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

60 Executive Park South, NE
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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
Year 12	7	$ 0		$ 0
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
Year 12	15	$0	$1,800	$110,000
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.