

# Tax Credit Presentation for GACS Members

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# Tax Credits for Georgia C-Stores

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- ✦ Federal Work Opportunity Tax Credit
- ✦ Federal Zone Credits
  - ◆ Empowerment Zone Credit
  - ◆ Renewal Community Credit
- ✦ Georgia Job Tax Credit
- ✦ Georgia Retraining Credit

# Federal Credits: Work Opportunity Tax Credit

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- ✦ A credit for hiring economically disadvantaged employees
  - ✦ To qualify, a new hire must be in one of these categories
    - Member of a family receiving welfare,
    - Ex-Felons,
    - Member of a family receiving food stamps,
    - Qualified veterans,
    - SSI recipients,
    - Individuals who have received vocational rehabilitation,
    - Individuals 16-39 years of age living in an Empowerment Zone, Renewal Community or Enterprise Community, or
    - Katrina Displacees.
  - ✦ Have to work 120 hours to qualify
  - ✦ Generally, the credit is 40% of first \$6,000 in wages (\$2,400 Credit).
    - ◆ 25% of first 399 hours of wages
    - ◆ 40% once they hit 400 hours of service retroactive to hour 1
  - ✦ Increased credit for some categories
  - ✦ Employees must be screened when hired
  - ✦ Certification requests must be made within 28 days of hiring

# Federal Credits: Empowerment Zone Credit

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- ✦ The Company and Employee both must be located in an Empowerment Zone to qualify.
- ✦ Credit is 20% of the first \$15,000 of wages in any year.
- ✦ Southwest Georgia Empowerment Zone (Crisp and Dooly counties)

# Federal Credits: Renewal Community Credit

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- ✦ The Company and Employee both must be located in an Renewal Community to qualify.
- ✦ The credit is 15% of the first \$10,000 in wages or up to \$1,500 per employee.
- ✦ Atlanta has a Renewal Community

# Georgia Credits: Job Tax Credit

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- ✦ Incentive for job creation in certain industries.
  
- ✦ To qualify, a company must:
  - ◆ Be in a qualifying industry (or be in one of the lowest 40 ranking counties),
  - ◆ Create a minimum number of jobs, and
  - ◆ Pay at least the lowest county average wage rate in Georgia and offer health benefits to employees (Effective in 2001).
  
- ✦ A taxpayer may not claim the investment tax credit and the job tax credit for the same “project”.

# Georgia Credits: Job Tax Credit

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- ✦ In all but the 40 least developed counties, a taxpayer must be in one of the following industry groups to qualify for the job tax credit:
  - Manufacturing
  - Warehousing / Distribution
  - Processing\*
  - Telecommunications
  - R&D
  - Tourism
  
- ✦ The regulations reference specific NAICS codes that qualify.
  
- ✦ The industry type “processing” includes a variety of industry classifications that may not be apparent (eg. Telemarketing, consulting, providing audit and accounting services, etc.)

# Georgia Credits: Job Tax Credit

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- ✦ To qualify for the Job Tax Credit a taxpayer must create at least:
  - Tier 1 - 5 Jobs
  - Tier 2 - 10 Jobs
  - Tier 3 - 15 Jobs
  - Tier 4 - 25 Jobs
  - Least Developed Census Tracts - 5 Jobs
  
- ✦ Job creation is measured by comparing the monthly average full time employment from one year to the next on a county by county basis.
  
- ✦ Jobs that are transferred from within the state or that replace other jobs do not qualify.
  
- ✦ The purchase of a business does not qualify as new job creation in most cases. Possible exceptions include if the business is moved or is shut down for a period of time

# Georgia Credits: Job Tax Credit

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The job tax credit is taken in each of the five years after the year the job is created. The annual credit is:

<b>Tier</b>	<b>Annual Credit</b>	<b>Total per Job</b>
<b>4</b>	\$750	\$3,750
<b>3</b>	\$1,250	\$6,250
<b>2</b>	\$2,500	\$12,500
<b>1</b>	\$3,500	\$17,500
<b>Census Tract</b>	\$3,500	\$17,500

Each year the amount of credit is adjusted up to reflect additional jobs or adjusted down to reflect jobs that were created but not maintained.

An additional \$500 per year is available if the county participates in a joint development authority. **This can mean a credit of \$20,000 per job!**

# Georgia Credits: Retraining Tax Credit

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- ✦ An incentive for employers in Georgia to retrain existing employees due to workplace changes
- ✦ The credit equals 50% of eligible training costs up to \$500/participant

# Georgia Credits: Retraining Tax Credit

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## Qualifying Training:

Must be in one of the following general categories:

1. Retraining on new equipment
2. Retraining on new technology, or
3. Retraining on new operating systems  
(including computer systems and operating methodologies)

Examples: PC classes, ISO 9000, new machinery, reengineering, software implementations

# Georgia Credits: Retraining Tax Credit

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## Qualifying Trainees:

- Must be a Georgia resident employee
- Must be Supervisor level or below
- Must have at least 16 weeks of employment when trained
- Must be full time (25 hrs/wk or more)
- The training must fill a deficiency that could cause displacement
- Must not be required to pay for the training

# Georgia Credits: Retraining Tax Credit

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## Qualifying Costs:

- Tuition to training provider
- Trainee's wages
- Trainer's wages
- Costs of developing materials
- Costs that do not qualify include: capital costs, cost of renting space, benefits, etc