IT 711

State of Georgia
Department of Revenue

2006
Partnership Income Tax
Forms and General Instructions

FROM THE COMMISSIONER

This booklet is designed to provide information and assist partnerships in filing their Georgia partnership tax returns. On Page 2 is a "Federal Tax Changes" section that I recommend you review to determine if the changes affect your return.

This booklet contains the forms and schedules required by most partnerships. If you need additional forms, we encourage you to visit our website at www.dor.ga.gov. There you can download forms and always obtain up-to-date tax information and news from the Department of Revenue. Forms are also available via fax-on-demand at 404-417-6011. A list of useful telephone numbers is on Page 6.

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

Bart L. Graham
Commissioner

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GENERAL INFORMATION

FEDERAL TAX CHANGES

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

Federal deduction for income attributable to domestic production activities (IRC Section 199). This should be entered on Form 700 Page 2, Schedule 4, Line 4.

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

A. Depreciation must be computed one way for Federal purposes and another way for Georgia purposes. To compute depreciation for Federal purposes, taxpayers should use the 2006 IRS Form 4562 and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 4, Line 6 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment".

B. Depreciation must also be computed for Georgia purposes. Taxpayers should use Georgia Form 4562 to compute depreciation for Georgia purposes and attach it to the Georgia return. This amount should be entered on Page 3, Schedule 5, Line 3 along with the words "2002 JCWA/2003 JGTRRA Depreciation Adjustment". Georgia Form 4562 and related instructions can be obtained from our website at www.dor.ga.gov or from any Revenue Office.

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

2006 LEGISLATION

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

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

Beginning with taxable year 2006, Georgia will accept an approved six-month Federal extension. It will not be necessary to request a separate Georgia extension. If you do not need a Federal extension, use Form IT 303 to request a Georgia extension if necessary.

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

Visit www.dor.ga.gov/legislation/index.shtml for additional 2006 legislation.

2006 LEGISLATION EFFECTIVE IN 2007

Definition of the terms "authorized employee" and "labor services". Senate Bill 529 amends O.C.G.A. § 48-7-21.1 to create a new Code Section to define the terms "authorized employee" and "labor services." It also provides that on or before January 1, 2008, no wages or remuneration for labor services to an individual of $600.00 or more per annum may be claimed and allowed as a deductible business expense for state income purposes by a taxpayer unless such individual is an authorized employee. The Governor signed this bill on April 17, 2006, and it will become effective on July 1, 2007.

FREQUENTLY ASKED QUESTIONS

Answers to frequently asked questions regarding corporations, S Corporations, partnerships, LLC's, and nonresident withholding are available on our website at www.dor.ga.gov.

FILING REQUIREMENTS

A partnership, limited liability company, syndicate, group, pool, joint venture and unincorporated organization which is engaged in business or derives income from property located in Georgia or has members domiciled in Georgia, and which is required to file a Federal Income Tax return on Form 1065, is required to file a Georgia Income Tax return on Form 700.

GENERAL INFORMATION (continued)

WHEN AND WHERE TO FILE

Form 700 must be filed on or before the 15th day of the fourth month following the close of the taxable year. Mail the form to: Georgia Department of Revenue, P.O. Box 740315, Atlanta, Georgia 30374-0315. If you list a credit on Form 700, Schedule 2, mail your return to: Georgia Department of Revenue, P. O. Box 49431, Atlanta, Georgia 30359-1431.

FEDERAL AUDIT

If the Internal Revenue Service has adjusted net income within the last five years, a detailed statement of these adjustments must be submitted under separate cover to: Georgia Department of Revenue, Processing Center, P.O. Box 740315, Atlanta, Georgia 30374-0315.

AMENDED RETURNS

If a partnership becomes aware of changes it must make after filing its return, it should file an amended Form 700. Check the amended box on Form 700 and submit an amended K-1 for each partner and a complete copy of the amended Federal partnership return, including schedules, if applicable.

RELATION TO THE FEDERAL RETURN

The Georgia return correlates to the Federal return in most respects (see information on page 2 about Federal tax changes). The accounting period and method used for the Georgia return must be the same as on the Federal return.

A complete copy of the Federal return and all supporting schedules must be attached to the Georgia return. Otherwise, your return will be deemed incomplete.

ADJUSTMENTS TO FEDERAL INCOME (Schedules 4 and 5)

To determine the total income for Georgia purposes, certain adjustments as provided by Georgia law are included in the computations for Schedules 4 and 5. The total additions to Federal Income should be placed on Line 9 of Schedule 7, and listed in Schedule 4. Georgia does not allow the Federal deduction for income attributable to domestic production activities (IRC Section 199). An adjustment to the Georgia partnership return is not required if the partnership is not allowed the Section 199 deduction directly, but instead passes the information needed to compute the deduction to the partners. **A partnership 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.**

The total subtractions from Federal income should be shown on Line 11 of Schedule 7, and listed in Schedule 5. The more commonly used items are listed in each schedule. **Additionally, adjustments due to other Federal tax changes should be reported as stated on page 2.**

U.S. obligation income must be reduced by direct and indirect interest expense. To arrive at such reduction, the total interest expense is multiplied by a fraction, the numerator of which is the taxpayer's average adjusted basis of the U.S. obligations, and the denominator of which is the average adjusted basis of all assets of the taxpayer.

Any expense that is subject to further limitation (e.g., Section 179 Deduction, Charitable Contributions, etc.) is not deductible in calculating total income for Georgia purposes. However, these expenses may be deductible on the partner's income tax return.

Where salaries and wages are reduced in computing Federal taxable income because a Federal jobs tax credit has been taken, which required the elimination of the salary and wages deduction, the eliminated salary and wage deduction shall be subtracted from Georgia taxable income. Regulation 560-7-7-.05 defines the term "federal jobs tax credit".

Taxpayers who are parties to state contracts may subtract from Federal taxable income or Federal adjusted gross income 10% of qualified payments to minority subcontractors or $100,000, whichever is less, per taxable year.

A list of certified minority subcontractors will be maintained by the Commissioner of the Department of Administrative Services for the Revenue Department and general public. To register your business as a minority subcontractor or to view the list, call 404-656-6315 or visit http://ssl.doas.state.ga.us/VendorDB/mainframe.jsp.

INCOME APPORTIONMENT AND ALLOCATION (Schedules 6 and 1)

If any Partnership, domestic or foreign, is doing business or owns property both within and without Georgia, the average ratio as computed in Schedule 6 should be used to compute Georgia Net Income in Schedule 1. If the business income of the partnership is derived from Georgia sources, from property owned or business done within this State, and in part from property owned or business done without this State, the tax shall be imposed only on that portion of the business income which is reasonably attributable to Georgia sources and property owned and business done within this 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 partnership's situs 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. 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 partnership, nor for sale in the regular course of business,

shall be allocated to Georgia if the property sold is real or tangible personal property situated in this State, or intangible property having an actual situs or a business situs within this State. Otherwise the gains shall not be allocated to this State.

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

THREE FACTOR FORMULA

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

(b) Payroll Factor. The payroll factor is the ratio of all salaries, wages, commissions, and other compensation paid by the taxpayer in this State for personal services performed by employees in connection with the trade or business of the taxpayer during the taxable year to the total salaries, wages, commissions, and other compensation paid by the taxpayer for personal services performed by employees in connection with its entire trade or business, wherever those services were conducted during the taxable year. Payments made to an independent contractor or any other person not properly classified as an employee are excluded. Compensation is paid in this State if the employee's service is performed entirely within this state or the employee's service outside Georgia is incidental to the service performed in this State or some of the service is performed in Georgia and the base of operations from which the service is directed is in this State, or some of the service is performed in Georgia and the base of operations from which it is directed is not in any state where part of the service is performed but the employee's residence is in Georgia.

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

Receipts derived from the sale of tangible personal property shall be deemed to have been derived from business done in Georgia if they were received from products shipped to customers in this State or products delivered within this State to customers.

When receipts are derived from business other than the sale of tangible personal property, receipts shall be deemed to have been derived in Georgia if received from customers within this state, or if the receipts are otherwise attributable to this State's marketplace.

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

- For tax years beginning on or after January 1, 2006, and before January 1, 2007, the apportionment factors are 80% sales, 10% property, and 10% payroll. If the denominator for either the Property or Payroll factor is zero, the weighted percentage for the other will be 11.11% (1/9) and the weighted percentage for the Gross Receipts factor will be 88.89% (8/9). If the denominator for the gross receipts factor is zero, the weighted percentage for both property and payroll will be 50% each. If the denominators for any two factors are zero, the weighted percentage for the remaining factor will be 100%.
- For tax years beginning on or after January 1, 2007, different apportionment factors will apply. See Rules and Regulations 560-7-7-.03(4)(d) for specific details.
- For tax years beginning on or after January 1, 2006, a company whose net income is derived from the manufacture, production, or sale of tangible personal property, and from business other than the manufacture, production, or sale of tangible personal property, must include gross receipts from both activities in their receipts factor.
- For tax years beginning on or after January 1, 2006, a company whose net income is derived from business other than the manufacture, production, or sale of tangible personal property, only includes in their receipts factor gross receipts from activities which constitute the taxpayer's regular trade or business.

(e) For the purpose of this section, the word "sale" shall include the extraction and recovery of natural resources and all processes of fabricating and curing.

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

COMPUTATION OF TOTAL INCOME FOR GEORGIA PURPOSES (Schedule 7)

Schedule 7 reflects flow-through income from the federal return which is taxable to the individual partners. A resident partner is required to report his full share of partnership income or loss. A nonresident partner is required to report only his share of Georgia-apportioned and Georgia-allocated income.

Payments made to a partner for services rendered or interest on capital contributions are not deductible when computing the partnership's net income.

Schedule 7 is similar to the Federal Schedule K. Enter the total amounts from each category on Schedule 7 where applicable.

INCOME TO PARTNERS (Schedule 3)

This schedule provides space to show identifying information and income distributable to the individual partners.

Enter for each partner: 1. Name; 2. Street and Number; 3. City, State and Zip Code; 4. Social Security or Federal Identification Number; 5. Profit (Loss) sharing ratio; 6. Georgia Source Income. If the partnership has more than 5 partners, attach a separate schedule for the additional partners in the same format.

Total Georgia source income may differ from total net income because some of the partnership income (e.g., guaranteed payments) may not be based on the profit sharing ratio, or the partner is a Georgia resident. See example on page 6.

Georgia Form 700 (Rev. 8/06)
Partnership Tax Return

0701704013

MAIL TO:
Georgia Department of Revenue
Processing Center
P.O. Box 740315
Atlanta, Georgia 30374-0315

If Listing Credits on Schedule 2:
Georgia Department of Revenue
Taxpayer Services Division
P.O. Box 49431
Atlanta, Georgia 30359-1431

2006 (or other taxable year)
Beginning__________ **20**____ **, and Ending**__________ **20**____

○ **Fill in circle if you DO NOT want a booklet next year.**

☐ Original Return ☐ Amended Return ☐ Final Return ☐ Change of Address ☐ Composite Return Filed

A. FEI Number	Name		Location of Books for Audit (city & state)
B. GA. Withholding Tax Numbers — Payroll WH Number / Nonresident WH Number	Number and Street	Country	Telephone Number
C. GA. Sales Tax Reg. No.	City or Town / State / County	*County Code No.	Zip Code
D. Name & address on last year's return if different from above. If no return was filed last year, state reason.			
E. Business Code No. shown on Federal Return	F. Kind of Business	G. Basis of this return ( ) CASH ( ) ACCRUAL ( ) OTHER	
H. Indicate latest taxable year (within last 5 years) adjusted by the IRS	I. Number of Partners	J. Do you have Nonresident Partners? ( ) Yes or ( ) No	K. Number of Nonresident Partners

***See Page 5 of the instruction booklet for a list of Georgia county code numbers.**

COMPUTATION OF GEORGIA NET INCOME (ROUND TO NEAREST DOLLAR) **SCHEDULE 1**

1. Total Income for Georgia purposes (Line 12, Schedule 7)	1.	
2. Income allocated everywhere (Attach Schedule)	2.	
3. Business income subject to apportionment (Line 1 less Line 2)	3.	
4. Georgia ratio (Line 4, Schedule 6, Part 2)	4.	
5. Net business income apportioned to Georgia (Line 3 x Line 4)	5.	
6. Net income allocated to Georgia (Attach Schedule)	6.	
7. Total Georgia net income (Add Line 5 and Line 6)	7.	

Copy of the Federal Return and supporting Schedules must be attached. Otherwise this return shall be deemed incomplete.

DECLARATION

I/We declare under the penalties of perjury that I/we have examined this return (including accompanying schedules and statements) and to the best of our knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, this declaration is based on all information of which the preparer has any knowledge.

Signature of Partner
(Must be signed by partner)

Signature of preparer other than partner or member

Preparer's SSN or PTIN

Date

Date

GEORGIA TAX CREDITS (ROUND TO NEAREST DOLLAR) SCHEDULE 2

These are for information purposes only and do not affect Schedules 1 or 3-7. See Pages 7 and 8 of the instructions for a list of available credits and their applicable codes. You must list the appropriate credit type code in the area provided. If you claim more than ten credits, enclose a schedule. Enter the schedule total on Line 11. List the percentage of credit claimed in the percent (%) column.

Credit Type Code	Company Name	FEIN	%		Amount of Credit
1.				1.	
2.				2.	
3.				3.	
4.				4.	
5.				5.	
6.				6.	
7.				7.	
8.				8.	
9.				9.	
10.				10.	

11. Enter the total from attached schedule(s) .... 11.
12. **TOTAL ALLOWABLE GEORGIA TAX CREDITS FOR THE YEAR** .... 12.

Attach the appropriate form or a detailed schedule for each credit claimed (See pages 7 & 8 of the instructions for additional information)

INCOME TO PARTNERS (ROUND TO NEAREST DOLLAR) SCHEDULE 3

	(1.) Name (2.) Street and Number	(3.) City, State and Zip (4.) I.D. Number	(5.) Profit Sharing %	(6.) Georgia Source Income
A	1.		5.	6.
	2.			
	3.			
	4.			
B	1.		5.	6.
	2.			
	3.			
	4.			
C	1.		5.	6.
	2.			
	3.			
	4.			
D	1.		5.	6.
	2.			
	3.			
	4.			
E	1.		5.	6.
	2.			
	3.			
	4.			

ADDITIONS TO FEDERAL TAXABLE INCOME (ROUND TO NEAREST DOLLAR) SCHEDULE 4

1. State and municipal bond interest other than Georgia or political subdivision thereof ...... 1.
2. Net income or net profits taxes imposed by taxing jurisdictions other than Georgia .... 2.
3. Expenses attributable to tax exempt income (other than US obligations) .... 3.
4. Federal deduction for income attributable to domestic production activities (IRC section 199) 4.
5. Intangible expenses and related interest costs .... 5.
6. Other additions (Attach schedule) .... 6.
7. ______ .... 7.
8. Total (Add Lines 1 through 7) Enter here and on Line 9, Schedule 7 .... 8.

SUBTRACTIONS FROM FEDERAL TAXABLE INCOME (ROUND TO NEAREST DOLLAR)		SCHEDULE 5
1. Interest on obligations of United States (must be reduced by direct and indirect interest expense)	1.	
2. Exception to intangible expenses and related interest cost	2.	
3. Other subtractions (Attach Schedule)	3.	
4.	4.	
5.	5.	
6. Total (Add Lines 1 through 5) enter here and on Line 11, Schedule 7	6.	

APPORTIONMENT OF INCOME (ROUND TO NEAREST DOLLAR) **SCHEDULE 6**

(Part 1)	WITHIN GEORGIA		TOTAL EVERYWHERE	
	a. Beginning of Year	b. End of Year	a. Beginning of Year	b. End of Year
1. Inventory				
2. Buildings (cost)				
3. Machinery & Equipment				
4. Land				
5. Other Tangible Assets				
6. Total (Lines 1 through 5)				
7. Average (Add columns a & b and divide by 2)				
8. Rented Property (Annual Rate x 8)				
9. Total Property (Add Lines 7 and 8)				

(Part 2)	a. Within Georgia	b. Everywhere	c. Do not round Column (a)/Column (b) Compute to six decimals	d. Factors See Instructions on page 4	e. Do not round Column (c) x Column (d) Georgia Factor Compute to six decimals
1. Total Property (Part 1 Line 9)					
2. Salaries, commissions, wages & compensation					
3. Gross receipts from business					
4. Georgia ratio (Total Column e)					

COMPUTATION OF TOTAL INCOME FOR GEORGIA PURPOSES (ROUND TO NEAREST DOLLAR)			SCHEDULE 7
1. Ordinary income (loss)		1.	
2. Net income (loss) from rental real estate activities		2.	
3. a. Gross income from other rental activities	3a.		
b. Less expenses (attach schedule)	3b.		
c. Net income (loss) from other rental activities (Line 3a less Line 3b)		3c.	
4. Portfolio income (loss): a. Interest Income		4a.	
b. Dividend Income		4b.	
c. Royalty Income		4c.	
d. Net short-term capital gain (loss)		4d.	
e. Net long-term capital gain (loss)		4e.	
f. Other portfolio income (loss)		4f.	
5. Guaranteed payments to partners		5.	
6. Net gain (loss) under Section 1231		6.	
7. Other Income (loss)		7.	
8. Total Federal income (add Lines 1 through 7)		8.	
9. Additions to Federal income (Schedule 4, Line 8)		9.	
10. Total (add Lines 8 and 9)		10.	
11. Subtractions from Federal income (Schedule 5, Line 6)		11.	
12. Total income for Georgia purposes (Line 10 less Line 11)		12.	

Other Required Federal Information

1. Salaries and wages (Form 1065, Page 1, Line 9)	1.	
2. Taxes and licenses (Form 1065, Page 1, Line 14)	2.	
3. Section 179 deduction (Form 1065, Page 3, Line 12)	3.	
4. Contributions (Form 1065, Page 3, Line 13a)	4.	
5. Investment interest expense (Form 1065, Page 3, Line 13b)	5.	
6. Section 59(e)(2) expenditures (Form 1065, Page 3, Line 13c)	6.	

GEORGIA COUNTY CODE NUMBERS

001 - Appling
002 - Atkinson
003 - Bacon
004 - Baker
005 - Baldwin
006 - Banks
007 - Barrow
008 - Bartow
009 - Ben Hill
010 - Berrien
011 - Bibb
012 - Bleckley
013 - Brantley
014 - Brooks
015 - Bryan
016 - Bulloch
017 - Burke
018 - Butts
019 - Calhoun
020 - Camden
021 - Candler
022 - Carroll
023 - Catoosa
024 - Charlton
025 - Chatham
026 - Chattahoochee
027 - Chattooga
028 - Cherokee
029 - Clarke
030 - Clay
031 - Clayton
032 - Clinch
033 - Cobb
034 - Coffee
035 - Colquitt
036 - Columbia
037 - Cook
038 - Coweta
039 - Crawford
040 - Crisp
041 - Dade
042 - Dawson
043 - Decatur
044 - DeKalb
045 - Dodge
046 - Dooly
047 - Dougherty
048 - Douglas
049 - Early
050 - Echols
051 - Effingham
052 - Elbert
053 - Emanuel
054 - Evans
055 - Fanning
056 - Fayette
057 - Floyd
058 - Forsyth
059 - Franklin
060 - Fulton
061 - Gilmer
062 - Glascock
063 - Glynn
064 - Gordon
065 - Grady
066 - Greene
067 - Gwinnett
068 - Habersham
069 - Hall
070 - Hancock
071 - Haralson
072 - Harris
073 - Hart
074 - Heard
075 - Henry
076 - Houston
077 - Irwin
078 - Jackson
079 - Jasper
080 - Jeff Davis
081 - Jefferson
082 - Jenkins
083 - Johnson
084 - Jones
085 - Lamar
086 - Lanier
087 - Laurens
088 - Lee
089 - Liberty
090 - Lincoln
091 - Long
092 - Lowndes
093 - Lumpkin
094 - Macon
095 - Madison
096 - Marion
097 - McDuffie
098 - McIntosh
099 - Meriwether
100 - Miller
101 - Mitchell
102 - Monroe
103 - Montgomery
104 - Morgan
105 - Murray
106 - Muscogee
107 - Newton
108 - Oconee
109 - Oglethorpe
110 - Paulding
111 - Peach
112 - Pickens
113 - Pierce
114 - Pike
115 - Polk
116 - Pulaski
117 - Putnam
118 - Quitman
119 - Rabun
120 - Randolph
121 - Richmond
122 - Rockdale
123 - Schley
124 - Screven
125 - Seminole
126 - Spalding
127 - Stephens
128 - Stewart
129 - Sumter
130 - Talbot
131 - Taliaferro
132 - Tattnall
133 - Taylor
134 - Telfair
135 - Terrell
136 - Thomas
137 - Tift
138 - Toombs
139 - Towns
140 - Treutlen
141 - Troup
142 - Turner
143 - Twiggs
144 - Union
145 - Upson
146 - Walker
147 - Walton
148 - Ware
149 - Warren
150- Washington
151 - Wayne
152 - Webster
153 - Wheeler
154 - White
155 - Whitfield
156 - Wilcox
157 - Wilkes
158 - Wilkinson
159 - Worth

ADDITIONAL INFORMATION

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.

LIMITED LIABILITY COMPANY

Each limited liability company and foreign limited liability company shall be classified as a partnership for Georgia tax purposes unless classified otherwise for Federal income tax purposes, in which case the limited liability company or foreign limited liability company shall be classified for Georgia tax purposes in the same manner as it is classified for federal income tax purposes.

NET WORTH TAX

The Partnership Return is for information only. Partnerships are not subject to net worth tax.

INSTRUCTIONS FOR PARTNERSHIPS WITH NONRESIDENT PARTNERS

Nonresident partners of partnerships doing business both within and without Georgia shall compute their proportionate part of the partnership's allocated and apportioned income from the schedules on Form 700. Georgia net income computed on Line 7 of Schedule 1 should be multiplied by the percentage of ownership. This amount is further adjusted by the partner's share of the separately stated items mentioned in the Federal Tax Changes section on page 2 and the Adjustments to Federal Income section on page 3.

A partnership that owns property or does business within this State is required by O.C.G.A. § 48-7-129 to withhold on distributions paid or credited to its nonresident partners. The withholding tax rate is 4%. Withholding is not required if the aggregate annual distributions paid or credited to each partner are less than $1,000. As an alternative to withholding, the partnership may file a composite return (Form IT CR) for its nonresident partners. Nonresident partners may only be included on the composite return if they have no other Georgia source income. Permission is not required to file a composite return. Please check the Composite Return Filed box on Page 1 of Form 700.

Subsection (c) of O.C.G.A. § 48-7-24 provides an exemption from Georgia income tax for a nonresident partner who receives income from a partnership which derives income exclusively from buying, selling, dealing in, and holding securities on its own behalf and not as a broker. Accordingly, withholding under O.C.G.A. § 48-7-129 would not apply to distributions paid or credited in this situation.

Note: This subsection does not apply to a family limited partnership or similar nontaxable entity, the majority interest of which is owned by one or more natural or naturalized citizens related to each other within the fourth degree of reckoning according to the laws of descent and distribution. Also, this subsection does not apply to a partner that participates in the management of the partnership or that is engaged in a unitary business with another person (including entities) that participates in the management of the partnership.

GUARANTEED PAYMENT EXAMPLE

The following example illustrates how guaranteed payments should be treated when there is a nonresident partner: There are two partners in the partnership. Partner One is a resident of Georgia and owns 25% of the partnership. Partner One receives a guaranteed payment of $10. Partner Two is a nonresident of Georgia and owns 75% of the partnership. Partner Two receives a guaranteed payment of $40. The profit and loss sharing ratio is the same as the ownership percentage. The Georgia apportionment ratio on line 4, part 2, schedule 6, of Form 700 is 50%.

Ordinary income reported on line 1, schedule 7, of Form 700	$100
Guaranteed payment reported on line 5, schedule 7, of Form 700	$50
Total income for Georgia purposes, line 12, schedule 7, of Form 700	$150

Partner One (resident) is required to report $35 on the Georgia return. The entire $10 guaranteed payment plus the share of the ordinary income of the partnership, which is $25 ($100 ordinary income placed on line 1, schedule 7, of Form 700 multiplied by the ownership percentage of 25%). Partner Two (nonresident) is required to report $57.50 on the Georgia return. The Georgia portion of the guaranteed payment is $20 ($40 guaranteed payment multiplied by the Georgia ratio of 50%) plus the share of the Georgia portion of the ordinary income of the partnership, which is $37.50 ($100 ordinary income placed on line 1, schedule 7, of Form 700 multiplied by their ownership percentage of 75% multiplied by the Georgia ratio of 50%).

TELEPHONE ASSISTANCE

Compliance Division	(404) 417-6400
Composite Returns	(404) 417-2300
Employer Withholding Information	(404) 417-3210
Income Tax Forms	(404) 417-6011
Registration & Licensing Unit	(404) 417-4490
Taxpayer Services Division	(404) 417-2400

TAX CREDITS

Pass-Through Credits from Ownership of Sole Proprietorship, S Corp, LLC, LLP or Partnership Interest

NOTE: The credit type code numbers referenced below are subject to change from year to year. Please review the codes carefully to ensure you list the correct code number.

Credit Type Code	Description
101	**Employer's Credit for Basic Skills Education.** Businesses may benefit by providing or sponsoring basic skills education that enhances reading, writing, or mathematical skills up to and including the 12th grade or classes required to receive a GED certificate. 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.** This credit is for retraining programs that enhance the functional skills of employees otherwise unable to function effectively on the job due to skill deficiencies or who would be displaced because such deficiencies would inhibit their use of new technology. For more information, refer to O.C.G.A. § 48-7-40.5.
103	**Employer's Job Tax Credit.** This is a statewide job tax credit for certain business enterprises that have hired sufficient numbers of employees. This credit allows certain business enterprises to offset income taxes and, in some instances, receive a credit of withholding dollars which would otherwise be paid in accordance with O.C.G.A. § 48-7-103. There are currently four tiers in the state and the credit values are different for each county. For more information, refer to O.C.G.A. § 48-7-40.
104	**Employer's Credit for Purchasing Child Care Property.** This credit is allowed when an employer places into service qualified child care property. The credit cannot equal more than 50 percent of the employer's Georgia income tax liability for the tax year. This credit must 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.** This is a credit for employer-provided or sponsored child care. The credit cannot be more than 50 percent of the taxpayer's total state income tax liability for that taxable year. This credit must 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.** This credit is based on the same four tiers as the Employer's Jobs Tax Credit and requires certain minimum expenditures. Employers must purchase or acquire qualified investment property pursuant to an approved project plan. For more information, refer to O.C.G.A. §§ 48-7-40.2, 40.3, and 40.4.
107	**Optional Investment Tax Credit.** This credit is similar to the Manufacturer's Investment Tax Credit; however, there are higher spending thresholds as well as a ten-year calculation. For more information, refer to O.C.G.A. §§ 48-7-40.7, 40.8, and 40.9.
108	**Qualified Transportation Credit.** This is a credit of $25 per employee for any "qualified transportation fringe benefit" provided by an employer to an employee as described in Section 132(f) of the IRS Code of 1986. For more information, refer to O.C.G.A. § 48-7-29.3.
109	**Low Income Housing Credit.** This is a credit against Georgia income taxes for taxpayers owning developments receiving the federal Low-Income Housing Tax Credit that are placed in service on or after January 1, 2001. Credit must be claimed on **Form IT-HC** and accompanied with **Federal Form K-1** from the providing entity. For more information, refer to O.C.G.A. § 48-7-29.6.
110	**Diesel Particulate Emission Reduction Technology Equipment.** This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For more information, refer to O.C.G.A. § 48-7-40.19.
111	**Business Enterprise Vehicle Credit.** This is a credit given to a business enterprise for the purchase of a motor vehicle that is used exclusively to provide transportation for its 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.** This credit is for expenses resulting from research conducted in Georgia by businesses engaged in the manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries. For more information, refer to O.C.G.A. § 48-7-40.12.
113	**Headquarters Tax Credit.** This credit is for businesses establishing or relocating their headquarters to Georgia under certain conditions. The credit may be used to offset 100 percent of the Georgia income tax liability in a taxable year. If the credit exceeds the tax liability in a taxable year, the excess may be taken as a credit against withholding tax. For more information, refer to O.C.G.A. § 48-7-40.17.
114	**Port Activity Tax Credit.** This credit is for businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development that have increased their port traffic tonnage through Georgia ports in the previous 12 months. For more information, refer to O.C.G.A. § 48-7-40.15.
115	**Bank Tax Credit.** All financial institutions that conduct business or own property in Georgia are required to file a Georgia Financial Institutions Business Occupation Tax Return, Form 900. Effective on or after January 1, 2001, a depository financial institution with a Sub S election can pass through the credit to its shareholders on a pro rata basis. For more information, refer to O.C.G.A. § 48-7-29.7.

TAX CREDITS (continued)

Credit Type Code	Description
116	**Low-Emission Vehicle Credit.** This is a credit of the lesser of 10 percent of the cost of the vehicle or $2,500 for the purchase or lease of a new low-emission vehicle. There is also a credit for the conversion of a standard vehicle to a low-emission vehicle which is equal to 10 percent of the cost of conversion, not to exceed $2,500 per converted vehicle. Certification approved by the Environmental Protection Division of the Georgia Department of Natural Resources must be included with the return in order to claim the credit. A low emission vehicle is defined as an “alternative fuel” vehicle and does not include any gasoline powered vehicles or hybrids. Low speed vehicles do 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 of the lesser of 20 percent of the cost of the vehicle or $5,000, on the purchase or lease of a new zero-emission vehicle. There is also a credit for the conversion of a standard vehicle to a zero-emission vehicle which is equal to 10 percent 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 in order to claim the credit. A zero-emission vehicle is a motor vehicle that has zero tailpipe and evaporative emissions as defined by the Board of Natural Resources and includes electric vehicles whose drive train is powered solely by electricity, provided the electricity is not generated by an on-board combustion device. Low speed vehicles do not qualify for this credit. For more information, refer to O.C.G.A. § 48-7-40.16.
118	**New Manufacturing Facilities Job Credit.** This is a tax credit for business enterprises that build new manufacturing facilities in Georgia. The credit is $5,250 per job created. 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 which purchases an electric vehicle charger located in Georgia. The credit allowed is the lesser of 10 percent 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 three years and who spends $800 million on a new manufacturing facility in Georgia. The total credit allowed is $50 million. For more information, refer to O.C.G.A. § 48-7-40.25.
121	**Historic Rehabilitation Credit.** A credit of up to $5,000 is available for the certified rehabilitation of a certified structure or historic home for taxable years beginning on or after January 1, 2004. Standards set by the Department of Natural Resources must be met. The credit must be claimed on **Form IT-RHC.** For more information, refer to O.C.G.A. § 48-7-29.8 or http://hpd.dnr.state.ga.us/content/displaycontent.asp?txtDocument=35.
122	**Film Tax Credit.** This credit is equal to 9 percent of the base investment in the state, with additional percentages of: 3 percent for base investment in a Tier 1 or Tier 2 county; 3 percent for wages paid to Georgia residents; and 2 percent for spending at least $20 million on multiple television projects. Production companies which have at least $500,000 of qualified expenditures in a state certified production may claim this credit by submitting **Form IT-FC** along with certification from the Film Office of the Georgia Department of Economic Development. This credit may be claimed against 100 percent of the production company’s income tax liability and to offset withholding taxes. To claim a credit against withholding, the production company must submit **Form IT-WH** at least 30 days prior to filing the return on which the credit will be claimed. The Department will review the credit and notify the company of how it may be used. 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 will range from 100%, 75% and 25% depending upon whether the business is located in a federal “nonattainment” area, for eligible expenses pursuant to a telework agreement and number of telework days claimed per month. Employers 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. This credit becomes effective July 1, 2007 and is only available for taxable years 2008 and 2009. Costs incurred between July 1, 2007 and January 1, 2008 will be treated as being incurred on January 1, 2008. For more information, refer to O.C.G.A. § 48-7-29.10.
124	**Land Conservation Credit.** This is an income tax credit for the donation of real property that qualifies as conservation land pursuant to Chapter 22 of Title 36. Property donated to increase building density levels, or used or associated with playing golf, is not eligible. Taxpayers can claim a credit against their state income tax liability not exceeding 25 percent of the fair market value of the donated property up to $250,000 per individual and $500,000 per corporation. The amount of the credit used in any year may not exceed the taxpayer’s income tax liability for that taxable year. Any unused portion of the credit may be carried forward for five succeeding years. Fair market value will be established pursuant to O.C.G.A. § 48-5-2(3) for the year in which the donation occurrs. The Department of Natural Resources will certify that the donated property is suitable for conservation purposes. A copy of this certificate must be filed with the taxpayer’s tax return in order to claim the credit. For more information, refer to O.C.G.A. § 48-7-29.10

For more details about credits and to obtain the latest forms, visit our website at: http://www.dor.ga.gov/inctax/taxcredits.shtml.

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