

Military Zone Job Tax Credits

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

- Part of the Georgia Job Tax Credit Program under O.C.G.A. 48-7-40.1(c)(2)
- Business must be located within a currently designated Military Zone and creating jobs at that location in order to be eligible under this provision
- Business can be any business of any nature; not bound by “business enterprise” definition
- Business must create at least two (2) net new jobs within a tax year and the new jobs must be full-time, permanent jobs of at least 35 hours per week – however, jobs may not be held by a husband and wife
- 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 created in initial tax year, then maintained an additional four tax years – credit is initially claimed on the initial year tax return – for example, an initial threshold of eligible net new jobs created in 2014 may be claimed on the 2014 tax return – additional credit is then claimed on each of the following four years tax returns as long as those jobs are maintained
- Credit is claimed by filing *Form IT-CA2012* with the Georgia Corporate Income Tax return; credit amount is \$3,500 per eligible net new 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 appropriate 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 credits against income taxes may not be later applied to withholding
- 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 tax return in which the credit will be filed and claimed
- DOR has 120 days to review once the return is filed
- Business will receive notice from DOR of approved credit and when to claim against WH
- Business will then apply credit against future WH remittance until fully utilized
- Withholding credit has no affect on employees
- Flow-through entities may elect to claim credit under the withholding provision and/or flow the credit through to shareholders, partners, or members. This is an annual election dependent upon the filing of the *Form IT-WH*.

Form IT-CA(2012) 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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