



Georgia Department of Revenue Policy Statement IT-2010-01-07 Georgia Retraining Tax Credit

January 7, 2010

Purpose

This policy statement explains the calculation of the retraining tax credit.

Effective Date: January 7, 2010

Supersedes: All previous documents and any oral directives in conflict herewith.

Authority

The Statute

The retraining tax credit, O.C.G.A. § 48-7-40.5, allows some employers to claim certain costs of retraining employees. The credit can be worth 50% of the direct costs of retraining full-time employees up to \$500 per employee, per approved retraining program, per year.

O.C.G.A. § 48-7-40.5 (b) provides that the amount of the tax credit shall be equal to one-half of the cost of retraining per full-time employee, or \$500.00 per full-time employee, whichever is less, for each employee who has successfully completed an approved retraining program. However, for taxable years beginning on or after January 1, 2009, in no event shall the amount of the tax credit exceed \$1,250.00 per year per full-time employee who has successfully completed more than one approved retraining program.

Scope

A policy statement is intended to provide procedural guidance to the general public and Department personnel. It is a written statement issued to assist in the administration of laws and regulations by providing procedural guidance that may be followed in order to comply with the law. A policy statement does not have the force or effect of law, and is

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not binding on the public. It is, however, binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

Issue

How to calculate the retraining tax credit.

Discussion of Issue

Calculating the credit

Taxpayers are allowed to combine classes for the purposes of calculation of the credit using the following method only:

1. Classes with direct cost of less than \$1,000 may be combined, AND
2. Classes with direct cost of \$1,000 or more may be combined.

The retraining tax credit calculation does not provide for averaging. However, using the above method is simpler and does not result in a different overall credit amount. Further, the methodology described above offers an option to lessen the number of form IT-RC's, which must be completed. Classes that are combined should be of a similar nature.

Example 1: Corporation A has 12 employees whose training qualifies for Georgia's Retraining Tax Credit. Ten employees attended a training course, which has a total direct cost for each employee of \$250. Two employees attended a second course with direct cost of \$5,000 each. In determining the Retraining tax credit for Corporation A, the 10 classes with direct cost of \$250 must be claimed and reported on one form IT-RC. The two classes for the second course should be shown on a second form IT-RC. Please note that for taxable years beginning on or after January 1, 2009, the amount of credit cannot exceed \$1,250 per year per employee who has successfully completed more than one approved retraining program. The retraining tax credit claimed on the tax return would constitute the aggregate of the two forms.

(Last updated: January 7, 2010)

For More Information

For more information about the retraining tax credit please reference O.C.G.A. § 48-7-40.5.