



# BUSINESS INCENTIVES

2021



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Our relationship approach to economic development, along with our pro-business environment, world-renowned logistics, and highly-rated workforce are a few of the many reasons companies choose to locate or expand in Georgia.

### RELIABLE & BUSINESS-FRIENDLY

- Georgia's main incentives for job creation have been in place for more than 25 years.
- The state's favorable corporate income tax structure is ranked 7th in the nation.
- Ranked #1 for Speed of Permitting by *Area Development*.
- Georgia is consistently ranked #1 for Cooperative & Responsive State Government by *Area Development* (2014 - 2019).
- The state has maintained AAA rating from all three credit agencies for over 20 years.
- Where eligible, some tax credits can be applied to state payroll withholding liability. This is effectively new cash flow for the company, with no clawbacks or reporting requirements.

### LEADING LOGISTICS

- Home to the world's most traveled and efficient passenger airport, Hartsfield-Jackson Atlanta International Airport. (*Aviation Pros* 2003 - 2020)
- Largest and fastest growing container terminal in the United States.
- Two Class 1 railroads and 5,000 miles of rail, the most extensive rail system in the Southeast.
- Connect to 80% of U.S. markets within a two-day drive, or two-hour flight.
- Every major international and North American fiber provider possesses a core interconnection point in Atlanta.

### SKILLED, DIVERSE AND INCLUSIVE WORKFORCE

- Labor force of 5.1 million people is the 2nd largest in the Southeast.
- Statewide university system - Georgia Tech and University of Georgia are two of the nation's top 20 ranked public universities.
- Georgia Department of Labor provides recruiting and hiring assistance.
- #1 ranked workforce training program in the nation, Georgia Quick Start, and Technical College System of Georgia delivers fully customized, strategic workforce solutions for qualified companies investing in Georgia. Services are provided free of charge as a discretionary incentive for job creation.





An investment in Georgia is only the first step in our relationship which is geared toward your long-term success. Once you call Georgia home, the Georgia Department of Economic Development team is here to help you grow. In addition to relocation and expansion services, GDEcD also provides free export services, resources for facilitating business innovation and cross industry connections, as well as small business services. This existing infrastructure proved to be a crucial asset when the novel coronavirus started its spread.

Throughout the COVID-19 pandemic, Governor Kemp, a businessman who entered politics, has retained his focus on keeping the state open for business. The Georgia Department of Economic Development shifted from office to remote work without missing a day, and has been a vital partner with the State in coordinating response efforts and providing business guidance. During the months of March through December 2020, Georgia located 252 new economic development projects, creating 25,512 jobs and \$8.8 billion in investment.

A detailed [COVID-19 business guide](#) was produced and continuously updated based on direction provided in the governor's executive orders. This guide outlined the safety procedures required for companies to remain operational.

Georgia businesses, state government, economic developers and non-profits joined forces to meet the challenges coming from the novel coronavirus. Since March, companies of all sizes have teamed up to pivot operations, retool their machines, and produce critical supplies and PPE to fight COVID-19. The State's regularly updated [COVID-19 Suppliers Interactive List](#) and Map connects the 350+ Georgia businesses supplying these critical resources with those who need them.

## CREATION OF NEW PPE TAX CREDIT

The State of Georgia is led by a bipartisan General Assembly with a long legacy of supporting pro-business and incentive-related legislation. Through 2020 legislative action, Georgia now offers a bonus on the Job Tax Credit for companies that create new jobs to manufacture personal protective equipment (PPE) or hand sanitizer. See [page 8](#) for this new PPE Tax Credit Bonus that incentivizes companies to help the state fight the pandemic.

## TAX CREDIT UPDATES

Governor Kemp signed a measure into law that gives relief to Georgia companies that in recent years created new jobs, but had to cut those jobs in 2020 and/or 2021 due to economic effects of the pandemic. The law also provides the option for companies to claim Job Tax Credits for jobs that changed to teleworking status for tax years 2020 and 2021. See [page 5](#) for more information.

"Key connections to educational institutions like Georgia Tech and business and government leaders here allowed us to develop

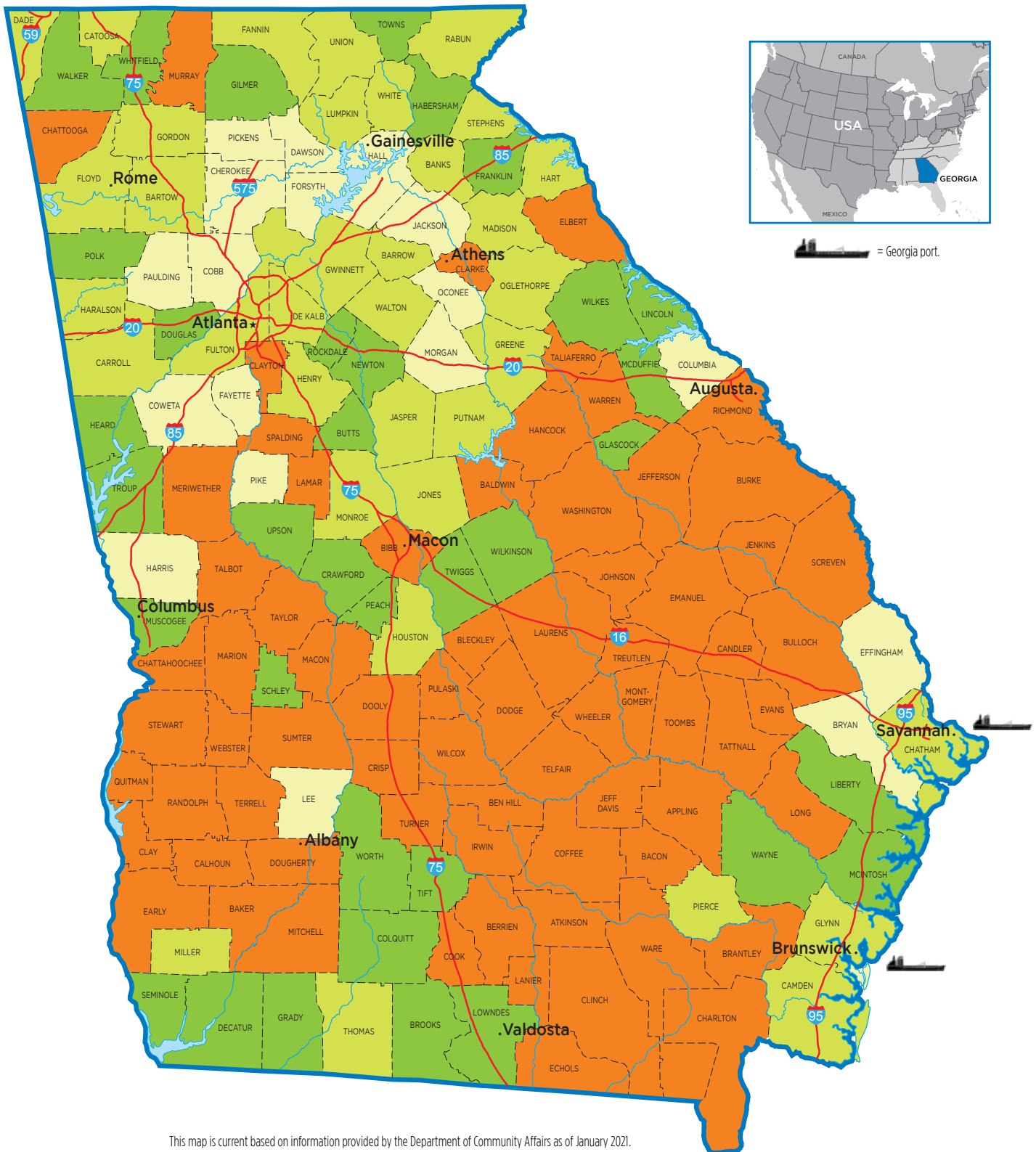
masks that **SAVE LIVES AND PROTECT** our front line heroes in record time. Like our fellow Georgians, looking out for our neighbors is part of our daily mission."

TYLER MERRITT  
CEO AND CO-FOUNDER  
NINE LINE APPAREL, SAVANNAH

## STAYING OPERATIONAL THROUGH STRATEGIC PARTNERSHIPS



## GEORGIA 2021 JOB TAX CREDIT TIERS





## JOB TAX CREDIT

New and expanding companies may earn Job Tax Credits (JTC) for creating new jobs in Georgia. These credits can effectively eliminate a company's corporate income tax liability, and in certain areas can also reduce the company's payroll withholding obligations.

Each year, all 159 Georgia counties are assigned to one of four tiers based on the unemployment rate, per capita income, and poverty rate. A county's tier level determines the value of the tax credits earned, and the minimum number of net new full-time jobs that must be created to qualify. The credit value is earned for the first five years of the job's existence as long as the job is maintained.

TIER	JOB TAX CREDIT \$ (FOR 5 YEARS)	MIN. NEW JOBS	USE OF CREDITS**	CARRY FORWARD
1	\$4,000*	2	100% of tax liability - excess to withholding up to \$3,500 per job	10 years
2	\$3,000*	10	100% of tax liability	10 years
3	\$1,750*	15	50% of tax liability	10 years
4	\$1,250*	25	50% of tax liability	10 years
MZ/OZ	\$3,500	2	100% of tax liability - excess to withholding	10 years
LDCT	\$3,500	5	100% of tax liability - excess to withholding	10 years

*\*Includes \$500 bonus for Joint Development Authority (JDA). Georgia counties can form partnerships that benefit companies with this \$500 Job Tax Credit bonus. The majority of counties are in a JDA. To confirm a county's status, please call 404.962.4181.*

*\*\*Tax credits are applied to Georgia corporate income tax liability.*

## SPECIAL ZONES

Certain areas of the state have special designations that supersede the county tier assignment. Companies located in these designated areas (indicated above) are eligible to use excess JTCs to offset state payroll withholding liability. Additionally, all companies – regardless of industry, including retail, restaurants and services – that create at least two new eligible jobs are allowed to claim Job Tax Credits if they are located in one of Georgia's 40 least-developed counties, an OZ or a MZ.

MZ = Military Zone OZ = Opportunity Zone LDCT = Less Developed Census Tract

Georgia's Opportunity Zones are a state-level incentive programs that pre-dates the federal Qualified Opportunity Zones (OZ). The federal OZs reward private investment with temporary deferrals of federal capital gains taxes for the investor. For more information please visit [Georgia.org/FedOZ](https://www.Georgia.org/FedOZ).

## TAX CREDIT UPDATES

Georgia companies that claimed Job Tax Credits or Quality Jobs Tax Credits for jobs created in their tax year 2016 or later now have the option of claiming jobs at pre-COVID-19 levels even if they are not able to meet the job maintenance requirement. These companies can "carryover" or use their claimed 2019 qualifying job number in lieu of their actual 2020 and/or 2021 qualifying job number when claiming their credit. The new option is just that – an option – and does not alter what the law allows for companies that create net new qualifying jobs in their 2020 and/or 2021 tax years. In tax years 2020 and 2021, companies may also claim Job Tax Credits for new jobs that switched to teleworking status provided the employee still lives and works in Georgia, and the job meets eligibility requirements

# JOB CREATION TAX CREDIT CONTINUED

## QUALIFYING FOR THE JOB TAX CREDIT

A company may qualify for Georgia's Job Tax Credit by creating net new full-time jobs at any location in the state. To qualify, the Georgia facility must be engaged in, or the headquarters of, a specified industry including:

- Manufacturing
- Warehousing, Distribution and Logistics
- Software Development
- FinTech
- Data Centers
- Contact Centers
- Telecommunications
- Research and Development Facilities

To qualify, each job must have a minimum 35-hour work week, offer health insurance benefits consistent with what is offered to existing employees, and pay more than the average wage of the county with the lowest average wage in the state (\$541/week as of June 2020).

Once a company has qualified to earn Job Tax Credits, it can earn a tax credit for each net new job it creates (and maintains) during the next five years. Each of those jobs can earn an annual credit for five years after it is created.

Each year that a company creates net new jobs above the required threshold, a new five-year cycle starts. Net new jobs created outside of a five-year cycle do not earn tax credits unless the net new jobs are above the minimum requirement to start a new cycle.

Credits may be applied to the following percentages of state corporate income tax liability:

- 50% for projects in Tier 3 and 4 counties,
- 100% for projects in Tier 2 counties, or
- 100% for projects in Tier 1 counties, Georgia OZs, MZs and LDCTs.

Once all Georgia corporate income tax liability has been satisfied, companies with projects in Tier 1 counties, Georgia OZs, MZs and LDCTs may apply any remaining Job Tax Credits against their Georgia payroll withholding liability (up to a maximum of \$3,500 per job).

For all projects, any claimed but unused credits may be carried forward for 10 years from the close of the taxable year in which qualified jobs were established.

Job Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40 and rules published by the Georgia Department of Community Affairs in Chapter 110-9.1 and the Georgia Department of Revenue in Regulation 560-7-8-.36.

### Job Tax Credit

A distribution facility chooses to locate in a Tier 1 County and create 150 jobs new to Georgia, which are maintained for 5 years.

**Credit value:** \$4,000 in Tier 1 location

**Example Calculation:**

150 jobs x \$4,000 credits x 5 years  
= \$3,000,000 total credits to claim



## USING EXCESS TAX CREDITS TO REDUCE GEORGIA PAYROLL WITHHOLDING LIABILITY

Job Tax Credits may be applied to state payroll withholding liability in certain circumstances and after meeting requirements to apply the tax credits to state corporate income tax liability first. This effectively turns those credits into cash, which the companies can use as they wish – free of any clawback or reporting requirements. This is also true for a number of other Georgia tax credits described in this brochure.



# PORT ACTIVITY TAX CREDIT

## PORT TAX CREDIT BONUS

The Port Tax Credit is a bonus that can be used with either the Job Tax Credit (JTC) or the Investment Tax Credit if the company 1) meets the requirements for one of those programs and 2) increases imports or exports through Georgia ports during a specified tax year and by a specified amount.

The specified tax year is the tax year prior to the tax year in which the company wants to claim the Port Tax Credit Bonus. For example, to claim the Bonus for tax year 2020, the specified tax year is tax year 2019.

The specified amount is an increase of more than 10% from the previous tax year. This initial amount, referred to as the base amount, can be no less than the Required Port Traffic Minimums.

- o 75 net tons
- o 5 containers or
- o 10 TEUs (twenty-foot equivalent units)

For example, to claim the bonus for tax year 2020, if the company generated no imports or exports through Georgia ports in tax year 2018, the company must generate more than 82.5 net tons (or 5.5 containers or 11 TEUs) in tax year 2019.

After the company claims the port bonus in the qualifying year, it must maintain its port activity for each of the years claiming the associated JTC at, or above, the specified amount that first qualified it for the port bonus. If in any of those years its port activity is not maintained at that level, the company cannot claim the port bonus in that year.

Port Tax Credits may be used to offset up to 50% of the company's corporate income tax liability. Unused credits may be carried forward for 10 years.

Note: The Port Tax Credit Bonus cannot be used with the Quality Jobs Tax Credits

Port Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.15.

## PORT TAX CREDIT BONUS FOR JOB TAX CREDITS

This "port bonus" is an additional \$1,250 per job, per year, for up to five years for taxpayers with qualified increases in shipments through a Georgia port. The \$1,250 is added to the Job Tax Credit.

### Port Job Tax Credit Bonus

A distribution facility new to using a Georgia port imports 11 TEUs in the year prior to creating 150 jobs eligible for Job Tax Credits. Both the 150 jobs and the 11 TEUs of imports are maintained each year for five years.

**Job Tax Credit value:** \$4,000 in Tier 1 location

**Port Tax Credit Bonus value:** \$1,250

**Example Calculation:**

150 jobs x \$4,000 Job Tax Credits x 5 years = \$3,000,000  
+ 150 jobs x \$1,250 Port Tax Credits x 5 years = \$937,500  
= \$3,937,500 total credits to claim

## PORT TAX CREDIT BONUS FOR INVESTMENT TAX CREDITS

This "port bonus" increases the Investment Tax Credit to the equivalent of a Tier 1 location regardless of the tier level; therefore, it would be equal to 5% of the qualified investment in expenses directly related to a manufacturing or telecommunications facility with the credit increasing to 8% for recycling, pollution control and defense conversion investment. See *page 9* for additional information on Investment Tax Credits.

### Port Investment Tax Credit Bonus

A manufacturer located in a Tier 4 county applied for and was granted GDOR approval to claim an investment tax credit on its 2020 income tax return. The manufacturer also increased its activity through a Georgia port by more than 10% from 2018 to 2019. The approved investment project had \$10M in expenses for construction and equipment, of which \$0.5M was for pollution control equipment.

**Port Tax Credit Bonus value:**

Additional 4% investment credit for construction and equipment expenses (from 1% to 5% of \$9.5M)

Additional 5% investment credit for pollution control equipment expenses (from 3% to 8% of \$0.5M)

**Example Calculation:**

\$9.5M x 5% = \$475,000  
+ \$0.5M x 8% = \$40,000

= \$515,000 total credits to claim for investment tax credit with port bonus

# PPE PRODUCTION TAX CREDIT

## PPE PRODUCTION TAX CREDIT

Georgia's fight against the COVID-19 pandemic includes the creation of a new Personal Protection Equipment (PPE) Tax Credit Bonus that rewards job creation that expands the manufacture of PPE and hand sanitizer in Georgia.

When eligible, PPE manufacturers can claim an additional \$1,250 per job per year for five years. Like the Port Tax Credit Bonus, manufacturers have to also be eligible to claim the Job Tax Credit to claim the additional \$1,250 PPE bonus for eligible jobs. The PPE credit value may be used to offset up to 100% of the company's corporate income tax liability, and any excess credits are applicable to payroll withholding. Unused credits may be carried forward for 10 years.



**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 6)

If the facility produces multiple products, only those jobs dedicated to manufacturing PPE or hand sanitizer may qualify. If the facility ceases to manufacture PPE or hand sanitizer, or if the jobs are no longer involved in manufacturing PPE or hand sanitizer, then the company may no longer claim the PPE bonus for those jobs. Eligibility extends to jobs dedicated to the manufacture of:

- **Personal protective equipment**
  - o any protective clothing, helmets, gloves, face shields, goggles, facemasks, hand sanitizer, and respirators or other equipment designed to protect the wearer from injury or to prevent the spread of infection, disease, virus, or other illness. Such term shall include equipment identified under 29 C.F.R. Section 1910, Subpart I.

- **Hand sanitizer**

- o any hand antiseptic, hand rub, soap, or agent applied to the hands for the purpose of removing common pathogens, including, but not limited to, hand cleaners and sanitizers provided for under 7 C.F.R. Section 3201.18.

The PPE Bonus is available only for tax years ending between 1/1/20 through 12/31/2024. However, qualifying jobs claimed for tax years ending on or before 12/31/2024 can claim the full five years of the credit, so long as the jobs are maintained and continue to be dedicated to the manufacture of PPE or hand sanitizer.

PPE Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.1A and in rules published by the Georgia Department of Revenue in regulation 560-7-8-.66.

### PPE Tax Credit Bonus

A manufacturer chooses a Tier 1 location for a facility with 300 new jobs eligible for the Job Tax Credit. 100 of the jobs will be dedicated to manufacturing PPE, and the remaining 200 jobs will be dedicated to manufacturing another product. Through importing supplies and exporting the other product at the requisite threshold, the company will be eligible for the Port Tax Credit Bonus.

**Job Tax Credit value:** \$4,000 in Tier 1 location

**PPE Tax Credit Bonus value:** \$1,250

**Port Tax Credit Bonus value:** \$1,250

**Example Calculation:**

300 jobs x \$4,000 Job Tax Credits x 5 years = \$6,000,000  
100 jobs x \$1,250 PPE Tax Credits x 5 years = \$625,000  
300 jobs x \$1,250 Port Tax Credits x 5 years = \$1,875,000

= \$8,500,000 total credits to claim, \$5,875,000 of which are applicable to payroll withholding once obligations to first apply to corporate income tax liability are met (note: only \$3,500 per job of the Job Tax Credit value can be applied to payroll withholding).



## INVESTMENT TAX CREDIT

Georgia has an investment tax credit available to existing manufacturing and telecommunication companies in the state. Depending on the tier status of the county where the investment is made, the value of the credit ranges from 1% - 5%. To qualify a company must:

- Have operated either a manufacturing or telecommunications facility in Georgia for at least three years, and make a minimum \$100,000 investment in a new or existing manufacturing or telecommunications facility in Georgia;

**OR**

- Have operated a corporate office or other support facility for a manufacturing or telecommunications company in Georgia for at least three years, and make a minimum \$100,000 investment in a new or existing manufacturing or telecommunications facility in Georgia.

Qualified investment expenses include, but are not limited to:

- Land acquisition
- Improvements
- Buildings
- Machinery and equipment to be used in a manufacturing or telecommunications facility

Higher credits (3% - 8%, depending on tier status) are available for investments in:

- Recycling or Pollution Control Equipment
- Defense Plant Manufacturing Conversion to a New Product

TIER	INVESTMENT CREDITS	MINIMUM INVESTMENT	USE OF CREDITS	CARRY FORWARD
1	5%-8%*	\$100,000	50% of tax liability**	10 years
2	3%-5%*	\$100,000	50% of tax liability**	10 years
3	1%-3%*	\$100,000	50% of tax liability	10 years
4	1%-3%*	\$100,000	50% of tax liability	10 years

\*Recycle, Defense Conversion, Pollution Control

\*\*In Tier 1 and 2 Counties with the rural designation, credits may be applied to payroll withholding after first applying to 50% of state corporate income tax liability.

The duration of a project shall not exceed three years unless expressly approved in writing by the Commissioner of the Georgia Department of Revenue. This credit may be applied against 50% of state corporate income tax liability. Excess credits may be carried forward for 10 years. To be eligible to receive the credits, a taxpayer must submit a written application to the Georgia Department of Revenue requesting approval of the project plan no later than thirty (30) days after the completion of the project. Taxpayers may claim either job tax credits or investment tax credits for a project, but not both.



**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 6)

Beginning January 2020, once the requirement to first apply the credit to 50% of the state corporate income tax liability is met, eligible companies in Rural Counties within Tiers 1 or 2 can apply credits to payroll withholding. These Rural Counties, as defined by Georgia law, are identified on the map on page 11.

The amount applicable to payroll withholding is capped at \$1 million per company each year. The maximum amount applicable to payroll withholding statewide for all claiming companies is \$10 million. If total applications exceed \$10 million, the Georgia Department of Revenue will determine a prorated amount for each eligible company.

Investment Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.2, 48-7-40.3, and 48-7-40.4 and in rules published by the Georgia Department of Revenue in regulation 560-7-8-.37.

### Investment Tax Credit

A manufacturer is located in a Tier 1 location. This company invests \$10,000,000 in construction of a new wing for its facility and purchase of machinery and equipment. The total includes \$500,000 in pollution control equipment.

#### Credit values:

5% investment credits for expansion in Tier 1 location  
8% investment credits for pollution control equipment in Tier 1 location

#### Example Calculation:

$\$9.5\text{M} \times 5\% = \$475,000$   
 $+ \$0.5\text{M} \times 8\% = \$40,000$   
 .....  
 $= \$515,000$  total credits to claim

# HIGH-PAYING JOB CREATION TAX CREDIT

## QUALITY JOBS TAX CREDIT

Companies may receive Quality Jobs Tax Credits (QJTC) if they create and maintain net new jobs that pay at least 110% of the county's average wage. The QJTC value ranges from \$2,500 to \$5,000 per job, per year, for up to five years.

Companies in Rural Counties in Tiers 1 and 2 must create a minimum of 10 and 25 qualifying jobs, respectively, within a 12-month period to claim QJTC. Companies in the remaining counties of Tiers 1 and 2, as well as Tiers 3 and 4, must create at least 50 qualifying jobs within a 24-month period to claim QJTC.

To qualify, each job must have a wage at least 110% above the average of the county location. All eligible jobs created the same tax year earn the same QJTC value. The credit value is determined by comparing the average for all qualifying jobs to the credit value thresholds.

Georgia companies that invest a minimum \$2.5 million in a new facility (as defined by law) while they are earning credits within an established QJTC seven-year window can open a second seven-year window before the end of the one already established.



**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 6)

QJTC may be applied against 100% of the state corporate income tax liability, and once that liability has been exhausted, the credits may be used to offset the company's state payroll withholding. Claimed but unused credits may be carried forward for 10 years from the close of the taxable year in which the qualified jobs were established.

A qualifying job can earn QJTCs or Job Tax Credits (JTC), but not both. However, new jobs that do not meet the requirements for the QJTC may be claimed for JTC if they meet JTC eligibility requirements separately. For current average county wages, view the annual Georgia Employment and Wages report on the Publications page of the Georgia Labor Market Explorer website [explorer.gdol.ga.gov](https://explorer.gdol.ga.gov).

QJTCs are subject to requirements outlined in O.C.G.A. § 48-7-40.17 and rules published by the Georgia Department of Revenue in regulation 560-7-8-.51.

% OF COUNTY AVERAGE WAGE	QUALITY JOB TAX CREDIT \$ (FOR 5 YEARS)
≥110% and <120%	\$2,500
≥120% and <150%	\$3,000
≥150% and <175%	\$4,000
≥175% and <200%	\$4,500
200% or greater	\$5,000

### Quality Jobs Tax Credit

A manufacturer chooses a Tier 1 location that has a Rural County designation. The facility creates 200 jobs new to Georgia that are maintained for 5 years.

Additional details of example location:

- The 15 new jobs in management each have a wage greater than 110% of the county average wage
- The average wage for those 15 jobs is greater than 200% of the county average wage

QJTC value: \$5,000

JTC value: \$4,000

#### Example Calculation:

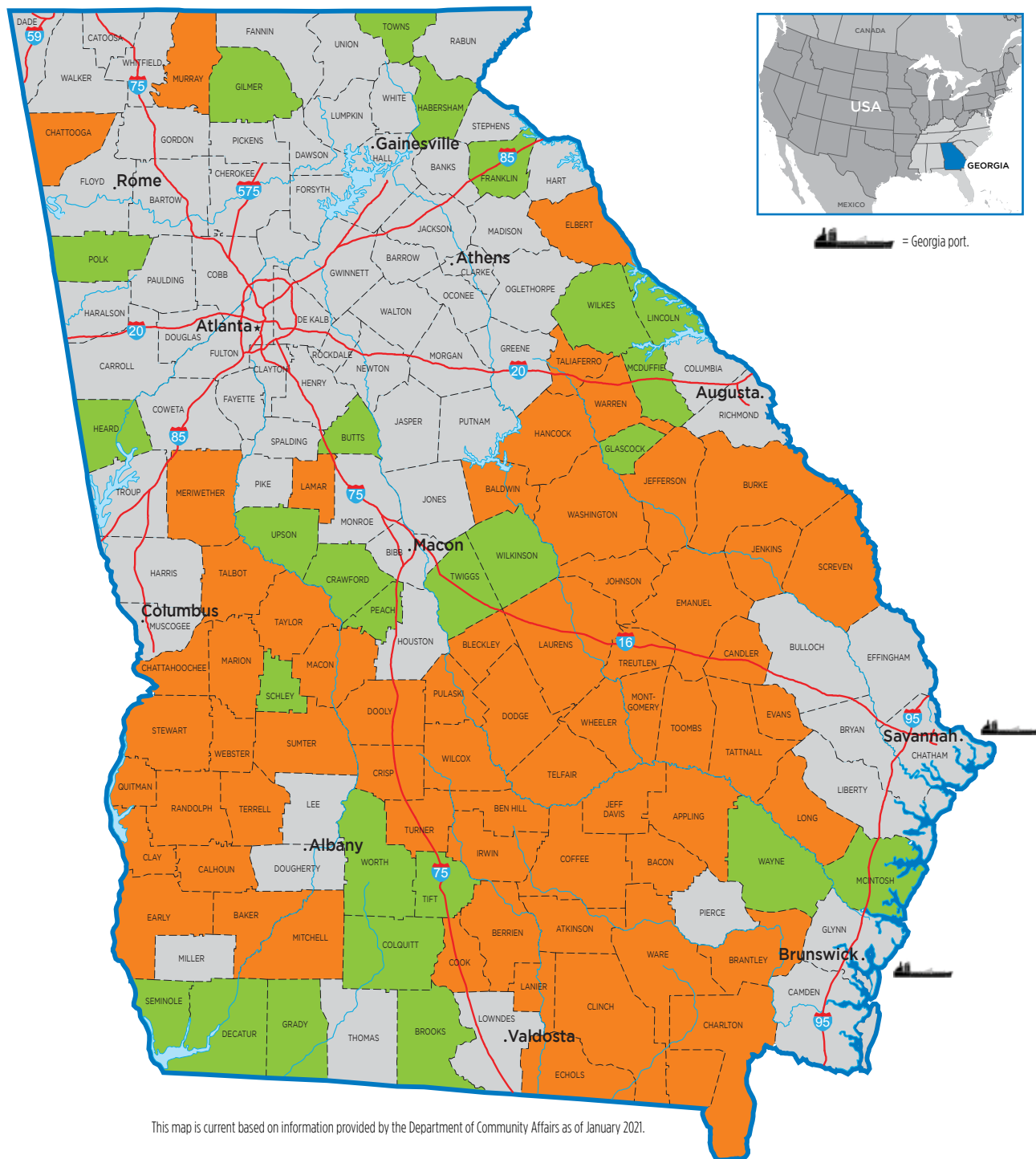
15 jobs x \$5,000 QJTC x 5 years  
= \$375,000 credits to claim  
+ 185 jobs x \$4,000 JTC x 5 years  
= \$3,700,000 credits to claim  
= \$4,075,000 total credits to claim

## TAX CREDIT CARRYOVER OPTION

Companies that were effected by COVID-19 have the option of still claiming QJTC, even if they are not able to meet the job maintenance requirement. See *page 5* for more information.



# GEORGIA'S 2021 RURAL COUNTY DESIGNATIONS



## QJTC COUNTY DESIGNATIONS

TIER & STATUS	MINIMUM NEW JOBS	TIME PERIOD TO CREATE JOBS
Tier 1, Rural	10	12 months
Tier 2, Rural	25	12 months
Remaining Counties	50	24 months

# MEGA PROJECT & DIGITAL ENTERTAINMENT TAX CREDITS

## MEGA PROJECT TAX CREDIT

Companies may claim a \$5,250 per job, per year, tax credit for the first five years of each net new job position if they meet the following requirements:

- hire at least 1,800 net new full-time employees;
- either invest a minimum of \$450 million or have a minimum annual payroll of \$150 million; and
- either pay an average wage above specified minimums or show high growth potential.

Companies have up to six years to meet the above thresholds, but can extend that period up to eight years with over \$600 million or up to ten years with over \$800 million invested in qualified property.

A maximum of 4,500 new jobs created by any one project may be eligible to receive these credits, and companies that claim these credits forego claiming other credits, except the R&D and Retraining Tax Credits are allowed. If the required 1,800 new jobs are not maintained, the company may be subject to recapture provisions.

Mega Project Tax Credits are subject to detailed program requirements as outlined in O.C.G.A. § 48-7-40.24.

INVESTMENT AMOUNT	INVESTMENT RAMP UP PERIOD	YEARS TO MEET JOB REQUIREMENT
≥\$450M	By end of year 6	6
≥\$600M	By end of year 6	8
≥\$800M	By end of year 8	10

## DIGITAL ENTERTAINMENT TAX CREDIT

A tax credit of 20% may be available to digital/interactive entertainment production companies with a minimum of \$250,000 in qualified expenditures in Georgia. An additional 10% uplift can be earned by including an embedded Georgia logo and web link on the project's promotional webpage, or through approved alternatives if they offer equal or greater marketing opportunities for the state.

This tax credit may be used against Georgia income tax liability (any excess can reduce the company's Georgia payroll withholding liability). If the interactive entertainment production company chooses, it may make a one-time sale or transfer of the tax credit to one or more Georgia taxpayers.

Interactive entertainment companies will be eligible for this credit only if their gross income is less than \$100 million. Pre-released interactive games may qualify for the tax credit at the 20% rate for up to three years.

The total credits available for interactive entertainment production companies and affiliates will be capped at \$12.5 million each year and will be awarded on a first-come, first-served basis. No single company can receive more than \$1.5 million or the amount of its Georgia payroll total (whichever is less) in a given year.

The tax credit described above is part of Georgia's Film, Television and Interactive Entertainment Tax Credits that are subject to program requirements as outlined in O.C.G.A. § 48-7-40.26. Georgia also has Musical and Theatrical Performance Tax Credits that are subject to program requirements as outlined in O.C.G.A. § 48-7-40.32. For more information, visit [Georgia.org/Film](http://Georgia.org/Film).



THE TWO TAX CREDITS ABOVE ARE BOTH APPLICABLE TO PAYROLL WITHHOLDING (SEE PAGE 6)





# RESEARCH & DEVELOPMENT TAX CREDIT

## RESEARCH & DEVELOPMENT TAX CREDIT

Georgia companies performing research and development (R&D) activities in the state may be eligible for tax credits. To qualify, the Georgia facility must be engaged in, or the headquarters of, a specified industry including:

- Manufacturing
- Warehousing, Distribution and Logistics
- Software Development
- FinTech
- Data Centers
- Contact Centers
- Telecommunications
- Research and Development Facilities

Eligible industries' R&D Tax Credit value is determined each year based on qualifying expenditures in Georgia. These can include in-state purchases of materials and supplies, fees for Georgia-based contract work, and the portion of wages and salaries of the personnel, direct management, and direct support dedicated to R&D activities that occur within the state. Qualifying expenses are based on the federal definition of R&D in Section 41 of the Internal Revenue Code of 1986, as amended. As described in Section 41, qualifying R&D expenses can include activities beyond new product development, such as:

- Developing and testing new prototypes, dyes, and molds.
- Developing and testing new manufacturing assembly line or new distribution facility processes.
- Implementing and testing new plant equipment or ERP software.
- Improvement of legacy software solutions or cloud storage.

The R&D credit is applied to 50% of the company's net Georgia corporate income tax liability after all other credits have been applied. Unused credits have a 10-year carry forward.



**APPLICABLE TO PAYROLL WITHHOLDING** (SEE PAGE 6)

Each tax year, the value of the credit is equal to 10% of the qualified R&D expenditures minus a base amount. To calculate the base amount, multiply a company's Georgia sales in the current tax year by either:

- the average of the ratios of its aggregate qualified R&D expenses to sales in Georgia for the preceding three taxable years;
- OR**
- 0.300, whichever is less.

If a company had no sales in Georgia during one or more of the three preceding tax years, multiply a company's sales in Georgia in the current taxable year by 0.300 to calculate the base amount.

R&D Tax Credits are subject to program requirements as outlined in O.C.G.A. §48-7-40.12 and rules published by the Georgia Department Revenue in Regulation 560-8-7-.42.

### R & D Tax Credit

Each year from 2017-2019, a Georgia manufacturer spent \$50,000 that qualified for the federal R&D tax credit. Because all the R&D was conducted in Georgia, it was also considered Qualified Research Expenditures (QRE) for the Georgia R&D tax credit. Georgia Gross Receipts (GR) for each year was \$1M.

2017 \$50,000 QRE/\$1M GR = 0.05	} 0.15 total; 0.05 average
2018 \$50,000 QRE/\$1M GR = 0.05	
2019 \$50,000 QRE/\$1M GR = 0.05	

To determine base amount, use whichever is less:

1. Average ratio of QRE from past 3 years times GR:  
 $0.05 \times \$1 \text{ M} = \$50,000$  base amount

**OR**

2. 0.300 times GR:  
 $0.30 \times \$1 \text{ M} = \$300,000$  base amount

During its 2020 tax year, a Georgia manufacturer spent **\$150,000** on staff time and materials that qualified for the federal R&D tax credit as well as Georgia's QRE.

\$150,000 QRE
- \$50,000 base amount
-----
= \$100,000
x 10%
-----
= \$10,000 total R&D tax credits to claim



# ADDITIONAL TAX CREDITS

## PREMIUM TAX CREDIT

Georgia offers a tax credit against the annual premium tax applied to insurance companies in the state. The tax credit is earned based on new job creation in Georgia.

The amount of the per-job tax credit, how the credits can be used, and the qualification requirements depend on the community's location, which assigns it a designated tier. The map on *page 4* illustrates the tier designations of the counties, and the chart below provides details on how the parameters change based on the tier designation.

Once a company has qualified to earn the premium tax credit, each job can earn an annual credit for years two through six, as long as the job is maintained.

TIER	PREMIUM TAX CREDIT \$ (FOR 5 YEARS)	MINIMUM NEW JOBS	USE OF CREDITS	CARRY FORWARD
1	\$3,500	5	100% of Georgia premium tax liability	10 years
2	\$2,500	10	100% of Georgia premium tax liability	10 years
3	\$1,250	15	50% of Georgia premium tax liability	10 years
4	\$750	25	50% of Georgia premium tax liability	10 years

Companies must create between five and 25 net new jobs in a year to qualify, depending on the tier of the county. To qualify, the new jobs must have:

- No predetermined end date
- A regular work week of 35 hours or more
- The same benefits provided to other regular employees of the local company (including health insurance coverage)
- An average wage above the average wage of the county with the lowest average wage in the state (\$541/week as of June 2020)

Premium Tax Credits are subject to program requirements as outlined in O.C.G.A. 33-8-4.1 and the 2008 rules and regulations published by the Georgia Department of Community Affairs in 110-9-1.

### Premium Tax Credit

An insurance company chooses to locate in a Tier 1 County and create 150 jobs new to Georgia which are maintained for 5 years.

**Credit value:** \$3,500 in Tier 1 location

**Example Calculation:**

150 jobs x \$3,500 credits x 5 years  
= \$2,625,000 total credits to claim

## CHILD CARE TAX CREDIT

The Child Care Tax Credit is for employers who purchase or build qualified child care facilities, or who provide or sponsor child care for employees.

For employers who purchase or build a state-licensed facility, the credit is equal to 100% of the cost of purchase or construction which is earned over 10 years (10% each year). Unused credits can be carried forward for three years.

Employers who provide or sponsor child care at a state-licensed facility are eligible for a credit equal to 75% of the employer's direct costs. Credits that are related to providing or sponsoring child care may be carried forward for five years.

All child care tax credits can be applied to 50% of the corporate income tax liability.

Child Care Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.6 and rules published by the Georgia Department of Revenue in regulation 560-7-8-.38.

## RETRAINING TAX CREDIT

The Retraining Tax Credit mitigates the cost of a company's investment in new technologies in the form of tax credits for retraining existing employees on the new equipment or software.

To be eligible, the training program must be approved by the Technology College System of Georgia. Approved retraining providers are typically company subject matter experts, technology vendors, private training organizations and Georgia's public technical colleges. Eligible costs include wages paid to employees as they are being trained (and to an instructor from the company), and training materials.

The Retraining Tax Credit value is calculated at 50% of the employer's direct costs, up to \$500 per employee per approved retraining program per year. The total amount of credit for one employee cannot exceed \$1,250 per year.

Retraining Tax Credits can be:

- Used to offset up to 50% of a company's state corporate income tax liability
- Carried forward for 10 years if they are not used during a tax year

Retraining Tax Credits are subject to program requirements as outlined in O.C.G.A. § 48-7-40.5. For more information, visit <https://tcsge.edu/about-tcsg/econdev/tax-credit/>



## QUICK START EMPLOYEE TRAINING

Ranked the No. 1 workforce training program in the nation, Quick Start develops and delivers fully customized, strategic workforce solutions for qualified companies investing in Georgia. Services are provided free of charge as a discretionary incentive for job creation for clients opening or expanding in a broad range of industries including:

ADVANCED MANUFACTURING  
AUTOMOTIVE  
AVIATION  
BIOSCIENCE/HEALTHCARE  
DISTRIBUTION CENTERS  
FOOD PROCESSING  
HEADQUARTERS OPERATIONS

### Services include:

**Strategic workforce consultation:** Quick Start's training professionals work with company subject-matter experts to guarantee training meets business goals.

**Pre-employment assessment:** Helps companies assess candidates according to their own defined criteria and preview their skills.

**Customized post-employment and job-specific training:** From fundamental knowledge to supervised on-the-job training on a company's own technology and processes, Quick Start prepares employees for maximum effectiveness and efficiency.

**Leadership and productivity enhancement training:** Businesses maintain competitiveness and emphasize continuous improvement for all team members with Quick Start's guidance.

Additional details available at: [GeorgiaQuickStart.org](http://GeorgiaQuickStart.org)

## HIRING ASSISTANCE

The Georgia Department of Labor (GDOL) assists employers with recruiting qualified employees by posting notices of their job openings, collecting and screening applications and resumes, referring qualified applicants to the employer for employment interviews, providing office space for interviews, and hosting job fairs and/or individual recruitments. The department's Business Services Unit may plan and execute customized recruiting for new companies.

## GEORGIA'S COLLEGES AND UNIVERSITIES

Each year, more than 95,000 degrees are earned through Georgia's public and private higher education institutions. Employers are encouraged to connect with students via career service centers, internships, co-ops, and recruiting. Contact individual colleges and universities, the University System of Georgia, the Technical College System of Georgia and the Georgia Independent College Association to learn more.

## HOPE SCHOLARSHIP AND GRANT PROGRAMS

HOPE is Georgia's scholarship and grant program that rewards Georgia students who are pursuing an undergraduate degree or certification with financial assistance at eligible Georgia public and private colleges and public technical colleges. These programs can be advantageous to relocating families with children, and for companies training employees through local technical colleges. [GAfutures.org](http://GAfutures.org)

The HOPE Scholarship is awarded to students meeting certain academic requirements. The HOPE Grant provides tuition assistance for residents seeking a technical degree or certificate from one of Georgia's technical colleges. The HOPE Career Grant is a state-funded grant that supplements the HOPE Grant and results in free tuition, as well as assistance with other fees, for Technical College System of Georgia students in majors currently in high-demand.

## HOPE CAREER GRANT PROGRAMS INCLUDE:

Automotive Technology  
Aviation Technology  
Certified Engineer Assistant  
Commercial Truck Driving  
Computer Programming  
Computer Technology  
Diesel Equipment Technology  
Industrial Maintenance  
Logistics/Transportation Technology  
Precision Manufacturing  
Welding & Joining Technology

For a full list and detailed guide on these grants, visit [TCSG.edu/free-tuition](http://TCSG.edu/free-tuition).



# TAX EXEMPTIONS

## EXEMPTIONS FOR MANUFACTURERS

### SALES AND USE TAX EXEMPTION

Georgia offers sales and use tax exemptions on a wide range of expenditures that manufacturing facilities must make for their operations. Below are key expenditure areas for which Georgia exempts the 6%-8.9% sales and use tax for its manufacturers.

Exemption	Description
<b>Manufacturing Machinery and Equipment</b>	Manufacturing machinery and equipment that is integral and necessary to the manufacturing process and used in a manufacturing facility is exempt from sales tax. Qualifying machinery or equipment must be purchased for a new manufacturing facility, as replacement machinery in an existing manufacturing facility, or for the upgrade or expansion of an existing manufacturing facility. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Repair to Industrial Machinery</b>	The sale or use of repair or replacement parts, machinery clothing, molds, dies, waxes or tooling for machinery which is necessary and integral to the manufacture of tangible personal property in a presently existing manufacturing plant is exempt from taxation. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Raw Materials and Packaging</b>	Materials used for further processing, manufacture, or conversion into components of a finished product; materials coated upon or impregnated into a product being manufactured for sale; and non-reusable materials used to package products for sale or shipment may be purchased tax-free. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Energy Used in Manufacturing</b>	The sale, use, storage, or consumption of energy which is necessary and integral to the manufacture of tangible personal property at a manufacturing plant shall be exempt from all sales and use taxation except for the sales and use tax for educational purposes (typically 1.0%). This includes energy used directly or indirectly in a manufacturing facility. [Ga. Comp. R. & Regs. 560-12-2-.64]
<b>Primary Material Handling Equipment</b>	For manufacturers who have a separate portion of their facility designated exclusively for the material handling function, purchases of the machinery and equipment used to handle, move, or store tangible personal property is exempt from sales and use taxes where the total purchase or expansion is valued at \$5 million or more. [Ga. Comp. R. & Regs. 560-12-2-.103]
<b>Pollution Control Equipment</b>	Machinery & equipment used for the primary purpose of reducing or eliminating air and water pollution is exempt. [Ga. Comp. R. & Regs. 560-12-2-.62]
<b>Clean Room Equipment</b>	The sale of machinery, equipment, and materials incorporated into and used in the construction or operation of a clean room of Class 100 or less is exempt from sales tax, if the room is used to produce tangible personal property. The exemption does not include the building of any permanent, nonremovable component of the building that houses the clean room. [O.C.G.A. § 48-8-3(69)]

### INVENTORY TAX EXEMPTION

Georgia has no state property tax on inventory or any other real or personal property. Under Georgia's Level One Freeport law, counties and municipalities have the option of enacting a local property tax exemption for four different classes of inventory at 20%, 40%, 60%, 80% or 100% of the value.

There are two classes of goods under Level One Freeport that relate to manufacturers:

**Class One:** Inventory of goods in the process of being manufactured or produced including raw materials and partly finished goods.

**Class Two:** Inventory of finished goods manufactured or produced within this state held by the manufacturer or producer for a period not to exceed 12 months.

# EXEMPTIONS FOR DATA CENTERS AND HIGH-TECH COMPANIES

## SALES AND USE TAX EXEMPTION

Georgia exempts the 6%-8.9% sales and use tax for data centers and high-tech companies.

Exemption	Description
<b>Data Centers</b>	Data center (co-located and single-user) projects that create at least 20 new jobs that are high-paying and meet a minimum threshold of investment may be eligible for a sales and use tax exemption on qualified purchases. The investment thresholds are linked to the population of the county in which the facility is located (from \$100 million to \$250 million). Eligible expenses include materials, components, machinery, hardware, software, or equipment, including but not limited to cooling towers, energy storage or energy efficiency technology, switches, power distribution units, switching gear, peripheral computer devices, routers, batteries, wiring, cabling, or conduit. [Ga. Comp. R. & Regs. 560-12-2-.117]
<b>High-Tech Companies (including single user data centers)</b>	The sale of certain computer equipment is exempt when the total qualifying purchases by a High Technology Company in a calendar year exceeds \$15 million. A High Technology Company must be classified under certain relevant North American Industry Classification System (NAICS) codes, which include single-user data centers (but not co-located data centers), software publishers, computer systems design, certain telecommunications firms, financial transaction processing facilities, and R&D centers. [Ga. Comp. R. & Regs. 560-12-2-.107]

# EXEMPTIONS FOR DISTRIBUTION CENTERS

## SALES AND USE TAX EXEMPTION

Georgia exempts the 6%-8.9% sales and use tax for the following equipment.

Exemption	Description
<b>Primary Material Handling Equipment</b>	Distribution or warehouse facilities that invest \$5 million or more in the purchase or expansion of a facility are eligible for sales and use tax exemptions on qualifying purchases. Qualifying equipment is defined as machinery and equipment used to handle, move, or store tangible personal property. The distribution or warehouse facility may not have retail sales equal to or greater than 15 percent of the facility's total revenues. [Ga. Comp. R. & Regs. 560-12-2-.103]

## INVENTORY TAX EXEMPTION

Georgia has no state property tax on inventory or any other real or personal property. Under Georgia's Level One Freeport law, counties and municipalities have the option of enacting a local property tax exemption for four different classes of inventory at 20%, 40%, 60%, 80% or 100% of the value. The third and fourth classes of goods are relevant to distribution centers and warehouse facilities and are as follows:

**Class Three:** Inventory of finished goods stored in a warehouse, dock or wharf, which is destined for shipment outside this state, for a period not to exceed 12 months.

**Class Four:** Stock in trade of a fulfillment center that is stored in a warehouse for a period not to exceed 12 months.

Local governments can also hold a referendum to approve Level Two Freeport, which would extend the exemption to any inventory or real property not covered by Level One, including retail inventory. Level One and Level Two Freeport Exemptions are outlined in O.C.G.A. 48-5-48.1, 48-5-48.2, 48-5-48.5, and 48-5-48.6.

## FOREIGN-TRADE ZONE (FTZ)

The FTZ program allows qualified companies to defer, decrease or eliminate duties on materials imported from overseas that are used in products assembled in Georgia. The three international ports of entry in Georgia each have FTZ projects associated with them:

- Atlanta - FTZ #26
- Brunswick - FTZ #144
- Savannah - FTZ #104

# EXPANSION SERVICES

Existing Georgia firms, as well as new companies, may qualify for many of the programs outlined in this brochure. These services are provided at no charge to the company.

## INTERNATIONAL TRADE

Georgia's international engagement spans more than four decades, and the state maintains representation in 12 strategic markets around the world (see map). Our international representatives are the face of Georgia across the world, promoting the state as an ideal location for international investment and helping Georgia companies to export products and services to new markets.

The International Trade Division provides Georgia businesses with free, customized export services including market intelligence, key in-country contacts, and cost-effective international opportunities to help them diversify and grow.

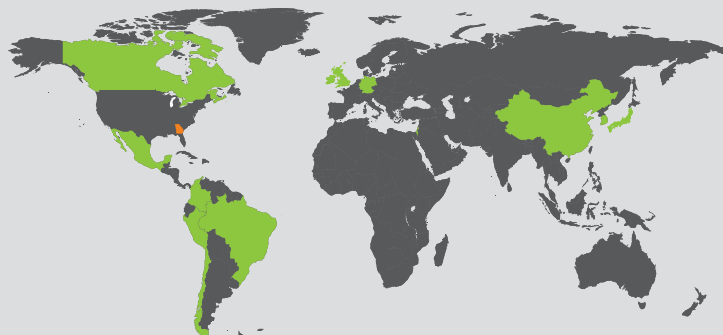
- **Global Insight** - Providing knowledge including the "how-to's" of exporting, industry-specific and country-specific data. Services include research, export education, consultations, market assessments and partner resources.
- **Global Connections** - Matching Georgia suppliers with international buyers/representatives. Accomplished through international and domestic trade shows, trade missions, incoming buyer delegations, in-country matching, business partner identifications and Trade Opportunity Alert notifications.

*"The professionalism and work ethic of the GDEcD Trade staff could not be better. GDEcD is a key reason why AdEdge is growing successfully in Latin America and other countries. We're lucky to have such a*  
**GREAT TEAM**  
*working with us all around the globe."*

RICHARD J. CAVAGNARO  
CORPORATE COMMUNICATIONS  
ADEGE WATER TECHNOLOGIES

## GEORGIA'S INTERNATIONAL REPRESENTATIVES

Brazil	Israel
Canada	Japan
Chile	Korea
China	Mexico
Colombia	Peru
Europe	UK & Ireland





The State of Georgia is committed to serving small businesses across the state. As his first executive order on his first day in office, Governor Kemp created the Georgians First Commission to review state regulations, policies, and procedures to streamline government, remove inefficiencies, and secure Georgia's place as the top state for small business in the country. The Commission submitted its findings, and upon review the priority small business needs will be presented to the General Assembly.

[Georgiansfirst.georgia.gov](http://Georgiansfirst.georgia.gov)

Each year, GDECD and Georgia Economic Development Association (GEDA) team up to recognize the outstanding, unique and impactful small businesses in the state of Georgia. The Georgia Small Business ROCK STARS program salutes innovation and outreach by awarding top performing small businesses from across Georgia.

Georgia's small businesses are eligible for many of the incentives in this brochure, as long as they meet the qualifying requirements. [Georgia.org/SmallBusiness](http://Georgia.org/SmallBusiness) provides resources on how to start, grow, finance, connect and innovate your small business.



2020 Small Business Rock Stars L to R: Southern Baked Pie Company, Gainesville; Hatchworks Technologies, Chamblee; Blackhawk Fly Fishing, Clarkesville; High Road Craft Brands, Marietta

*"It's worthwhile looking at your biggest pain points and seeing what is really holding us back from growing – and there's a good chance that the Centers of Innovation can help*

**GROW YOUR BUSINESS."**

JESSICA LITTLE  
CO-FOUNDER  
SWEET GRASS DAIRY

## CENTERS OF INNOVATION

Exclusive to Georgia, the Centers of Innovation (COI) are the state's leading resource for facilitating business innovation. Through the assistance of the five centers, Georgia companies translate new ideas and technologies into commercially viable products and services to better compete in the global marketplace. As a division of the Georgia Department of Economic Development, the five centers operate statewide.



Aerospace



Energy Technology



Information Technology



Logistics



Manufacturing

Georgia businesses receive:

- Focused, deep technical industry expertise
- New product commercialization and development assistance
- Access to research and collaborations
- Business, academic and government partnerships







## GEORGIA IS YOUR DEDICATED PARTNER

The industry teams at Georgia Department of Economic Development go beyond providing relocation and expansion services, we are here to help you grow and succeed. We are pleased you are considering doing business in our state, and are here to assist with a range of services from site location, employee training, export assistance, and understanding incentives.

We **SPEAK** Business



Georgia Department of Economic Development

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