

**CASH FLOW ISSUES?** Answers might be as simple as the choices you make in location, hiring, and training.



Many businesses are eligible for tax credits and incentives for various reasons, including: 1) the way they do business, 2) their location, or 3) their employees. The credits may be as small as \$250 or as large as thousands of dollars that could cover 100% of their tax liability, including their withholding tax for Georgia if they have no income tax. While deductions reduce your amount of taxable income, credits cut your actual tax bill, *dollar-for-dollar*. In other words, a \$1,000 tax *credit* reduces your tax liability by \$1,000. A tax *deduction* of \$1,000 will reduce your tax liability by your tax rate or \$350 at a 35% tax rate. Tax credits are an excellent way to minimize your tax liability and increase your cash flow.

The location of your business can have a significant impact on tax credits and exemptions. Locating in an Opportunity Zone makes it easier for companies to claim:

1. **Georgia Jobs Tax Credits** with reduced limitations on business types.
2. **Property tax** advantages and more.

Tax credits available to all locations are numerous; but a few are:

1. **Work Opportunity Tax Credit** - Federal tax credit based on targeted groups. When the requirements are met, the tax credit can be \$2,400 per hire up to \$9,600.
2. **Georgia Jobs Tax Credit** - Provides a state tax credit for up to five years after creation of new jobs, as long as the jobs are maintained. The credit amount can be up to \$4,000 per job.
3. **Investment Tax Credits** - Provides a state tax credit for certain taxpayers who invest in new or expanded facilities within the state. The amount of credit varies by county.
4. **Employer retraining tax credit** - Provides a state tax credit of half the cost of training for a full-time employee up to a maximum of \$500 per person in each training program and up to \$1,250 per employee per year. The retraining applies to virtually any training of existing employees resulting from new technologies and workplace changes.
5. **Qualified education expense credit** - Provides a Georgia tax credit for qualified education expenses. A corporation is eligible for a credit amount that can equal up to 75% of its income tax liability. The credit is allowed on a first-come, first-serve basis. Taxpayers must request preapproval to claim this credit.
6. **Land conservation credit** - Provides for a Georgia income tax credit for the qualified donation of real property that qualifies as conservation land. ***Beginning in January 2012***, the conservation tax credit will become transferable- meaning taxpayers who cannot personally utilize the state income tax credit, will be able to sell their credit to other Georgia resident taxpayers.
7. **Employer credit for child care** - Provides a state tax credit of up to 50% of the cost of employer-sponsored or employer-provided childcare.
8. **Property tax exemptions** - Available based on location within different counties.

There are numerous tax credits and incentives at the Federal, state and local levels. The list above is only a small representation of the credits available. If you would like additional information, please call, email, or stop by Serotta Maddocks Evans, CPAs and ask for Rebecca Plankey ([rplankey@smecpa.com](mailto:rplankey@smecpa.com)) or Margie Ballard ([mballard@smecpa.com](mailto:mballard@smecpa.com)).

**SME CPAs**

*We create history, not just record it.*

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