



## Georgia Opportunity Zone Job Tax Credit Program

Georgia's Opportunity Zone Job Tax Credit Program offered through the Department of Community Affairs offers the highest and most user-friendly job tax credit in the state. To be eligible for the program, an "area" must be "adjacent to" or included within a census tract having greater than 15% poverty according to the 2010 Census, and have a Redevelopment Plan or Georgia Enterprise Zone in place by local action.

### Opportunity Zone = Dramatic Tax Advantages

1. Maximum Job Tax Credit allowed under law: \$3,500 per job created
2. Only two jobs need to be created to be eligible, and there is no upper limit threshold on eligible jobs
3. Expansion of the definition of "business enterprise" to include all businesses of any nature
4. Credit may be applied against 100% of Corporate Income Tax liability
5. Most significantly, excess credits may be applied against withholding

### Cherokee County's Opportunity Zones

Cherokee County has over 5,000 acres within the boundaries of a designated Opportunity Zone (OZ). As mentioned above, companies looking to locate within an OZ can qualify for the State's maximum state job tax credit of \$3,500 per job. The OZ incentive is available for new or existing businesses which create two (2) or more jobs. The credits can be taken against the business's income tax liability with the excess claimed against withholding.

Both OZ's have generated continued interest from state project managers and Atlanta area commercial/industrial real estate brokers and developers.

### OZ Job Tax Credits

- 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 (Note: The two jobs may not be filled by a married couple)
- New jobs must be offered health insurance upon employment; the employer does not have to pay for such insurance, just offer it
- The average wage of the new jobs created must pay above the average wage of the county with the lowest average wage in the state
- Jobs threshold must be created within a single tax year and tax credit may first be claimed on the initial year tax return — for example, eligible new jobs created in 2014 may claim credit on the 2014 tax return — if these jobs are then maintained for the next four years the business may claim the tax credit on each of those years tax returns as well; tax credit = \$3,500 per job
- Business must have an accepted Opportunity Zone Certification form to file for tax credit

- Credit is claimed by filing Form IT-CA (2009) with the Georgia Corporation Income Tax return, along with a copy of the accepted Opportunity Zone Certification
- Credit may be applied against 100% of any corporate income tax liability on the Georgia Income Tax Return (credit may not be applied to net worth tax liability)
- Excess credit may be applied against withholding

#### 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
- Business files Georgia corporation income tax return, along with Form IT-CA (2009), by the due date, or extended due date
- DOR has 90 days to review the job tax credit once the return is filed
- Business will receive notification from DOR of approved credit and when to claim against WH
- Business will then apply credit to WH returns until fully utilized
- Withholding credit has no effect on employees
- Flow-through entities may elect to claim a specific portion of the credit against the entity's payroll withholding and flow the remaining credit through to shareholders, partners, or members. This is an annual election dependent upon the filing of Form IT-WH.

#### Opportunity Zone

##### Credit Utilization

Year:                      Year 1      Year 2      Year 3      Year 4      Year 5      Year 6      Year 7      Year 8

#### Jobs

##### Creation

##### Jobs

<u>Year</u>	<u>Created</u>	<u>Credit</u>	<u>Credit</u>	<u>Credit</u>	<u>Credit</u>	<u>Credit</u>	<u>Credit</u>	<u>Credit</u>	<u>Credit</u>	<u>Credit</u>
Year 1	122	\$3,500	\$427,000	\$427,000	\$427,000	\$427,000	\$427,000			
Year 2	123	\$3,500		\$430,500	\$430,500	\$430,500	\$430,500	\$430,500		
Year 3	55	\$3,500			\$192,500	\$192,500	\$192,500	\$192,500	\$192,500	
Year 4	0	\$3,500				\$0	\$0	\$0	\$0	\$0
Year 5	0	\$3,500					\$0	\$0	\$0	\$0

#### Total Jobs

Created                      300

##### Total Credit

Generated                      \$427,000      \$857,500      \$1,050,000      \$1,050,000      \$1,050,000      \$623,000      \$192,500      \$0      \$5,250,000

Credit applied against income taxes		(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$10,000)		(\$70,000)
Credit applied against withholding		<u>(\$417,000)</u>	<u>(\$847,500)</u>	<u>(\$1,040,000)</u>	<u>(\$1,040,000)</u>	<u>(\$1,040,000)</u>	<u>(\$613,000)</u>	<u>(\$182,500)</u>		<u>(\$5,180,000)</u>
Total Credit Utilized		<u>(\$427,000)</u>	<u>(\$857,500)</u>	<u>(\$1,050,000)</u>	<u>(\$1,050,000)</u>	<u>(\$1,050,000)</u>	<u>(\$623,000)</u>	<u>(\$192,500)</u>		<u>(\$5,250,000)</u>

The above example makes the following assumptions:

- All job creation takes place in Years 1 through 3, and the jobs are then maintained through Year 7;
- The company has an annual corporate income tax liability of \$10,000; and
- The company elects to claim all excess tax credit against its payroll withholding tax.