

Opportunity Knocks

For information on the Job Tax Credit and related tax forms, visit our website at:

<http://www.dca.ga.gov/economic/TaxCredits/programs/taxcredit.asp>

More forms available from DOR at:

<http://www.etax.dor.ga.gov/inctax/taxcredits.aspx>



To find out how to claim these credits, contact Dawn Sturbaum at DCA:

404-679-1585 or

dawn.sturbaum@dca.ga.gov

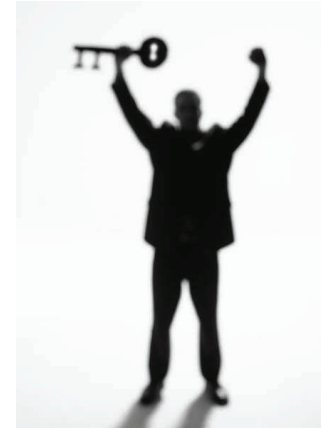


Community Development and Finance Division

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Community Development and Finance Division



*Opportunity
Zone Tax
Credits —
Information for
Businesses*

*Georgia Department
of Community Affairs*

**Mike Beatty, Commissioner
404-679-4940**

What's the difference?

Opportunity Zone versus Traditional Job Tax Credit

If you are making a location or expansion decision for your business, check out what locating in an Opportunity Zone can mean for you. By locating in a local redevelopment area designated as an Opportunity Zone (OZ), a business can take advantage of the state's highest Job Tax Credit (JTC).

Traditionally, job tax credits in Georgia are based on County Tier levels 1-4. Tier 1 counties are considered the most distressed in the State and receive the highest credit amount of \$3,500. Tier 2 credit is \$2,500, Tier 3 \$1,250 and Tier 4 \$750 per job.

By locating in an Opportunity Zone and creating 2 jobs, a business can maximize job tax credits to the State's highest benefits. The following example shows the difference between OZ benefits and Tier 2 benefits.

To claim OZ tax credits, your business must be within a State designated Opportunity Zone. Please contact your city or county to see if they have a designated Opportunity Zone, or encourage them to apply.

Opportunity Zone Example

Job Creation = minimum of two (2) jobs (not limited to a Business Enterprise).

Tax Credit = \$3,500 per job, may be claimed up to five years as long as the jobs are maintained.

Claimed against 100% of the business's Georgia Income Tax liability, with excess credit claimed against withholding taxes.

	Jobs Created	Credit	Tax Liability	Withholding
Year 1	2	\$ 0		
Year 2	3	\$7,000	\$1,200	\$5,800
Year 3	3	\$10,500	\$1,000	\$9,500
Year 4	4	\$10,500	\$1,500	\$9,000
Year 5	4	\$14,000	\$1,700	\$12,300
Year 6	5	\$14,000	\$2,100	\$11,900
Year 7	5	\$10,500	\$2,050	\$8,450
Year 8	6	\$7,000	\$1,800	\$5,200
Year 9	6	\$7,000	\$1,750	\$5,250
Year 10	6	\$3,500	\$1,450	\$2,050
Year 11	7	\$3,500	\$1,600	\$1,900
<u>Year 12</u>	<u>7</u>	<u>\$ 0</u>		<u>\$ 0</u>
TOTALS		\$87,500	\$16,150	\$71,350

\$87,500 Job Tax Credit generated and \$87,500 Job Tax Credit utilized.

The benefit of an Opportunity Zone in a Tier 1 county is that the businesses locating within an Opportunity Zone are not bound by the definition of "Business Enterprise" but may be any lawful business. Therefore, a retail business locating within a Opportunity Zone would be eligible for the Job Tax Credit even though it would not otherwise be entitled to the Job Tax Credit in a Tier 1 county.

Tier Two Example

Job Creation = minimum of ten (10) jobs defined as any business "which is engaged in manufacturing, warehousing and distribution, processing, telecommunications, broadcasting, tourism, and research and development industries."

Tax Credit = \$2,500 per job, may be claimed up to five years as long as the jobs are maintained.

Claimed against 100% of the business's Georgia Income Tax liability, with excess credit carried forward for 10 years.

	Jobs Created	Credit	Tax liability	Carry Forward
Year 1	10	\$0		
Year 2	11	\$25,000	\$1,200	\$23,800
Year 3	11	\$27,500	\$1,000	\$50,300
Year 4	12	\$27,500	\$1,500	\$76,300
Year 5	12	\$30,000	\$1,700	\$104,600
Year 6	13	\$30,000	\$2,100	\$132,500
Year 7	13	\$7,500	\$2,050	\$137,950
Year 8	14	\$5,000	\$1,800	\$141,150
Year 9	14	\$5,000	\$1,750	\$144,400
Year 10	14	\$2,500	\$1,450	\$145,450
Year 11	15	\$2,500	\$1,600	\$137,500
<u>Year 12</u>	<u>15</u>	<u>\$0</u>	<u>\$1,800</u>	<u>\$110,000</u>
TOTALS		\$162,500	\$17,950	

\$162,500 Job Tax Credit generated; \$17,950 Job Tax Credit utilized; \$34,550 Job Tax Credit expired; additional Job Tax Credit will expire over the next few years (\$20,000+ per year over the next three years)

BOTTOM LINE

In 10 years, the Opportunity Zone business used \$87,500 in tax credit while the Tier 2 business used only \$17,950.