

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, permanent 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 least the average wage of the county with the lowest average wage in the state – as of June 2016 this is Glascock County at \$471 per week or \$24,492 per year, per DOL (Georgia Employment and Wages – 2015 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 2015 may be claimed on the 2015 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-CA2012* with the Georgia Corporation 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 Corporation Income Tax Return
- Excess credit may be applied against withholding if the proper steps are taken with the Department of Revenue

Withholding Tax Credits

- Job Tax Credit claimed against withholding (WH) may not exceed \$3,500 per job
- Credit must be first applied to any corporate income tax liability prior to claiming WH
- 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

- Business must file *Form IT-WH* with the Department of Revenue (DOR) at least 30 days prior to the filing of the original tax return in which the credit will be filed and claimed
- 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 WH from DOR
- Business will then apply credit to WH returns until fully utilized
- Withholding credit has no affect 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 election dependent upon the filing of *Form IT-WH*.

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

http://dor.georgia.gov/documents/forms?field_form_type_tid=2871

Job Tax Credit info on web at: <http://www.dca.ga.gov/economic/TaxCredits/programs/taxcredit.asp>

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