



Job Tax Credits –Less Developed Census Tract (LDCT)

For Initial Job Creation Threshold met in Tax Years beginning January 1, 2012 or later

- The Georgia Job Tax Credit Program in a LDCT falls under O.C.G.A. 48-7-40.1
- Eligible Business Enterprises must create at least five (5) net new jobs at the business location within the designated LDCT within a tax year and the new jobs must be full-time jobs of at least 35 hours per week
- New jobs must be offered health insurance; the employer does not have to pay for such insurance, just offer it
- The average wage of each of the new jobs created must pay at or above the average wage of the county with the lowest average wage in the state – as of June 2020 this is Glascock County at \$589 per week or \$30,628 per year, per Georgia Department of Labor (GA DOL) (Georgia Employment and Wages – 2020 Averages)
- Job threshold must be created in initial year, then maintained an additional four years – credit is initially claimed on the initial year tax return – for example, an initial threshold of eligible new jobs created in 2020 may be claimed on the 2020 tax return – additional credit is then claimed on each of the following four years' tax returns, as long as the jobs are maintained
- Credit is claimed by filing *Form IT-CA* with the Georgia Business Income Tax return; Tax credit = \$3,500 per job
- Credit may be applied against 100 percent of any corporate income tax liability on the Georgia Income Tax Return. Flow-through entities will be able to flow the credit through to the members, partners, or shareholders
- Excess credit may be applied against withholding if the proper steps are taken with the Georgia Department of Revenue (GA DOR)

House Bill 846

House Bill 846 was passed and signed into law by Governor Kemp on June 30, 2020. For purposes of the Georgia Job Tax Credit Program, House Bill 846 allows businesses that were already claiming the Job Tax Credit under any designation (Tier, Opportunity Zone, Less Developed Census Tract, and Military Zone) in tax year 2019 to apply their 2019 employee count for tax years beginning 2020 and 2021 or the option to continue calculating their credit as in prior years based on the number of net new full-time employee jobs that the taxpayer added during the tax years (2020 and 2021).

Further, the Bill also allows personal protective equipment manufacturers (PPE manufacturers) an additional \$1,250 in credit for jobs created, as a supplement to the regular Job Tax Credit claimed. Such term shall include any business enterprise which, in response to COVID-19, began manufacturing PPE in Georgia. Such term shall not include retail businesses that sell PPE. The PPE manufacturer must also claim the regular Job Tax Credit under any designation (Tier, Opportunity Zone, Less Developed Census Tract, and Military Zone) in order to claim the supplemental credit.

For additional information related to House Bill 846, please see:

<http://www.legis.ga.gov/legislation/en-US/Display/20192020/HB/846>



Withholding Tax Credits

- Job Tax Credit claimed against withholding may not exceed \$3,500 per job
- Credit must be first applied to any corporate income tax liability prior to claiming withholding
- Carry forward income tax credits may not be applied to withholding, nor may withholding be claimed on an amended tax return
- Credit is applied to future withholding tax returns
- No refund is paid on withholding credits

Claiming Withholding Credit

- For tax years beginning on or after January 1, 2017, to claim any excess tax credit not used on the income tax return against the generating entity's payroll withholding tax liability, the entity must file Revenue Form IT-WH *Notice of Intent* through the Georgia Tax Center within 30 days after the due date of the Georgia income tax return (including extensions) or within 30 days after the filing of a timely filed Georgia income tax return, whichever occurs first - **Paper filings will no longer be allowed**
- Failure to file this form as provided will result in disallowance of the withholding tax benefit
- GA DOR has 120 days to review once the corporate income tax return is filed
- Business will receive notice of approved credit and when to claim against withholding from GA DOR
- Business will then apply credit to withholding returns until fully utilized
- Withholding credit has no effect on employees
- Flow-through entities may elect to claim all or a specific portion of the credit against the entity's withholding and/or flow the credit through to shareholders, partners, or members. This is an annual irrevocable election dependent upon the filing of *Form IT-WH*.

Form IT-CA may be obtained from the Department of Revenue web site at:

https://dor.georgia.gov/sites/dor.georgia.gov/files/related_files/document/TSD/Form/IT-CA_2012_Job_Tax_Credit_Form_ITCA.pdf

Job Tax Credit info on web at: <https://www.dca.ga.gov/community-economic-development/incentive-programs/job-tax-credits> and <https://www.dca.ga.gov/community-economic-development/incentive-programs/less-developed-census-tracts>

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