nonresident, who receives deferred compensation or income from the exercise of stock options that were earned in Georgia in a prior year is required to pay tax on the income, but only if the prior year's income exceeds the lesser of: 1) 5 percent of the income received by the person in all places during the current taxable year; or 2) \$5,000. However, the income is not taxed if federal law prohibits the state from taxing it. Federal law prohibits state taxation of some types of retirement income including pensions as well as income received from nonqualified deferred compensation plans if the income is paid out over the life expectancy of the person or at least 10 years. An employer is required to withhold Georgia income tax on amounts that are required to be included in the nonresident's income. See Regulation 560-7-4-.05 for more information.

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 additions to Federal income should be indicated on Schedule 1, Line 2 and listed on 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 by O.C.G.A. section 48-7-21.1. 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.

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

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 may subtract federally taxable interest received on Georgia municipal bonds designated as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986. "Recovery Zone Economic Development Bonds" under Section 1400U-2 of the Internal Revenue Code or any other bond treated as a "Qualified Bond" under Section 6431 (f) of the Internal Revenue Code are considered "Build America Bonds" for this purpose.

A corporation may subtract federally taxable interest received on Georgia municipal bonds issued by the State of Georgia and certain authorities or agencies of the State of Georgia for which there is a special exemption under Georgia law from Georgia tax on interest.

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>.

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, 2012, 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, 2012, losses should generally be carried back two years (with special rules for farmers, casualty losses, etc). 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. Please see page 1 for the net operating loss carryover provisions Georgia does not follow.

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.)

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.

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

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 8.

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.etax.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.

DIRECT DEPOSIT OPTION

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

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

- The routing number on a deposit slip is different from the routing number on your checks.
- The deposit is to a savings account that does not allow you to write checks or
- Your checks state they are payable through a financial institution different from the one at which you have your checking account. The account number can be up to 17 characters (both numbers and letters). Include hyphens, but omit spaces and special symbols. Enter the number from left to right and leave any unused boxes blank.

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 3/12 = \$25.00 net worth tax due.

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

- Any numbers or letters are crossed out or whited out.
- Your financial institution will not allow a joint refund to be deposited to an individual account. The State of Georgia is not responsible if a financial institution rejects a direct deposit.
- You request a deposit of your refund to an account that is not in your name (such as your tax preparer's own account).

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 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. 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 Department for a tax exempt determination letter. Organizations that received IRS determination letters after that date and before tax years beginning on or after 1/1/2008, 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 is no longer 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 Department of Revenue, 1800 Century Center Blvd. N.E., Suite 15316, 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

| A Loss Year | B Loss Amount | C Income Year | D NOL Utilized | E Balance | F Remaining NOL |
|--|------------------|------------------|-------------------|--------------|--------------------|
| 1994 | \$ 225,351 | 12/31/1996 | \$ (49,052) | \$ 176,299 | |
| 1994 | | 12/31/1997 | \$ (39,252) | \$ 137,047 | |
| 1994 | | 12/31/1998 | \$ (26,880) | \$ 110,167 | |
| 1994 | | 12/31/2000 | \$ (59,504) | \$ 50,663 | \$ 50,663 |
| 1999 | \$ 86,280 | | | | \$ 86,280 |
| 2001 | \$ 116,287 | | | | \$ 116,287 |
| 2002 | \$ 18,765 | | | | \$ 18,765 |
| 2003 | \$ 52,711 | | | | \$ 52,711 |
| 2004 | \$ 35,972 | | | | \$ 35,972 |
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| 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) | | | | | 100,000 |
| 3. NOL Carry forward Available to Next Year (Subtract Line 2 from Line 1) | | | | | 260,678 |

INSTRUCTIONS

Column A: List the loss year(s).

Column B: List the loss amount for the tax year listed in Column A.

Columns C & D: List the years in which the losses were utilized and the amount utilized each year.

Column E: List the balance of the NOL after each year has been applied.

Column F: List the remaining NOL applicable to each loss year.

Total the remaining NOL (Col. F) 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% of the income tax for failure to pay estimated tax and a charge at a rate of 9% per annum for underpayment of estimated tax. Compute the 9% penalty on Form 600 UET and check the "UET Annualization Exception attached" box if an exception applies and attach the 600 UET to the return. Enter penalty from 600 UET on schedule 3 line 8 of Form 600.

| 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 14. 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 Department at 1-877-423-6711.

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 more than \$10,000 must pay via electronic funds transfer.

As of October 2010, you may pay corporate income and estimated taxes using Georgia Tax Center (GTC). This intergrated tax system gives corporate taxpayers the ability to pay the tax via a secure internet connection.

Please visit the GTC website at <https://gtc.dor.ga.gov> for more infromation. You may also contact the Electronic Services Group at 1-877-423-6711.

EXTENSION INFORMATION FOR CORPORATIONS

Georgia Code Section 48-7-57 provides that a taxpayer need not apply for a Georgia extension if the taxpayer applies for and receives an automatic six (6) month extension to file their 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.

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 https://etax.dor.ga.gov/inctax/efile/corp_efile_info.aspx#approved.

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 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 23.

TELEPHONE ASSISTANCE

| | |
|---|----------------|
| Compliance Division | 404-417-6400 |
| Composite Returns | 1-877-423-6711 |
| Corporation and Net Worth Tax Return Information | 1-877-423-6711 |
| Corporation Refund Inquiry | 1-877-423-6711 |
| Corporation Return Processing, Forms, Estimates and Prepayment of Tax | 1-877-423-6711 |
| Electronic Funds Transfer | 1-877-423-6711 |
| Employee Withholding Information | 1-877-423-6711 |
| Tax Exempt Organization Information | 1-877-423-6711 |
| Income Tax Forms | 1-877-423-6711 |
| Individual Income Tax Return Information | 1-877-423-6711 |
| Registration & Licensing Unit | 1-877-423-6711 |
| Secretary of State | 404-656-2817 |
| Taxpayer Services Division Director's Office | 404-417-2400 |

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. This credit should be claimed on Form IT-BE. For more information, refer to O.C.G.A. §48-7-41.
- 102 Employer's Credit for Approved Employee Retraining.** The retraining tax credit allows employers to claim certain costs of retraining employees to use new equipment, new technology, or new operating systems. For tax years beginning on or after January 1, 2009, approved retraining shall not include any retraining on commercially, mass produced software packages for word processing, data base management, presentations, spreadsheets, e-mail, personal information management, or computer operating systems except a retraining tax credit shall be allowable for those providing support or training on such software. The credit is calculated at 50% of the direct costs of retraining full-time employees, up to \$500 per employee per approved retraining program per year. For tax years beginning on or after January 1, 2009, there is a cap of \$1,250 per year per full-time employee who has successfully completed more than one approved retraining program. The credit may be utilized up to 50% of the taxpayer's total state income tax liability for a tax year. For tax years beginning on or after January 1, 2009, the credit must be claimed within 1 year instead of the normal 3 year statute of limitation period. Credits claimed but not used may be carried forward for 10 years. For a copy of the Retraining Tax Credit Procedures Guide, contact the Department of Technical and Adult Education at 404-253-2800 or visit their website 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. For taxpayers that initially claimed this credit for any taxable year beginning before January 1, 2009, credits are allowed for new fulltime employee jobs for five years in years two through six after the creation of the jobs. In Tier 1 and Tier 2 counties, the total credit amount may offset up to 100% of a taxpayer's state income tax liability for a taxable year. In Tier 3 and Tier 4 counties, the total credit amount may offset up to 50% of a taxpayer's state income tax liability for a taxable year. In Tier 1 counties and less developed census tracts only, credits may also be taken against a company's income tax withholding. To claim the credit against withholding, a business must file Form IT-WH at least 30 days prior to filing the return on which the applicable jobs are claimed or 30 days prior to the due date of the return if earlier. Once the income tax return is filed, the Department has 120 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. A credit claimed but not used in any taxable year may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established. The measurement of new full-time jobs and maintained jobs is based on average monthly employment. Georgia counties are re-ranked annually based on updated statistics. This credit should be claimed on Form IT-CA. An additional \$500 per job is allowed for a business locating within a county that belongs to a Joint Development Authority per O.C.G.A. §36-62-5.1. An existing business enterprise as defined in O.C.G.A. §48-7-40 qualifies for an additional \$500 credit for each new fulltime job provided all conditions are met. For taxpayers that create a new year one under DCA regulations for any taxable year beginning on or after January 1, 2009 the following changes apply:

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

**Credit
Type Code**

- 4. The additional \$500.00 tax credit for an existing business enterprise is allowed to be claimed in the year the job is created as opposed to the year after the job is created.
- 5. The additional new full-time jobs created in the 4 years after the initial year shall be eligible for the credit.
- 6. The credit must be claimed within 1 year instead of the normal 3 year statute of limitation period.

* For a business enterprise that creates a new year one under DCA regulations for any taxable year beginning on or after January 1, 2012, in tier 1 counties, the business enterprise must increase employment by 2 or more new full-time jobs for the taxable year to be eligible for the credit.

See the Job Tax Credit law (O.C.G.A. 48-7-40 and 48-7-40.1) and regulations for further information or refer to the Department of Community Affairs website at: <https://www.dca.ga.gov/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 or to providing telecommunications services. Taxpayers must apply (use Form IT-APP) and receive approval before claiming the credit on the appropriate tax return. A taxpayer may not claim the job tax credit or the optional investment tax credit when claiming this credit for the same project. Companies must invest a minimum of \$50,000 per project/location during the tax year in order to claim the job tax credit or the optional investment tax credit when claiming this credit for the same project. Companies must invest a minimum of \$50,000 per project/location during the tax year in order to claim the credit.

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

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

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

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

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

- (1) 90% of the excess of the tax of the applicable year determined without regard to any credits over the base year average; **or**
- (2) The excess of the aggregate amount of the credit allowed over the sum of the amounts of credit already used in the years following the base year.

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

108 Qualified Transportation Credit. This is a credit of \$25 per employee for any “qualified transportation fringe benefit” provided by an employer to an employee as described in Section 132(f) of the IRC of 1986. For more information, refer to O.C.G.A. §48-7-29.3.

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

TAX CREDITS (continued)

Description

Credit Type Code

- 110 Diesel Particulate Emission Reduction Technology Equipment.** This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For more information, refer to O.C.G.A. §48-7-40.19.
- 111 Business Enterprise Vehicle Credit.** This credit is for a business enterprise for the purchase of a motor vehicle used exclusively to provide transportation for employees. In order to qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year. This credit cannot be claimed if the low and zero emission vehicle credit was claimed at the time the vehicle was purchased. For more information, refer to O.C.G.A. §48-7-40.22.
- 112 Research Tax Credit.** A tax credit is allowed for research expenses for research conducted within Georgia for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, broadcasting or research and development industries. The credit shall be 10% of the additional research expense over the "base amount," provided that the business enterprise for the same taxable year claims and is allowed a research credit under Section 41 of the Internal Revenue Code of 1986. For tax years beginning on or after January 1, 2009, the base amount calculation is based on Georgia gross receipts instead of Georgia taxable net income. (Note that for tax years beginning before January 1, 2009, the base amount must contain positive Georgia taxable net income for all years.) For taxable years beginning on or after January 1, 2012, the credit may be claimed against withholding tax. 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 prior to January 1, 2009 may be entitled to a tax credit if the following criteria are met: 1) At least fifty (50) headquarters jobs are created; and 2) within one year of the first hire, \$1 million is spent in construction, renovation, leasing, or other cost related to such establishment or reallocation. Headquarters is defined as the principal central administrative offices of a company or a subsidiary of the company. The credit is available for establishing new full-time jobs. To qualify, each job must pay a salary which is a stated percentage of the average county wage where the job is located: Tier 1 counties at least 100%; Tier 2 counties at least 105%; Tier 3 counties at least 110%; and Tier 4 counties at least 115%. The company has the ability to claim the credit in years one through five for jobs created in year one and may continue to claim newly created jobs through year seven and claim the credit on each of those jobs for five years. The credit is equal to \$2,500 annually per new full-time job meeting the wage requirement or \$5,000 if the average wage of all new qualifying fulltime jobs is 200% or more of the average county wage where new jobs are located. The credit may be used to offset 100 percent of the taxpayers Georgia income tax liability in the taxable year. Where the amount of such credit exceeds the taxpayer's tax liability in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly withholding tax. To claim the credit against withholding, a business must file **Form IT-WH** at least 30 days prior to filing the return on which the applicable jobs are claimed. Once the income tax return is filed, the Department has 90 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. This credit should be applied for and claimed on **Form IT-HQ**. For more information, refer to O.C.G.A. §48-7-40.17.
- 114 Port Activity Tax Credit.** For taxable years beginning before January 1, 2010, businesses or the headquarters of any such businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, 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.
For tax years beginning on or after January 1, 2010, the following changes apply:
1. "Base year port traffic" means the amount of imports and exports during the second preceding 12 month period. For example, if the taxpayer is trying to claim the credit for 2010, they would compare 2009 to 2008 and if the increase is more than 10% they would qualify. NOTE: Base year port traffic must be at least 75 net tons, five containers, or 10 TEU's. If not, the percentage increase in port traffic will be calculated using 75 net tons, five containers, or 10 TEU's as the base.
2. "Port traffic" means the amount of imports and exports.

TAX CREDITS (continued)

Description

Credit Type Code

- 115 **Bank Tax Credit.** All financial institutions that conduct business or own property in Georgia are required to file a Georgia Financial Institutions Business Occupation Tax Return, Form 900. Effective on or after January 1, 2001, a depository financial institution with a Sub S election can pass through the credit to its shareholders on a pro rata basis. For more information, refer to O.C.G.A. §48-7-29.7.
- 116 **Low Emission Vehicle Credit.** This is a credit, the lesser of 10% of the cost of the vehicle or \$2,500, for the purchase or lease of a new low emission vehicle. Also there is a credit for the conversion of a standard vehicle to a low emission vehicle which is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. **Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.** A low emission vehicle is defined as an "alternative fuel" vehicle and does not include any gasoline powered vehicles (i.e. hybrids). A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.
- 117 **Zero Emission Vehicle Credit.** This is a credit, the lesser of 20% of the cost of the vehicle or \$5,000, for the purchase or lease of a new zero emission vehicle. Also there is a credit for the conversion of a standard vehicle to a zero emission vehicle which is equal to 10% of the cost of conversion, not to exceed \$2,500 per converted vehicle. **Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return for any credit claimed under this provision. A statement from the vehicle manufacturer is not acceptable.** A zero emission vehicle is a motor vehicle which has zero tailpipe and evaporative emissions as defined under rules and regulations of the Board of Natural Resources and includes an electric vehicle whose drive train is powered solely by electricity, provided the electricity is not generated by an on-board combustion device. A "low speed vehicle" does not qualify for this credit. For more information, refer to O.C.G.A. §48-7-40.16.
- 118 **New Facilities Jobs Credit.** For business enterprises who first qualified in a taxable year beginning before January 1, 2009, \$450 million in qualified investment property must be purchased for the project within a six-year period. The manufacturer must also create at a minimum 1,800 new jobs within a six-year period and can receive credit for up to a maximum of 3,300 jobs. For business enterprises who first qualify in a taxable year beginning on or after January 1, 2009; the definition of business enterprise is any enterprise or organization which is registered and authorized to use the federal employment verification system known as "E-Verify" or any successor federal employment verification system and is engaged in or carrying on any business activities within this state. Retail businesses are not included in the definition of a business enterprise; (2) the business enterprise must meet the job creation requirement and either the qualified investment requirement, \$450 million qualified investment property, or the payroll requirement, \$150 million in total annual Georgia W-2 reported payroll within the six-year period. The business enterprise can receive credit for up to a maximum of 4,500 jobs. For tax years beginning on or after January 1, 2012, the job creation requirement is extended if certain amounts of qualified investment property are purchased. After an affirmative review of their application by a panel, the business enterprise is rewarded with the new job tax credit. The credit is \$5,250 per job created. The credit offsets income tax liability and any excess credit may be used to offset withholding taxes. There is a 10-year carryforward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.24.
- 119 **Electric Vehicle Charger Credit.** This is a credit for a business enterprise for the purchase of an electric vehicle charger located in the State of Georgia. The credit allowed is the lesser of 10% of the cost of the charger or \$2,500. For more information, refer to O.C.G.A. §48-7-40.16.
- 120 **New Manufacturing Facilities Property Credit.** This is an incentive for a manufacturer who has operated a manufacturing facility in this state for at least 3 years and who spends \$800 million on a new manufacturing facility in this state. There is also the requirement that the number of full-time employees equal or exceed 1,800. However, these do not have to be new jobs to Georgia. An application is filed which a panel must approve. The benefit awarded to a manufacturer is a credit against taxes equal to 6 percent of the cost of all qualified investment property purchased or acquired. The total credit allowed is \$50 million. The credit offsets income tax liability and any excess may be used to offset withholding taxes. There is a 15-year carry forward of any unused tax credit. For more information, refer to O.C.G.A. §48-7-40.25.
- 121 **Historic Rehabilitation Credit.** A credit will be available for the certified rehabilitation of a certified structure or historic home. Standards set by the Department of Natural Resources must be met. For taxable years beginning on or after January 1, 2009, a credit not to exceed \$100,000 for a historic home and \$300,000 for a certified structure will be available. This credit should be claimed on Form ITRHC. For more information, refer to O.C.G.A. 48-7-29.8 or the Department of Natural Resources website at: <http://www.georgiashpo.org>.

TAX CREDITS (continued)

Description

Credit Type Code

- 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 or 30 days prior to the due date of the return if earlier. 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 per month required by the participating employees telework agreement. 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, \$2 million in 2009, \$2.5 million in 2010, and \$2.5 million in 2011. This credit is only available for calendar years 2008 through 2011 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. 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. Note, the partnership amount drops to \$500,000 for 2013 and later. However, the partners of the partnership are subject to the per individual and per corporation limits. The amount of the credit used in any one year may not exceed the taxpayer's income tax liability for that taxable year. Any unused portion of the credit may be carried forward for ten succeeding years. The Department of Natural Resources will certify that such donated property is suitable for conservation purposes. A copy of this certificate must be filed with the taxpayer's tax return in order to claim the credit. This credit should be claimed on Form IT-CONSV. The taxpayer beginning January 1, 2012, has the option of selling the credit to a Georgia Taxpayer. For more information, refer to O.C.G.A. §48-7-29.12.
- 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 (which is indexed for inflation). The taxpayer must add back to Georgia taxable income that part of any federal charitable contribution deduction taken on a federal return for which a credit is allowed. Taxpayers must request preapproval to claim this credit on Form IT-QEE-TP1. For more information, refer to O.C.G.A. § 48-7-29.16.
- 126 Seed-Capital Fund Credit.** This provides tax credits for certain qualified investments made on or after July 1, 2008. For more information, refer to O.C.G.A. §§ 48-7-40.27 and 48-7-40.28.
- 127 Clean Energy Property Credit.** This provides a tax credit for the construction, purchase, or lease of clean energy property that is placed into service in Georgia between July 1, 2008 and December 31, 2014. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is \$2.5 million for calendar years 2008, 2009, 2010, 2011, and \$5 million for calendar years 2012, 2013, and 2014. A person receiving a grant from GEFA under O.C.G.A. § 50-23-21 shall not be eligible to claim this tax credit with respect to the same clean energy property. If a taxpayer is denied the Clean Energy Property Tax Credit because the credit cap has been reached, that taxpayer shall be added to a waiting list and receive priority for the following years credit allocation. Credits claimed in calendar years 2012-2014 must be taken in four equal installments over four years. Taxpayer must request preapproval to claim these credits on Forms IT-CEP-AP. For more information, refer to O.C.G.A. § 48-7-29.14.

TAX CREDITS (continued)

Description

Credit Type Code

- 128 Wood Residuals Credit.** This provides a tax credit for transporting or diverting wood residuals to a renewable biomass qualified facility on or after July 1, 2008. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is \$2.5 million for calendar years 2008, 2009, 2010, 2011; and \$5 million for calendar years 2012, 2013, and 2014. Taxpayers must request preapproval to claim this credit on Form IT-WR-AP. For more information, refer to O.C.G.A. § 48-7-29.14.
- 129 Qualified Health Insurance Expense Credit.** Effective for taxable years beginning on or after January 1, 2009, an employer (but only an employer who employs 50 or fewer persons either directly or whose compensation is reported on Form 1099) is allowed a tax credit for qualified health insurance expenses in the amount of \$250.00 for each employee enrolled for twelve consecutive months in a qualified health insurance plan. Qualified health insurance means a high deductible health plan as defined by Section 223 of the Internal Revenue Code. The qualified health insurance must be made available to all employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code. The total amount of the tax credit for a taxable year cannot exceed the employer's income tax liability. The qualified health insurance premium expense must equal at least \$250 annually.
- 130 Quality Jobs Credit.** For tax years beginning on or after January 1, 2009, a taxpayer creating at least 50 "new quality jobs" may be entitled to a credit provided certain conditions are met. A "new quality job" means a job that: 1) Is located in this state; 2) Has a regular work week of 30 hours or more; 3) Is not a job that is or was already located in Georgia regardless of which taxpayer the individual performed services for; 4) which pays at or above 110 percent of the average wage of the county in which it is located; and 5) For a taxpayer that initially claimed the credit in a taxable year beginning before January 1, 2012, the job has no predetermined end date. The credit amount varies depending upon the pay of the new quality jobs. The credit must be claimed within 1 year instead of the normal 3 year statute of limitation period. The taxpayer may claim the credit in years one through five for new quality jobs created in year one and may continue to claim newly created new quality jobs through year seven and claim the credit on each of those new quality jobs for five years. The credit may be used to offset 100 percent of the taxpayers Georgia income tax liability in the taxable year. Where the amount of such credit exceeds the taxpayer's tax liability in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly withholding tax. To claim the credit against withholding, a taxpayer must file Form IT-WH at least 30 days prior to filing the return on which the applicable jobs are claimed or 30 days prior to the due date of the return if earlier. Once the income tax return is filed, the Department has 120 days to review the withholding credit being claimed and notify the business of the approved credit and when and how it may be claimed. For more information, refer to O.C.G.A. § 48-7-40.17.
- 131 Alternate Port Activity Tax Credit.** O.C.G.A. § 48-7-40.15A provides an alternate port tax credit. The definitions of "base year port traffic" and "port traffic" include imports and exports of product. It allows the credit to any business enterprise located in a tier two or three county established pursuant to O.C.G.A. § 48-7-40 and in a less developed area established pursuant to O.C.G.A. § 48-7-40.1 and which qualifies and receives the tax credit under O.C.G.A. § 48-7-40.1 and which:
1. Consists of a distribution facility of greater than 650,000 square feet in operation in this state prior to December 31, 2008;
 2. Distributes product to retail stores owned by the same legal entity or its subsidiaries as such distribution facility; and
 3. Has a minimum of 8 retail stores in this state in the first year of operations.
- The business enterprise shall not be authorized to claim both this credit and the port credit provided in O.C.G.A. § 48-7-40.15, unless such business enterprise has increased its port traffic of products during the previous twelve month period by more than 20 percent above its base year port traffic, and also has increased employment by 400 or more no sooner than January 1, 1998. The tax credit, in addition to the tax credit under O.C.G.A. § 48-7-40, shall be limited to an amount not greater than 50 percent of the taxpayer's state income tax liability which is attributable to income derived from operations in this state for that taxable year. No credit may be claimed and allowed under this code section for any jobs created on or after January 1, 2015.

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:

- √ Are your corporate name, address, and Federal ID Number entered correctly on the return?
- √ Is the taxable year shown on your return?
- √ Did you receive an extension of time to file your return? If so, did you enclose a copy of the extension request form with your return? Did you check the extension box on Form 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 10), 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 11)?
- √ 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?
- √ Please 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. **Incorrectly consolidating 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
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