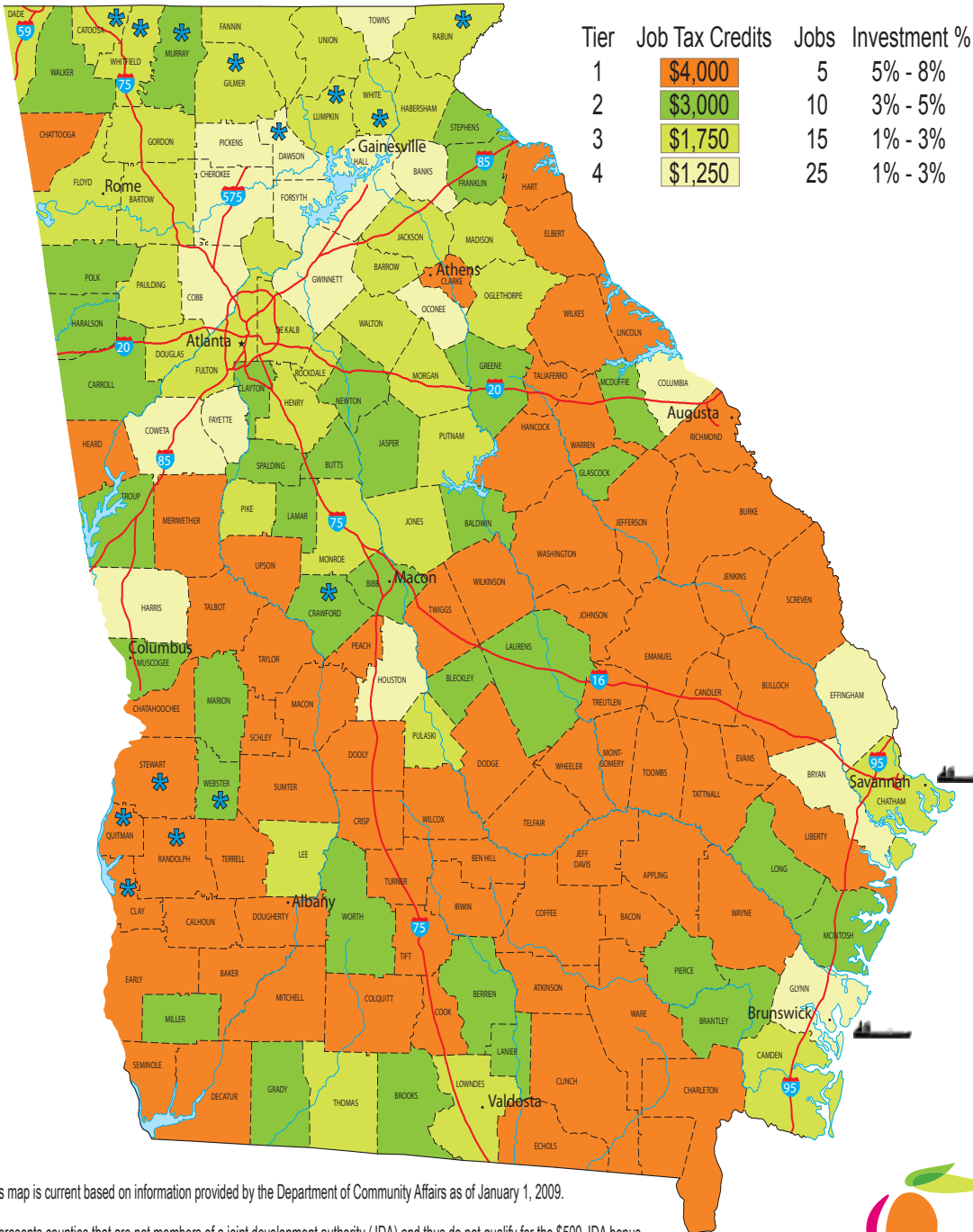




Business Incentives

Georgia 2009 Job Tax Credits



This map is current based on information provided by the Department of Community Affairs as of January 1, 2009.

* Represents counties that are not members of a joint development authority (JDA) and thus do not qualify for the \$500 JDA bonus. Job tax credit amounts for these counties are \$500 less than indicated on the chart above.



Georgia Business Incentives

Georgia continues to attract successful companies due to a pro-business environment, a talented workforce, world-class infrastructure and unparalleled access to the world market. We offer a performance-based package of business assistance designed to foster success for companies and the Georgia communities they call home. In combination with inducements available from many local municipalities and counties, we can help your new or expanding venture get the good start it needs and continue to be successful in the future.

GEORGIA TAXES

Single Factor Apportionment – In 2005, Georgia became the first state in the Southeast to adopt a “Single Factor Gross Receipts” apportionment formula. As indicated by its name, the new “Single Factor Gross Receipts” formula will treat a company’s Gross Receipts, or sales factor, as the only relevant factor in determining the portion of that company’s income that is subject to Georgia income tax. Previously, Georgia used a three-factor apportionment formula, but for the 2008 tax year and thereafter, Georgia property and payroll will not factor into the calculation of a company’s corporate income tax. This new single sales factor apportionment formula significantly reduces the effective rate of Georgia income taxation of Georgia-based manufacturing, distribution and service companies with substantial sales to customers outside Georgia.

Example: Assume that, for the 2009 tax year, In-State Manufacturing Co., Inc. has the following total overall taxable income and gross receipt sales in Georgia as compared to total gross receipt sales:

Taxable Income:	\$10 million
Percent of Gross Receipts in Georgia:	13%

Accordingly, in 2009, only \$1.3 million (.13 x \$10 million) of In-State Manufacturing Co., Inc.’s income would be subject to Georgia’s 6% corporate income tax under the new Single Factor Gross Receipts formula. If the sales in Georgia compared to total sales were less than 13%, then the amount subject to Georgia’s income taxes would also be less. In addition, Georgia does not use the so-called “Throw Back Rule,” under which many states tax income from sales of goods or services to out of state customers if the customer’s state does not already tax that income.

Franchise or Corporate Net Worth Tax – The annual tax based on net worth (capital stock + retained earnings) is called a license or occupational tax in Georgia. Most states refer to the tax on net worth either as a franchise or privilege tax. Domestic corporations are taxed on 100 percent of net worth. Foreign (out-of-state) corporations are taxed only on net worth apportioned to Georgia. This tax is capped in Georgia at a maximum amount of \$5,000 annually.

CORPORATE TAX CREDITS

Georgia offers a range of corporate tax credits that enable companies to minimize or completely eliminate state corporate income taxes which, at six percent, are already among the lowest in the nation.

For some of the credits, the amounts are dependent on the “tier status” of the community. Tier status refers to an annual four-tier ranking of the economic vitality of Georgia’s counties. The highest credits are offered in the counties with the greatest need (Tier 1 and 2 counties), while the most prosperous counties (Tier 3 and 4 counties) offer lesser amounts. The county map can be found on the opposite page.



Job Tax Credit – Strategic industries such as distribution, technology, manufacturing, telecom, processing companies and their headquarters qualify for Georgia’s Job Tax Credit. Depending on the community’s tier, companies must create between five and 25 net new jobs per year to qualify. For each year (up to five years) the jobs are maintained, qualified companies can claim a tax credit with a value of \$750 – \$3,500 per job, per year. An additional \$500 credit is offered in counties that participate in a multi-county joint development authority. Unused job tax credits may be carried forward ten years. Increased job tax credits, equal to Tier 1 credits, are also allowed for companies that create jobs in less developed pockets of metro areas, regardless of the county’s tier. Georgia has 40 counties that offer job tax credits to retail and business operations other than those listed above. The credit for each Georgia county is indicated on the tax credit map on the inside front cover.

In Tier 1 and 2 counties, credits may be taken against 100 percent of corporate income tax liability, 50 percent in Tiers 3 and 4. Excess credits may be carried forward for ten years. Additionally, in Tier 1 counties, these excess credits may be credited to Georgia payroll withholding taxes (with a limitation of \$3,500 per job per year). Jobs can count toward either the Job Tax Credit or the Quality Jobs Tax Credit (if applicable).

Tier	Job Tax Credit \$	Jobs	Use of Credits	Carry Forward
1	\$3,500 - \$4,000*	5	100% of tax liability - excess to withholding tax up to \$3,500	10 years
2	\$2,500 - \$3,000*	10	100% of tax liability	10 years
3	\$1,250 - \$1,750*	15	50% of tax liability	10 years
4	\$750 - \$1,250*	25	50% of tax liability	10 years

* includes \$500 bonus for Joint Development Authority. Georgia counties can form partnerships which benefit companies with this \$500 Job Tax Credit bonus.

Example: Taxpayer creates 50 jobs in a Tier 1 county offering a \$4,000 credit, receives \$1 million in tax credits over five years to reduce or eliminate Georgia income tax [50 jobs x \$4,000 x 5 years = \$1 million].






Port Tax Credit Bonus – Available to taxpayers who increase imports or exports through a Georgia port by 10 percent over the previous year. The port tax credit bonus can be used with either the Job or the Investment Tax Credit program. Unused credits may be carried forward 10 years. The Georgia Ports are indicated on the tier map found on inside front cover.

Port Job Tax Credit Bonus for Job Tax Credits – The port tax credit is a \$1,250 per job bonus for taxpayers with qualified increases in shipments through a Georgia port. The \$1,250 is added to the job tax credit.

Example: Taxpayer that creates 50 jobs in a Tier 1 county is eligible to receive the port bonus, adding \$1,250 to \$4,000 job tax credit for total credit of \$5,250 for each job. Taxpayer is eligible for \$1,312,500 in tax credits spread over five years to reduce or eliminate Georgia income tax: $[50 \text{ jobs} \times \$5,250 \times 5 \text{ years} = \$1,312,500]$.

Port Tax Credit Bonus for Investment Tax Credit – The port bonus increases the investment tax credit to the equivalent of a Tier 1 location regardless of the tier level. The port bonus would therefore be equal to 5 percent of the qualified investment in expenses directly related to manufacturing or providing telecommunications services with the credit increasing to 8 percent for recycling, pollution control and defense conversion. The port bonus is limited to 50 percent of income tax liability.

Example: Taxpayer qualifies for a port bonus in a Tier 4 county, invests \$100 million in a manufacturing plant plus \$25 million in recycling equipment. Taxpayer is eligible for a \$7 million investment tax credit to reduce or eliminate Georgia income tax: $[\$100 \text{ million} \times 5\%] + [\$25 \text{ million} \times 8\%] = \7 million .



Quality Jobs Tax Credit – Companies that create at least 50 jobs and pay wages at least 110% of the county average are eligible to receive a credit of \$2500-\$5000 per job, per year, for up to five years, based on the scaled system below. Credits may be used to offset the company’s payroll withholding once all other tax liability has been exhausted and may be carried forward ten years.

Payroll Requirement (% of county average)	Credit Value per Person
110%	\$2500
120%	\$3000
150%	\$4000
175%	\$4500
200% or greater	\$5000

Mega Project Tax Credit:

Companies that employ at least 1,800 net new employees, and either invest a minimum of \$450 million or have an minimum annual payroll of \$150 million may claim a \$5,250 per job per year tax credit for the first 5 years of each net new job position. Credits are first applied to state corporate income tax with excess credits eligible for use against payroll withholding. Credits may be carried forward for 10 years.

Retraining Tax Credits – A company’s direct investment in training can be claimed as a tax credit – 50 percent of the employer’s direct cost up to \$500 per, per approved training program. The total amount of credit cannot exceed \$1250 per employee per year. Training programs must be approved by the Technical College System of Georgia. This tax credit can be used to offset up to 50 percent of a company’s state corporate income tax liability. The credit is available to all Georgia businesses that file a Georgia income tax return. The retraining program must be for quality and productivity enhancements and certain software technologies. Unused credits can be carried forward 10 years. These credits can be combined with other tax credits.

Child Care Tax Credits – Child Care credits range from 75 percent to 100 percent of costs. The credits are available to all businesses in the state. The child care facility must be licensed by the state. All child care credits can be used against 50 percent of taxpayer’s income tax liability in a given year.

Employers who purchase or build qualified child care facilities are eligible to receive Georgia income tax credits equal to 100 percent of the cost of construction. The credit for the cost of construction is spread over 10 years [10 percent each year]. Unused child care credits from the purchase or construction of a child care facility can be carried forward three years.

Employers who provide or sponsor child care for employees are eligible for a credit against Georgia income tax equal to 75 percent of employers’ direct costs. Credits that are related to the operating cost of the facility may be carried forward five years.

Example: Taxpayer has direct child care cost of \$400,000 in a given year and is eligible to receive a \$300,000 tax credit [75% x \$400,000]. Taxpayer invests \$1 million for the construction of a childcare facility and is eligible for a credit in the first year of \$100,000 [10% x \$1 million]. Taxpayer can add the \$300,000 tax credit and the \$100,000 credit if the total credits do not exceed 50% of the tax liability in a given year.

TAX EXEMPTIONS

Sales and Use Tax Exemption – Qualified equipment purchases or leases are exempt from sales tax when the equipment purchased is used in the manufacturing process. Under certain conditions, primary material handling equipment (in warehouses and distribution centers); computer equipment; Class 100 (or less) clean room machinery, equipment and materials; and electricity used directly as a raw material in the manufacturing process can also be exempted.

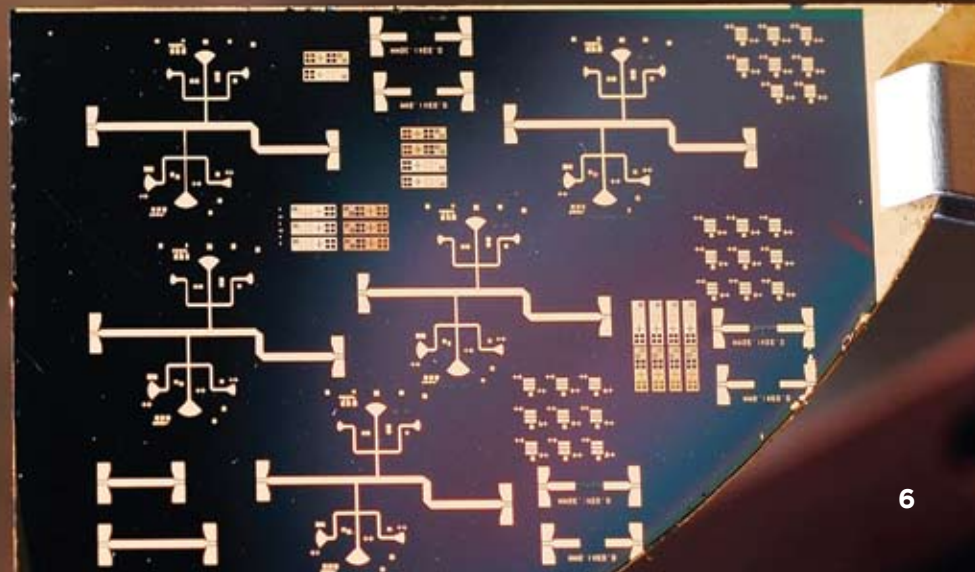
Inventory Tax Exemption – Many Georgia counties exempt from property tax up to 100 percent of qualified raw material, work-in-process and finished goods inventory under Georgia’s local-option “Freeport” law. In most of these counties, distribution center and warehouse inventories are exempt if the inventory is destined to be shipped out of state.

HIRING, TRAINING AND EDUCATION

Hiring Assistance – Georgia’s Department of Labor (DOL) assists companies in recruitment by posting job notices, collecting and screening applications and/or résumés, providing interview space, scheduling interviews and hosting job fairs. DOL will work with private employment agencies that list jobs with the state.

Quick Start Employee Training – Georgia’s nationally ranked employee training program, Quick Start, provides customized training for new employees in skill-based jobs at no cost to qualifying companies. The training program is given to the company for its future use. Quick Start provides training space, instructors and all needed materials related to the program, potentially saving companies millions of dollars in training costs.

HOPE Scholarship and Grant – Georgia’s HOPE Scholarship provides free tuition at one of Georgia’s 34 public colleges or universities for graduating Georgia high school seniors with a B or better average. The HOPE Grant provides an opportunity for all Georgians to receive degree or certificate programs at no cost through Georgia’s technical colleges and schools. These programs can be advantageous to relocating families with children, and also for a company training employees through local technical colleges.





As a native Georgian who has started two businesses here from the ground up, I have experienced firsthand our state's great balance of business-friendly environment and outstanding quality of life.

Governor Sonny Perdue

ASSISTANCE FOR SMALL BUSINESS AND ENTREPRENEURS

Small businesses can qualify for many of the programs outlined in this brochure. In addition, Georgia offers several programs specifically designed to meet the needs of small businesses and entrepreneurs.

Small Business Tax Relief – Georgia now allows small businesses making capital investments of less than \$410,000 to write off up to \$102,000 of those expenses in the current year. For capital investments greater than \$410,000, the tax write-off is reduced dollar for dollar.

Entrepreneur and Small Business (ESB) Loan Guarantee Program – In partnership with the OneGeorgia Authority, the state can provide loan guarantees to spur entrepreneurial growth in specified rural communities throughout Georgia. The guarantee amounts can range between \$35,000 and \$250,000, can be used for hard assets or for start-up and working capital and require a 10 percent cash equity injection by the borrower.

ASSISTANCE FOR GEORGIA'S EXISTING INDUSTRIES

In addition to qualifying for all incentive programs that new businesses do, existing Georgia firms can take advantage of several unique programs.

Existing Industry Job Tax Credit Bonus – Companies that have been doing business in Georgia for at least three years can claim a one-time additional \$500 tax credit for every net new job they add between 2006 and 2011.

Investment Tax Credits – Existing Georgia manufacturing or telecommunications companies that have operated a facility in Georgia for at least three years, and which make a minimum \$50,000 additional qualified capital investment, may claim from 1 percent to 5 percent (depending on tier status) of the new investment as a tax credit. Higher credits (3 percent to 8 percent, depending on tier status) are available for investments in recycling or pollution control equipment and for defense plant manufacturing conversion to a new product. Taxpayers must choose either the investment tax credit or the job tax credit. This credit may be applied against 50 percent of tax liability and carried forward for ten years.

Tier	Investment Credits	Limits of Credits	Carry Forward	Minimum Investment
1	5% - 8%*	50% of tax liability	10 years	\$50,000
2	3% - 5%*	50% of tax liability	10 years	\$50,000
3	1% - 3%*	50% of tax liability	10 years	\$50,000
4	1% - 3%*	50% of tax liability	10 years	\$50,000

*Recycle, Defense Conversion, Pollution Control

Example: Taxpayer in a Tier 1 county invests \$100 million in a manufacturing plant plus \$25 million in recycling equipment. Taxpayer is eligible for a \$7 million tax credit to reduce or eliminate Georgia income tax. $[\$100 \text{ million} \times 5\%] + [\$25 \text{ million} \times 8\%] = \7 million .



Optional Investment Tax Credits – The optional investment tax credit can be taken in lieu of the investment tax credit. The credits range from 10 percent to 6 percent of qualified capital investment. This credit is available to taxpayers that qualify for investment tax credits, with the minimum investment ranging from \$5 million to \$20 million. A taxpayer can use the tax credits up to the calculated amount for a given year. The credit may be claimed up to 10 years after the year the property was first placed in service, provided the property remains in service. The optional investment tax credit is a calculated risk. Without large increases each year in income tax liability, the usable tax credit could be very small and possibly zero.

R&D Tax Credit – Ten percent of a company’s increased qualified research and development expense over its gross receipts may be claimed as a tax credit. Georgia taxpayers must qualify for a research credit under the IRS code to be eligible. Emerging companies can apply the credit to offset their payroll withholding once all other tax liability has been exhausted for their first 5 years.

Example: Taxpayer has base R&D expenditures of \$192,000 per year. The current year’s R&D expenditures are \$5,192,000. Taxpayer is eligible to receive an income tax credit of \$500,000 to reduce or eliminate Georgia income tax liability. [$(\$5,192,000 - \$192,000) \times 10\% = \$500,000$]

Centers of Innovation – Georgia provides a number of Centers of Innovation across the state, each supporting a different strategic industry sector, where innovative companies can accelerate their growth by tapping university-sponsored research, university and private sector talent and other state and private sector resources.

Georgia Tech FaciliTech – Georgia Tech can partner with Georgia companies to offer access to world-class talent and an array of services to help with issues related to process productivity, quality and international standards, energy and environmental management, lean enterprise transformation, trade adjustment assistance, new product design and development, and information technology strategies.

For further information about any of these programs and others that may assist companies with new or expanded investments in Georgia, please contact:

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