

Georgia Retraining Tax Credit Guide

Georgia Business Expansion Support Act

Technical College System of Georgia

Georgia Department of Revenue

Revised September 1, 2015

Introduction

This reference document provides information for employers that are interested in earning state income tax credit for eligible types of employee retraining programs.

Purpose

The purpose of the Retraining Tax Credit is to:

- foster the profitability and competitiveness of Georgia's existing businesses by encouraging workforce development through retraining tax incentives;
- help companies offset the costs of retraining employees that are affected by the implementation of new equipment or new technology;
- enhance the skills of Georgia employees to enable them to successfully use new equipment and technology.

Income Tax Credit

The Georgia Tax Credit for Retraining of Employees provides tax credits according to the "Georgia Business Expansion Support Act of 1994" as amended. An eligible business enterprise may be granted tax credits against its Georgia state tax liability:

- equal to one half of the direct cost of retraining;
- up to \$500 per approved training program per year for each full-time employee who has successfully completed an approved retraining program; The credit amount shall not exceed \$1,250 per year per full-time employee who has successfully completed more than one approved retraining program.
- up to 50 percent of the amount of the taxpayer's income tax liability for the taxable year as computed without regard to this Code.

Any tax credit claimed under this Code for any taxable year beginning on or after January 1, 1998, but not used for any such taxable year may be carried forward for ten years from the close of the taxable year in which the tax credit was granted. Credit can be claimed in the tax year that the retraining occurs. If cost for a retraining program spans more than one year, the costs are to be claimed in the year in which the retraining occurs.

Eligible Retraining Programs

Retraining programs that are eligible for the Retraining Tax Credit include:

- retraining of current employees on newly installed equipment;

- retraining of current employees on newly implemented technology, such as those providing support or training on customized computer operating platforms, Total Quality Management, ISO 9000, and self-directed work teams.

Not eligible: Commercially, mass produced software packages for word processing, database management, presentations, spreadsheets, email, personal information management, or computer operating systems; soft skill training such as team building, executive training, management development training, career development, personal enrichment training, etc.; cross-training of employees on equipment or technology that is not new to the company.

Eligible Retraining Costs

Certain direct costs are eligible for the Retraining Tax Credit. These costs include:

- instructor salaries;
- employee wages during the retraining;
- development of retraining program;
- materials and supplies, textbooks and manuals;
- instructional media, such as videotapes, presentations, etc.;
- equipment used for retraining only (not production);
- reasonable travel costs.

Costs that are not eligible include sales taxes, training space, and employee-paid training. An employer may not receive a credit if the employer requires that the employee reimburse or pay the employer for the cost of retraining either directly or indirectly or through use of forfeiture of leave time, vacation time, or other compensable time.

Itemized details regarding the direct retraining costs must be available upon audit.

Eligible Employees

To be eligible for the Retraining Tax Credit, employees must be:

- Georgia residents;
- first-line employees or immediate supervisor;
- continuously employed with the company for a minimum of 16 weeks;
- full-time employees (employed for a minimum of 25 hours per week.)

Employees that are not eligible for the Retraining Tax Credit include executives, management, partners, etc. (above first-line supervisors.)

Training Sources

Retraining may be provided by any qualified source, including company trainers, training vendors, technical colleges, or universities.

Administration

The Technical College System of Georgia as authorized and directed by law sets standards to approve retraining programs. The Vice President of Economic Development at each Technical College can provide assistance and direction to a company interested in claiming the Retraining Tax Credit. The Vice President of Economic Development is responsible for determining if programs are eligible for the Retraining Tax Credit and for determining if the required documentation is adequate and complete. The Vice President is also responsible for signing the retraining program approval and completion forms.

The Georgia Department of Revenue adopts regulations, procedures, and necessary forms to grant tax credits.

All approved programs are subject to review and/or audit by the Georgia Department of Revenue and the Technical College System of Georgia.

Legal Authority

House Bill 1527, Official Code of Georgia Annotated, 48-7-40.5, 1994 Legislative Session, Effective January 1, 1994, authorized tax credits for employee retraining programs. It was revised on January 1, 1998. Revised on January 1, 2009.

Associated Definitions

Approved Retraining means retraining programs that are approved (preferably in advance of implementation) by the Technical College System of Georgia.

Cost of Retraining means direct instructional costs which include instructor salaries, materials, supplies, textbooks, manuals, video tapes or other instructional media and training equipment purchased or rented and utilized exclusively for the company's employee retraining purposes.

Employee wages are also an allowable retraining cost. Such costs are prorated to reflect wages paid only for time devoted exclusively to retraining during paid working hours and that the training does not occur while the employee is producing a product or providing a service.

Costs for renting or otherwise securing space for retraining are excluded.

Employee means any full-time worker who resides in the State of Georgia, who is employed for a minimum of 25 hours per week, and who has been continuously employed by the employer for at least 16 consecutive weeks.

For purposes of the retraining tax credit, employee means workers involved in front-line labor and their immediate supervisors.

Employer means any employer upon whom an income tax is imposed by the State of Georgia.

Employer-provided retraining refers to approved retraining conducted by instructors who are employees of the company.

Employer-sponsored retraining refers to a contractual arrangement with a technical College, university, college, or other training provider that offers approved retraining that is paid for by the employer.

Successful completion of retraining programs means that an employee enrolled in an approved retraining program has demonstrated, through formal assessments, the ability to perform the job skills that the retraining program was designed to provide.

Procedure for Approval of Retraining Programs

1. **Company contacts the Vice President of Economic Development Programs** at the local Technical College or the state office of Economic Development Programs for information and application package. Information and forms are also available on the internet.* (Suggestion: Discuss the eligibility of any training program with the Vice President of Economic Development before collecting costs and documentation to avoid unnecessary work in case the program is not eligible for the Retraining Tax Credit.)
2. **Company submits Georgia Retraining Tax Credit Program Approval Form** along with the required documentation to the Vice President of Economic Development Programs at the local Technical College.
3. **Vice President of Economic Development Programs** at the local Technical College reviews the application package for eligibility, adequacy, and completeness.
4. **The retraining program is approved** and company is notified.
5. **Company implements retraining.**
6. **Company submits a Georgia Retraining Tax Credit Program Completion Form** to the Vice President of Economic Development Programs at the local Technical College. The VP signs and returns form to company.
7. **Company attaches Completion Form and Form IT-RC to income tax return and files** for income tax credit. (Obtain tax credit forms from the Department of Revenue. An address is included in the appendix. Form IT-RC is also available on the internet.*)

* <http://www.georgiaquickstart.org/econdev/retrain.html>

Retraining Program Documentation Requirements

The documentation for approval of the retraining program must include the following:

1. A description of the equipment, technology, or operating system changes that require employee retraining. (Item #3 on the Approval Form, included in this Guide.)
2. A description of the purpose and overall objectives of the retraining program. (Item #4 on the Approval Form.)
3. Documentation for the Retraining Tax Credit approval must include the following:

- **Name, address, and phone number of training program provider;**
- **Qualifications of training program provider.** All individuals who will be developing training or providing instruction should have knowledge, experience, and credentials or certification as appropriate for the training program.
- **Training qualifications of instructors;**

- **Training objectives.** Training objectives describe what the employee will be able to do after successful completion of retraining and how well the task must be performed as it relates to accuracy, quality, and/or quantity.
- **Criteria for employee performance evaluation and a copy of the evaluation form (if applicable.)** An employee performance evaluation determines an employee's knowledge and ability to perform skills taught during the training program. The employee performance evaluation helps to determine if the employee trainee met the objectives of the retraining program. Evaluation methods vary and may include written tests, performance demonstrations, and performance checklists.
- **Training outline.** A training outline includes teaching points which support training objectives, a description of the training methods used – lecture, video, task demonstration – and a list of materials used by the instructor.
- **Instructional materials.** Instructional materials vary and include trainee guides, handouts, job aids, and audio-visual aids. These materials should support course objectives.
- **Estimated total hours of instruction;**
- **Training schedules;**
- **Training location(s).**

In order to verify continuing compliance with retraining program standards, the Technical College System of Georgia reserves the right to audit programs at any time.

Appeals Procedure

Each retraining program submitted for retraining income tax credit approval is carefully reviewed. Following this review, each applicant will receive (1) notification of program approval or (2) a description of changes, which are required to meet established program standards and to receive approval for the retraining program. Programs that require changes to meet established training standards may be modified and resubmitted for approval at any time.

Any applicant who wishes to appeal an approval denial may do so.

1. Present the appeal in writing to the Vice President of Economic Development Programs at the local Technical College.
2. If a mutually agreeable decision is not reached by following step 1, the appeal will be forwarded to the Assistant Commissioner of Economic Development Programs, Technical College System of Georgia for final program approval determination.

Retraining Program Tax Credit Certification

To receive certification for the job retraining tax credit, the company must submit a Georgia Retraining Tax Credit Program Completion Form to the Vice President of Economic Development Programs at the local Technical College. The form requests the following information and program documentation:

- Employee name
- Employee Identification Number (For audit purposes, the Employee Identification Number must be traceable to the employee's Social Security Number.)
- Employee hire date
- Program title

- Training date(s)
- Total training hours
- Employee hourly wage
- Total employee wage costs
- Other direct training costs (Itemized details regarding direct training costs must be available upon audit.)
- Total program costs
- Costs with 50% limitation
- Maximum credit

The Georgia Retraining Tax Credit Program Approval Application and Completion Forms are included in this guide.

State Office Addresses

Technical College System of Georgia

Pam Griffin, Director
75 Fifth Street NW, Suite 400
Atlanta, GA 30308
404/253-2871
FAX: 404/253-2831
pgriffin@georgiaquickstart.org

Gretchen Corbin, Commissioner

Jackie Rohosky, Assistant Commissioner, Economic Development Programs

Georgia Department of Revenue

Ms. Pam Goshay
Georgia Department of Revenue
Tax Law and Policy Section
1800 Century Boulevard, NE
Room 15311
Atlanta, GA 30345
404-417-2441
Pamela.Goshay@dor.ga.gov

Lynne Riley, Commissioner

Frank O'Connell, Director

Technical College System of Georgia

Directory of Georgia Counties and Corresponding Technical Colleges

County		Technical College	County		Technical College	County		Technical College
1	Appling	Coastal Pines	54	Evans	Ogeechee	107	Newton	DeKalb
2	Atkinson	Wiregrass GA	55	Fannin	Chattahoochee	108	Oconee	Athens
3	Bacon	Coastal Pines	56	Fayette	Southern Crescent	109	Oglethorpe	Athens
4	Baker	Albany	57	Floyd	Georgia Northwestern	110	Paulding	Chattahoochee
5	Baldwin	Central Georgia	58	Forsyth	Lanier	111	Peach	Central Georgia
6	Banks	Lanier	59	Franklin	North Georgia	112	Pickens	Chattahoochee
7	Barrow	Lanier	60	Fulton*	Atlanta	113	Pierce	Coastal Pines
8	Bartow	Chattahoochee	61	Gilmer	Chattahoochee	114	Pike	Southern Crescent
9	Ben Hill	Wiregrass GA	62	Glascock	Oconee Fall Line	115	Polk	Georgia Northwestern
10	Berrien	Wiregrass GA	63	Glynn	Coastal Pines	116	Pulaski	Central Georgia
11	Bibb	Central Georgia	64	Gordon	Georgia Northwestern	117	Putnam	Central Georgia
12	Bleckley	Oconee Fall Line	65	Grady	Southern Regional	118	Quitman	Columbus
13	Brantley	Coastal Pines	66	Greene	Athens	119	Rabun	North Georgia
14	Brooks	Wiregrass GA	67	Gwinnett	Gwinnett	120	Randolph	Albany
15	Bryan	Savannah	68	Habersham	North Georgia	121	Richmond	Augusta
16	Bulloch	Ogeechee	69	Hall	Lanier	122	Rockdale	DeKalb
17	Burke	Augusta	70	Hancock	Oconee Fall Line	123	Schley	South Georgia
18	Butts	Southern Crescent	71	Haralson	West Georgia	124	Screven	Ogeechee
19	Calhoun	Albany	72	Harris	Columbus	125	Seminole	Bainbridge College
20	Camden	Coastal Pines	73	Hart	Athens	126	Spalding	Southern

								Crescent
21	Candler	Southeastern	74	Heard	West Georgia	127	Stephens	North Georgia
22	Carroll	West Georgia	75	Henry	Southern Crescent	128	Stewart	Columbus
23	Catoosa	Georgia Northwestern	76	Houston	Central Georgia	129	Sumter	South Georgia
24	Charlton	Coastal Pines	77	Irwin	Wiregrass GA	130	Talbot	Southern Crescent
25	Chatham	Savannah	78	Jackson	Lanier	131	Taliaferro	Athens
26	Chattahoochee	Columbus	79	Jasper	Southern Crescent	132	Tattnall	Southeastern
27	Chattooga	Georgia Northwestern	80	Jeff Davis	Coastal Pines	133	Taylor	Southern Crescent
28	Cherokee	Chattahoochee	81	Jefferson	Oconee Fall Line	134	Telfair	Oconee Fall Line
29	Clarke	Athens	82	Jenkins	Southeastern	135	Terrell	Albany
30	Clay	Albany	83	Johnson	Southeastern	136	Thomas	Southern Regional
31	Clayton	Atlanta	84	Jones	Central Georgia	137	Tift	Southern Regional
32	Clinch	Coastal Pines	85	Lamar	Southern Crescent	138	Toombs	Southeastern
33	Cobb	Chattahoochee	86	Lanier	Wiregrass GA	139	Towns	North Georgia
34	Coffee	Wiregrass GA	87	Laurens	Oconee Fall Line	140	Treutlen	Southeastern
35	Colquitt	Southern Regional	88	Lee	Albany	141	Troup	West Georgia
36	Columbia	Augusta	89	Liberty	Savannah	142	Turner	Southern Regional
37	Cook	Wiregrass GA	90	Lincoln	Augusta	143	Twiggs	Central Georgia
38	Coweta	West Georgia	91	Long	Coastal Pines	144	Union	North Georgia
39	Crawford	Central Georgia	92	Lowndes	Wiregrass GA	145	Upson	Southern Crescent
40	Crisp	South Georgia	93	Lumpkin	Lanier	146	Walker	Georgia Northwestern
41	Dade	Georgia Northwestern	94	McDuffie	Augusta	147	Walton	Athens

42	Dawson	Lanier	95	McIntosh	Coastal Pines	148	Ware	Coastal Pines
43	Decatur	Bainbridge College	96	Macon	South Georgia	149	Warren	Oconee Fall Line
44	DeKalb	DeKalb	97	Madison	Athens	150	Washington	Oconee Fall Line
45	Dodge Wilkinson	Oconee Fall Line	98	Marion	South Georgia	151	Wayne	Coastal Pines
46	Dooly	Central Georgia	99	Meriwether	West Georgia	152	Webster	South Georgia
47	Dougherty	Albany	100	Miller	Bainbridge College	153	Wheeler	Oconee Fall Line
48	Douglas	West Georgia	101	Mitchell	Southern Regional	154	White	North Georgia
49	Early	Bainbridge College	102	Monroe	Central Georgia	155	Whitfield	Georgia Northwestern
50	Echols	Wiregrass GA	103	Montgomery	Southeastern	156	Wilcox	Wiregrass GA
51	Effingham	Savannah	104	Morgan	DeKalb	157	Wilkes	Athens
52	Elbert	Athens	105	Murray	Georgia Northwestern	158		Central Georgia
53	Emanuel	Southeastern	106	Muscogee	Columbus	159	Worth	Southern Regional

*Fulton County, north of the Chattahoochee River: Gwinnett Technical College

Tax Credit Calculation Worksheet

This worksheet might be helpful in calculating your job retraining tax credit.

A. Instructional Materials

Item _____	Cost	_____
Item _____	Cost	_____
Item _____	Cost	_____
A. Total		_____

B. Training Development

Trainer wages for actual development time	Cost	_____
Fees paid to Technical College or other training provider	Cost	_____
Other development costs	Cost	_____
B. Total		_____

C. Instruction

Trainer wages for actual instruction time	Cost	_____
Fees paid to Technical College or other training provider	Cost	_____
Other	Cost	_____
C. Total		_____

D. Trainee Wages

Total training hours x hourly wage rate	D. Total	_____
---	----------	-------

E. Total Training Costs

Add A + B + C + D	E. Total	_____
-------------------	----------	-------

F. Tax Credit (The maximum allowable credit is one-half of the direct training costs with a maximum of \$500 per employee per approved training program.)

a. Divide the total training costs (E) by 2	a.	_____
b. Multiply the number of employees trained by \$500	b.	_____
The tax credit (F Total) equals the lesser of a or b	F. Total	_____

Note: The amount on Line F may not exceed 50% of the taxpayer's total state tax liability for the taxable year as computed without regard to this code section. The tax credit may be used in the current taxable year and excess credit can be carried forward.

Technical College System of Georgia
Georgia Retraining Tax Credit Program Approval Application

Complete this application and submit to the Vice President of Economic Development Programs at your local Technical College.

Name of Training Program _____

1. Company name _____ Division _____
Address _____ Contact _____
_____ Phone _____
_____ Email _____
No. years operating in GA _____ No. of employees at facility _____

2. Type of business and nature of operation: _____

3. Describe relevant equipment or technology changes in your workplace.
Change from: _____
Change to: _____

4. Describe purpose and overall objectives of this retraining program.

5. Provide estimated retraining costs. _____

6. Are employees unable to function effectively on the job as a result of the skill deficiencies identified in item 3? _____; Will the deficiencies result in employee displacement if skills are not enhanced? _____

7. Name of training provider: _____

Signature of Company Chief Executive Title Date

This is to certify that the Retraining Program for the above named company is in compliance with standards established by the Technical College System of Georgia. This approval is subject to review and/or audit by the Department of Revenue and the Technical College System of Georgia.

Signature of TCSG Official Name of Technical College Date

Program Approval Application Checklist

For training program approval, provide access to the following documentation:

- Name, address, and phone number of training provider
- Qualifications of provider
- Training objectives
- Training outline
- Instructional materials
- Estimated total hours of instruction
- Training schedules
- Training qualifications of instructors
- Training location(s)
- Criteria for employee performance evaluation and a copy of the evaluation form

Technical College System of Georgia
Georgia Retraining Tax Credit Completion Form

Tax year ending: _____
Name of training program: _____

Complete this form and submit to the Vice President of Economic Development Programs at your local Technical College.

Company Information

Company name: _____
Address: _____
Telephone No.: _____ Federal I.D. No _____

Retraining Information

Describe relevant equipment and technology changes in the workplace. (Repeat item 3 of Program Approval Application.)

Change from: _____

Change to: _____

Describe purpose and overall objectives of this retraining program. (Repeat item 4 of Program Approval Application.)

Name of retraining provider: _____
Initial retraining program approval date: _____
Retraining tax credit amount _____

Certification: This approval is subject to review and/or audit by the Department of Revenue and the Technical College System of Georgia.

Signature of Company Chief Executive *Title* *Date*

Signature of TCSG Official *Name of Technical College* *Date*

Attach to Department of Revenue IT-RC Retraining Tax Credit Form

Employee and Program Information

Provide the information below on a form or spreadsheet and attach it to the Completion Form.

1. Employee name
2. Employee Identification Number (For audit purposes, the Employee Identification Number must be traceable to the employee's Social Security Number.)
3. Employee hire date
4. Program title
5. Training date(s)
6. Total training hours
7. Employee hourly wage
8. Total employee wage costs
9. Other direct training costs (Itemized details regarding direct training costs must be available upon audit.)
10. Total program costs
11. Costs with 50% limitation
12. Maximum credit

The following employees are ineligible for the retraining tax credit:

- Employees who are required to make any payment at any time for the training either directly or indirectly through the forfeiture of leave time, vacation time, or other compensable time.
- Employees who work less than 25 hours per week and/or have been continuously employed by your company for less than 16 consecutive weeks.
- Employees who are not Georgia residents.



Georgia Department of Revenue Policy Statement IT-2007-12-06 Georgia Retraining Tax Credit

December 6, 2007

Purpose:

This informational bulletin explains the calculation of the retraining tax credit.

Effective Date: December 6, 2007

Supersedes: All previous documents and any oral directives in conflict herewith.

Authority

The Statute

The retraining tax credit, O.C.G.A. § 48-7-40.5, allows some employers to claim certain costs of retraining employees to use new equipment, new technology, or new operating systems. The credit can be worth 50% of the direct costs of retraining full-time employees up to \$500 per employee, per approved retraining program, per year.

O.C.G.A. § 48-7-40.5 (b) provides that the amount of the tax credit shall be equal to one-half of the cost of retraining per full-time employee, or \$500.00 per full-time employee, whichever is less, for each employee who has successfully completed an approved retraining program.

Scope

A policy statement is intended to provide procedural guidance to the general public and Department personnel. It is a written statement issued to assist in the administration of laws and regulations by providing procedural guidance that may be followed in order to comply with the law. A policy statement does not have the force or effect of law, and is not binding on the public. It is, however, binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

Prepared by Tax Law and Policy
December 6, 2007

Issue

How to calculate the retraining tax credit.

Discussion of Issue

Calculating the credit

Taxpayers are allowed to combine classes for the purposes of calculation of the credit using the following method only:

1. Classes with direct cost of less than \$1,000 may be combined, AND
2. Classes with direct cost of \$1,000 or more may be combined.

The retraining tax credit calculation does not provide for averaging. The methodology described above offers an option to lessen the number of form IT-RC's, which must be completed. Classes that are combined should be of a similar nature.

Example 1: Corporation A has 12 employees whose training qualifies for Georgia's Retraining Tax Credit. Ten employees attended a course in Microsoft Office 2000, which has a total direct cost for each employee of \$250. Two employees attended a Network Systems course with direct cost of \$5,000 each. In determining the Retraining tax credit for Corporation A, the 10 classes with direct cost of \$250 must be claimed and reported on one form IT-RC. The two classes for the Network Systems course should be shown on a second form IT-RC. The retraining tax credit claimed on the tax return would constitute the aggregate of the two forms.

(Last updated: December 6, 2007)

For More Information

For more information about the retraining tax credit please reference O.C.G.A. § 48-7-40.5.