

Find Out More

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

<http://www.dca.ga.gov/economic/DevelopmentTools/programs/militaryZones.asp>

More forms available from DOR at:

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



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

404-679-1585 or

dawn.sturbaum@dca.ga.gov

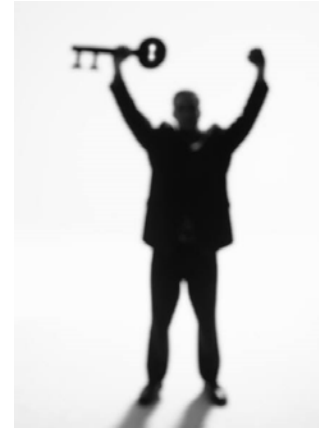


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Community Finance Division



*Military Zone
Job Tax Credits:
Information for
Businesses —
2009 forward*

*Georgia
Department of
Community Affairs*

**Camila Knowles,
Commissioner
404-679-4940**

What's the difference?

Military Zone versus Traditional Job Tax Credit

If you are making a location or expansion decision for your business, check out what locating in a Military Zone (MZ) can mean for you.

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 is at \$2,500, Tier 3 \$1,250 and Tier 4 \$750 per job.

By locating in a Military Zone and creating 2 jobs, you can maximize your job tax credits to the State's highest benefits. The following example shows the difference between MZ benefits and Tier 2 benefits.

To claim MZ tax credits, your business must be located within a State designated Military Zone. Please contact your city or county to see if they have a designated Military Zone, or encourage them to request designation if an eligible tract exists and has not been designated.

Military Zone Example

Job Creation = minimum of two (2) jobs (the persons in the two jobs may not be married to each other).

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 payroll withholding taxes.

	Jobs Created	Credit	Tax Liability	Withholding
Year 1	2	\$7,000	\$1,200	\$5,800
Year 2	3	\$10,500	\$1,000	\$9,500
Year 3	3	\$10,500	\$1,500	\$9,000
Year 4	4	\$14,000	\$1,700	\$12,300
Year 5	4	\$14,000	\$1,900	\$12,100
Year 6	5	\$7,000	\$2,100	\$4,900
Year 7	5	\$3,500	\$2,050	\$1,450
Year 8	6	\$3,500	\$1,800	\$1,700
Year 9	6	\$0		\$0
TOTALS		\$70,000	\$13,250	\$56,750

\$70,000 Job Tax Credit generated and \$70,000 Job Tax Credit utilized.

The passage of H.B. 439 in the 2009 Legislative Session provides for the credit to be claimed in the year the job is created for initial job thresholds created in tax years beginning on or after January 1, 2009 as shown above.

The benefit of a Military Zone in a Tier 1 county is that the businesses locating within a Military Zone are not bound by the definition of "Business Enterprise" but may be any lawful business. Therefore, a retail business locating within a Military 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, 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 Owed	Carry Forward
Year 1	10	\$25,000	\$1,200	\$23,800
Year 2	11	\$27,500	\$1,000	\$50,300
Year 3	11	\$27,500	\$1,500	\$76,300
Year 4	12	\$30,000	\$1,700	\$104,600
Year 5	12	\$30,000	\$2,100	\$132,500
Year 6	13	\$5,000	\$2,050	\$135,450
Year 7	13	\$2,500	\$1,800	\$136,150
Year 8	14	\$2,500	\$1,750	\$136,900
Year 9	14	\$0	\$2,650	\$134,250
Year 10	14	\$0	\$2,300	\$125,000
Year 11	14	\$0	\$1,800	\$97,500
TOTALS		\$150,000	\$19,850	

\$150,000 Job Tax Credit generated; \$19,850 Job Tax Credit utilized; \$32,650 Job Tax Credit expired after Year 11; 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 Military Zone business used \$70,000 in tax credit while the Tier 2 business used only \$19,850.