

GEORGIA STATE R&D TAX CREDIT

ELIGIBILITY

In general, taxpayers are eligible for the R&D Tax Credit if they have QREs as defined by IRC §41 in Georgia during the tax period.

Taxpayers can claim the R&D Tax Credit to use as a tax offset. The credit is non-refundable. Georgia tax returns can be amended as far back as three years to claim the credit.

CALCULATING THE BENEFIT

The R&D Credit is claimed using Georgia Form IT-RD and is submitted with the annual Georgia state return.

The credit is calculated as 10% of QREs in excess of the base period. The base amount is calculated as current year gross receipts multiplied by either a) the average of the ratios of its aggregate QREs to GA gross receipts for the preceding 3 taxable years, or b) 30%, whichever is less.

If the company had no gross receipts during any one or more of the 3 preceding tax years, the base amount will be determined by multiplying current year GA gross receipts by 30%

UTILIZATION

The tax credit, including any carry forward amount, may be used to offset up to 50% of income tax liability after all other credits have been applied. Any amount in excess of income tax liability may be applied to payroll withholding tax.

Any amount in excess of the above may be carried forward for a maximum of 10 consecutive tax periods. The taxpayer may choose to assign the credit in whole or in part to one or more "affiliated entities".

SUMMARY OF STATE CREDIT

- Form: **IT-RD**
- Expiration: **Permanent**
- Calc Rate: **10% of QREs over base amount**
- Amendment Period: **3 years**
- Offset: **50% of net state tax liability** (after all other credits have been applied and payroll withholding tax)
- Refund: **None**
- Carry-forward: **10 years**

YR	TOTAL QREs	GROSS RECEIPTS	CREDIT CALCULATION	GA CREDIT
2019	\$750k	\$900k	1) $(650 / 800 + 500 / 700 + 400 / 600) = 2.2$	\$48.0k
Prior Year Amounts			2) $2.2 / 3 = 0.7$	
2018	\$650k	\$800k	3) $900 \times 0.3 = 270.0$	
2017	\$500k	\$700k	4) $750 - 270.0 = 480.0$	
2016	\$400k	\$600k	5) $480.0 \times 10\%$	
			Note: Step 3) uses the lesser of the calculated in Step 2) or 0.3	

*Note: Step 3) uses the lesser of the ratio calculated in Step 2) or 0.3