

**Adult Basic Skills Education Program Tax Credit
Procedures Guide**

O.C.G.A. § 48-7-41

**Technical College System of Georgia
Office of Adult Education**

**Georgia Department of Revenue
Income Tax Division**

**Effective date of O.C.G.A. § 48-7-41 – July 1, 2015
Applicable to taxable years beginning on or after January 1, 2016 (2016 – 2019)**

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Procedures Guide Effective Date – January 1, 2016

INTRODUCTION

The Adult Basic Skills Education Program Tax Credit Procedures Guide is a resource for employers that are interested in earning tax credits for providing or sponsoring an adult basic skills education program for their employees who are residents of the State of Georgia. This guide includes the procedures and forms that employers will need to implement a program.

Authority for Procedures: House Bill 63 signed into law May 1, 2015; O.C.G.A. § 48-7-41.

Administrative Agencies: The Technical College System of Georgia (TCSG) is authorized and directed to adopt rules, regulations, and forms necessary to implement and administer this income tax credit program. The Georgia Department of Revenue (GDOR) is authorized and directed to work with the Technical College System of Georgia to ensure the proper granting of income tax credits pursuant to O.C.G.A. § 48-7-41. The contact information for both agencies is listed below.

Technical College System of Georgia
Office of Adult Education
1800 Century Place NE, Suite 300
Atlanta, GA 30345-4304
(404) 679-1635

Georgia Department of Revenue
Income Tax Division
1800 Century Boulevard NE, 8th floor
Atlanta, GA 30345-3205
(877) 423-6711, option 1

Program Purpose: The Adult Basic Skills Education Program Tax Credit is designed to encourage businesses to provide or sponsor basic skills education programs for their employees and/or pay the cost of the basic skills education test (GED® Test) for employees who are Georgia residents.

Program Description: The Basic Skills Education Tax Credit Program provides a tax credit under O.C.G.A. § 48-7-41. There are two different employer tax credits described in this section, \$400 and \$1,200. Employers may benefit by providing or sponsoring classes for their employees' basic skills education that enhances reading, writing, and mathematical skills up to and including the 12th grade level, by compensating employees at their normal rate of pay while attending classes, and/or by paying the cost of the GED® Test for employees.

DEFINITIONS

Adult Basic Skills Education means training that enhances reading, writing, or mathematical skills of adult employees.

Approved Adult Basic Skills Education Program means an employer provided or employer sponsored adult basic skills education program:

- That has agreed to operate under the standards for the delivery of adult education services as designated by the Technical College System of Georgia, Office of Adult Education; and

- For which the employer does not require the employee to make any payment either directly or indirectly, through forfeiture of leave time, vacation time, or other compensable time.

Basic Skills Education Test means the test required to receive a GED® diploma.

Employee means any employee resident in this state who is employed for at least 24 hours per week and has been continuously employed by the employer for at least 16 consecutive weeks and who is eligible to take the GED® test.

Employer means any employer upon whom an income tax is imposed by chapter 7 of Title 48 of the Official Code of Georgia Annotated.

Employer provided refers to approved basic skills education offered on the premises of the employer or on premises approved by the Technical College System of Georgia by instructors hired by or employed by an employer.

Employer sponsored refers to a contractual arrangement with a school, university, college, or other instructional facility which offers approved basic skills education that is paid for by the employer.

PROGRAM OVERVIEW

O.C.G.A. § 48-7-41 states that a tax credit shall be granted to an employer who provides or sponsors an approved adult basic skills education program. The amount of tax credit shall be:

1. Four hundred dollars (\$400) for each employee who passes the GED® Test that was paid for by the employer in a taxable year; or
2. Twelve hundred dollars (\$1,200) for each employee who successfully completes an approved adult basic skills education program consisting of at least 40 hours of training while the employee is being compensated at his or her normal rate of pay, and passes the GED® Test that was paid for by the employer in a taxable year.

Note: An employee can only be included in either category 1 or 2. The same employee cannot be counted in both categories.

No employer shall receive a credit if the employer requires that the employee reimburse or pay the employer for the cost of attending the adult basic skills education program or taking the GED® test. This includes requiring the employee to make any payment, either directly or indirectly, through forfeiture of leave time, vacation time, or other compensable time.

In no event shall the aggregate amount of the income tax credits preapproved under O.C.G.A. § 48-7-41 exceed \$1 million per calendar year. No single employer shall receive income tax

credits pursuant to Code Section 48-7-41 in excess of \$100,000.00 per calendar year. The income tax credit granted to any employer pursuant to this Code section shall not exceed the amount of the employer's income tax liability for the taxable year as computed without regard to O.C.G.A. § 48-7-41.

GETTING STARTED

Employers should consider the type of program that is the best fit for the individual workplace.

- \$400 tax credit program
- \$1,200 tax credit program
- A combination of both tax credit programs

Note: An employee can only be included in either tax credit program. The same employee cannot be counted in both.

A key component of earning the tax credit is that the employer must request a preapproval from the Georgia Department of Revenue detailing the type of tax credit being requested and the estimated total amount that will be claimed. Below are further details about each of the two categories of tax credit and the steps that must be followed for each.

\$400 Tax Credit

An employer is eligible to receive a \$400 tax credit for each employee that passes the GED® Test that was paid for by the employer in a taxable year. The current cost of the GED® Test is \$40 for each subject test and \$160 for all four subjects. The four subjects are: Reasoning through Language Arts, Mathematical Reasoning, Science, and Social Studies.

Before deciding to start this type of program, employers may want to consider:

- What would be the allocated budget for this project?
- What are the administrative costs and processes?
- How many employees are likely to participate and be successful?

If an employer is unsure how to estimate the number of employees in the organization who are likely to pass the GED® Test, they can contact TCSG for assistance at (404) 679-1635. Below are the steps that must be completed to receive the tax credit.

Step 1 – Seek Tax Credit Preapproval from the Georgia Department of Revenue

After the employer has determined the amount of tax credit that will be requested, a preapproval for that amount must be requested by electronically submitting Form IT-BE-AP through the Georgia Department of Revenue (GDOR) Georgia Tax Center: <https://gtc.dor.ga.gov>. Within 45 days of receipt of a properly completed Form IT-BE-AP, the GDOR commissioner shall issue an approved Form IT-BE-AP if a sufficient amount of available tax credits remains. The

commissioner shall provide notice of the preapproval or denial to the employer and the Technical College System of Georgia/Office of Adult Education (TCSG/OAE). The commissioner shall preapprove the tax credits based on the order in which properly completed applications were submitted. In the event that two or more applications were submitted on the same day and the amount of funds available will not be sufficient to fund the tax credits requested in full, the commissioner shall prorate the available funds between or among the applicants. Please see DOR regulation 560-78-.55 for more information: <https://dor.georgia.gov/documents/rule-560-7-8-55-basic-skills-education-tax-credit>.

Step 2 – Pay GED® Testing fees for Employees

Once the GDOR has preapproved the tax credit(s), the next step is to pay for the cost of GED® testing for selected employee(s). In order to qualify for the tax credit, GED® Testing Fees must be paid by the employer at the time of test registration. Employers can purchase testing vouchers from the GED Testing Service®/Pearson VUE at (<http://pearsonvue.com/vouchers/pricelist/ged.asp>). They accept VISA, MasterCard, American Express, checks, and money transfers. If paying by check or bank transfer, the employer will receive an invoice confirming the order along with detailed information about how to make the payment. Employers should maintain documentation of payment along with the name, date of birth, phone number, and email address of the test-taker(s). The employer must submit this documentation to TCSG/OAE in order to satisfy the requirements for final certification and qualify for the tax credit.

Step 3 – Submit Evidence of Outcomes to TCSG/OAE

After all of the activities under the program are complete for the calendar year, the employer must submit an *Application for Final Certification of Outcomes* (page 11) and other requested documentation. TCSG/OAE staff will review the form and contact the employer if there are any questions. TCSG/OAE shall issue a final certification to the employer via email to the designated contact person within 14 days, if all certification requirements are satisfied.

Step 4 – File a Georgia Tax Return

An employer claiming the tax credits under this program must attach an approved Form IT-BE-AP, Form IT-BE, and final certification from TCSG/OAE to its Georgia income tax return for each year in which the credit is claimed. In the event the employer files an electronic return and such information is not attached because the Internal Revenue Service does not, at the time of such electronic filing, allow electronic attachments to the Georgia return, such information should be maintained by the employer and made available upon request by the Commissioner of Revenue. In the event that the employer has not met all of the requirements of O.C.G.A. § 48-7-41 and all regulations, then the amount of credits will not be approved or the approved credits shall be retroactively denied.

\$1,200 Tax Credit

Step 1 – Determine the Instructional Program Type

An employer is eligible to receive a \$1,200 tax credit for each employee who successfully completes an approved adult basic skills education program consisting of at least 40 hours of training while the employee is being compensated at his or her normal rate of pay, and passes the GED® Test that was paid for by the employer in a taxable year. The current cost of the GED® Test is \$40 for each subject test and \$160 for all four subjects. The four subjects are: Reasoning through Language Arts, Mathematical Reasoning, Science, and Social Studies. There are three ways that employees can receive adult basic skills training:

1. Employer Provided

An employer provided class is administered by the employer and is held on the work site or other approved premises for a minimum of 40 hours. The employer hires and supervises an instructor and is responsible for the day-to-day oversight of the class. Employer provided classes must operate under the standards for the delivery of adult education services as designated by TCSG/OAE. Please contact TCSG/OAE for more information. Other expenses that may be incurred include instructional supplies, materials, and technology.

- **Advantages:** The class is for employees only, not the general public; class days and times are set by the employer; employer has oversight of instruction.
- **Disadvantages:** Employer must hire the instructor and cover all program expenses.

2. Employer Sponsored

An employer sponsored class is administered by an approved basic skills provider and is paid for by the employer via contract. The designated class is held on the work site or other approved premises for a minimum of 40 hours. The classes can be administered by a school, university, college or other education provider, as long as it has been approved by TCSG/OAE. A list of current TCSG/OAE adult education grantees can be viewed by clicking this link: https://tcsgeu/all_documents/current_ae_program_directory.pdf Contact the listed program administrator directly for more information and the total cost to the employer. If the desired provider is not listed, please contact TCSG/OAE for additional information.

- **Advantages:** The class is for employees only, not the general public; class days and times are set by the employer; employer pays only for the hours contracted.
- **Disadvantages:** Employer pays the cost of the class.

3. Local Adult Education Program Provided

Finally, employees can attend the current federal and state-funded adult education program in their area, but unlike the employer provided or employer sponsored, the employer has no control over the days or times that the classes or held, the location of classes, or the content being taught. The employee or employer can contact the local provider(s) in their area for more information about the program, class sites, and registration information. A list of current TCSG/OAE adult education grantees can be viewed by clicking this link:

https://tcsgeu/all_documents/current_ae_program_directory.pdf

- **Advantages:** No cost to the employer for class instruction (employer must still pay employee's normal rate of pay during class time and the cost of the GED® Test)
- **Disadvantages:** Classes are open to the public, not just your employees; classes are not located on the work site; class days and times are set by the program, which may or may not meet employee/employer needs.

Before deciding which program to start, employers may want to consider:

- What is the allocated budget for this project? How many employees are likely to participate? What are the administrative costs?
- What are the considerations to offer a basic skills class on site? Which days and times would be the least disruptive to the employees and the workplace? Does the employer want to manage the class or contract with a provider?
- Do local adult education programs in this area have classes that can accommodate the needs of the employees: distance to class, appropriate class level, days/times, etc.?

If an employer is unsure how to estimate the number of employees in the organization who are likely to complete classes and pass the GED® Test, please contact TCSG/OAE at (404) 679-1635 for assistance. Below are the steps that must be completed to receive the tax credit.

Step 2 – Submit a Pre-certification Request to TCSG/OAE

All basic skills education classes should be pre-certified by the TCSG/OAE before instruction begins. Use the form on page 10 to submit a pre-certification request. If the employer is contracting with a local adult education provider, the provider should be able to assist with the proper completion of the request form. TCSG/OAE staff will review the form and contact the employer if there are any questions. An official response from TCSG/OAE will be sent to the designated contact person within 14 days of receipt.

Step 3 – Seek Tax Credit Preapproval from the Georgia Department of Revenue

After the program has been pre-certified, and the employer has determined the amount of tax credit that will be requested, a preapproval for that amount must be requested by electronically submitting Form IT-BE-AP through the Georgia Department of Revenue (GDOR) Georgia Tax Center: <https://gtc.dor.ga.gov>. Within 45 days of receipt of a properly completed Form IT-BE-AP, the GDOR commissioner shall issue an approved Form IT-BE-AP if a sufficient amount of available tax credits remains. The commissioner shall provide notice of the preapproval or denial to the employer and TCSG/OAE. The commissioner shall preapprove the tax credits based on the order in which properly completed applications were submitted. In the event that two or more applications were submitted on the same day and the amount of funds available will not be sufficient to fund the tax credits requested in full, the commissioner shall prorate the available funds between or among the applicants. Please see DOR regulation 560-

78-.55 for more information: <https://dor.georgia.gov/documents/rule-560-7-8-55-basic-skills-education-tax-credit>.

Step 4 – Conduct the Pre-certified Activities; Pay Wages and GED® Testing Fees for Employees

Once the GDOR has preapproved the tax credit(s), the next step is to conduct the educational skills training program that was pre-certified and pay GED® Testing fees. In order to qualify for the tax credit, GED® Testing Fees must be paid by the employer at the time of test registration. Employers can purchase testing vouchers from the GED Testing Service®/Pearson VUE at (<http://pearsonvue.com/vouchers/pricelist/ged.asp>). They accept VISA, MasterCard, American Express, checks, and money transfers. If paying by check or bank transfer, the employer will receive an invoice confirming the order along with detailed information about how to make the payment. The employer must also compensate employees while they are attending basic skills classes at their normal rate of pay for a minimum of 40 hours. Payment of these wages must be made in accordance with normal compensation schedules. Employees may attend additional hours of class, but employers are not required to compensate an employee beyond 40 hours.

Compensation documentation, Receipts for GED® Testing Fees, along with participant information such as name, date of birth, phone number, and email address, must be collected in order to satisfy the requirements for final certification. Please review the complete list of requested documentation on the *Application for Final Certification of Outcomes* on page 11 to ensure that the proper records are maintained for submission to TCSG/OAE.

Step 5 – Submit Evidence of Outcomes to TCSG/OAE

After all of the activities under the program are complete for the calendar year, the employer must submit an *Application for Final Certification of Outcomes* (page 11) and other requested documentation. TCSG/OAE staff will review the form and contact the employer if there are any questions. TCSG/OAE shall issue a final certification to the employer via email to the designated contact person within 14 days, if all certification requirements are satisfied.

Step 6 – File a Georgia Tax Return

An employer claiming tax credits under this program must attach an approved Form IT-BE-AP, Form IT-BE, and the final certification from TCSG/OAE to its Georgia income tax return for each year in which the credit is claimed. In the event the employer files an electronic return and such information is not attached because the Internal Revenue Service does not, at the time of such electronic filing, allow electronic attachments to the Georgia return, such information should be maintained by the employer and made available upon request by the Commissioner of Revenue. In the event that the employer has not met all of the requirements of O.C.G.A. § 48-7-41 and all regulations, then the amount of credits will not be approved or the approved credits shall be retroactively denied.

Technical College System of Georgia
Office of Adult Education

**Adult Basic Skills Education Program
Pre-certification Request (\$1,200 Tax Credit only)**

Complete this request form and submit it to Bobby Creech (bcreech@tcsge.edu). Please allow up to 14 days for a response. Employers will be notified of the status via email to the designated contact person.

Employer Information		
Employer Name:	Federal ID Number:	
Address:	City and Zip:	
Contact Person:	Title:	
Phone:	Email:	
Program Type		
<input type="checkbox"/> Employer provided class	<input type="checkbox"/> Employer sponsored class	<input type="checkbox"/> Local adult education program provided
Program Description		
(Please provide as much information as possible.)		
Estimate the amount of tax credit(s):	Number of Employees	Total amount of tax credit
\$1,200 Tax Credit		
Program Assurances (initial each)		
<p>_____ Employees will be compensated at their normal rate of pay for a minimum of 40 hours while attending adult education class, in accordance with normal compensation schedules.</p> <p>_____ GED® Testing Fees must be paid by the employer at the time of test registration.</p> <p>_____ The employer will provide a summary sheet of participant information and outcomes, and submit it to OAE after the class has ended in order to receive final certification. (See Final Certification form on page 11 for more information.)</p> <p>_____ The employer acknowledges that without final certification from OAE, the employer is not eligible for the tax credit.</p>		
_____ Signature of Contact Person		_____ Date

**Technical College System of Georgia
Office of Adult Education
Adult Basic Skills Education Program
Application for Final Certification of Outcomes (\$400 and \$1,200 Tax Credits)**

Complete this application and submit it, along with all requested documentation, to Bobby Creech (bcreech@tcsge.edu). Please allow up to 14 days for final certification approvals. Employers will be notified of certification status via an email to the designated contact person.

Employer Information		
Employer Name:	Federal ID Number:	
Address:	City and Zip:	
Contact Person:	Title:	
Phone:	Email:	
Program Type (select all that apply):	Summary of Program Outcomes	
<input type="checkbox"/> Payment of GED Testing fees – Attach documentation of payment of GED® Testing fees and participant information - name, DOB, email address, phone number, and the date and amount of GED fees paid.	# of participants: <hr style="width: 100%;"/> Amount of tax credit: <hr style="width: 100%;"/>	Comments: <hr style="width: 100%;"/>
<input type="checkbox"/> Employer provided class – Attach evidence of at least 40 hours of instruction, such as a class outline and copies of participant sign-in sheets. Also attach participant information - name, DOB, email address, phone number, the date and amount of GED Testing fees paid, and proof of 40 hours of compensation paid while attending class.	# of participants: <hr style="width: 100%;"/> Amount of tax credit: <hr style="width: 100%;"/>	Comments: <hr style="width: 100%;"/>
<input type="checkbox"/> Employer sponsored class – TCSG/OAE provider: submit the Course Reference Number. Another provider: attach evidence of at least 40 hours of instruction, such as a class outline and copies of participant sign-in sheets. All employers must attach participant information - name, DOB, email address, phone number, the date and amount of GED fees paid, and proof of 40 hours of compensation paid while attending class.	# of participants: <hr style="width: 100%;"/> Amount of tax credit: <hr style="width: 100%;"/>	Comments: <hr style="width: 100%;"/>
<input type="checkbox"/> Local adult education program provided – Attach documentation that includes the name of the adult education program and submit a summary spreadsheet that includes participant information - name, DOB, email address and phone number.	# of participants: <hr style="width: 100%;"/> Amount of tax credit: <hr style="width: 100%;"/>	Comments: <hr style="width: 100%;"/>
<hr style="width: 100%;"/> Signature of Contact Person	<hr style="width: 100%;"/> Date	

For OAE Use Only:

Certification Date:	Number of Certified Employees	Total Amount of Tax Credit Certified
\$400 Tax Credit		
\$1,200 Tax Credit		

Effective Date: This regulation shall be applicable to taxable years beginning on or after January 1, 2016

Sunset Date: O.C.G.A. § 48-7-41, the basic skills education tax credit, shall be repealed on January 1, 2020.

Authority and Resources:

Official Code of Georgia Annotated § 48-7-41 and § 48-2-12
<https://www.lexisnexis.com/hottopics/gacode>

Georgia Department of Revenue: <http://dor.georgia.gov/>

Georgia DOR Tax Center: <https://gtc.dor.ga.gov>.

Rules of Department of Revenue Income Tax Division, Chapter 560-7-8, Returns and Collections, 560-7-8-.55 Basic Skills Education Tax Credit: <https://dor.georgia.gov/documents/rule-560-7-8-55-basic-skills-education-tax-credit>

Technical College System of Georgia: www.tcsg.edu

TCSG Adult Education Programs:
https://tcsg.edu/all_documents/current_ae_program_directory.pdf

The GED Testing Service®: <https://ged.com/>

GED Testing Service®/Pearson VUE testing vouchers:
<http://pearsonvue.com/vouchers/pricelist/ged.asp>