

Georgia R&D Tax Credit

Applying Excess Credits Against Georgia Withholding Tax



The state of Georgia provides new businesses undertaking research and development a valuable incentive. The Georgia R&D Tax credit allows businesses, within its first five years of operations in the state, to apply credits against its monthly or quarterly withholding payments.

What Qualifies as R&D?

Many companies, especially small and middle-market firms, often overlook potential R&D Credit benefits because of the misconceptions regarding the definition of "R&D." A wide variety of industries and activities can qualify for the credit:

- Gathering user/customer requirements for a new product
- Conceptual and functional design of new products
- Prototyping
- Pre-production testing and trials
- Developing enhancements or new features of existing products
- Development and implementation of new or improved manufacturing processes

What is the Criteria to Apply?

In order to qualify for the Georgia State R&D Tax Credit, a company must meet the following criteria:

- The business enterprise must be in its first five years of operations within the state of Georgia.
- The R&D Credit amount must exceed 50% of enterprises' tax liability after all credits have been applied.

Additionally, the business must file an application with GA Department of Revenue at least 30 days prior to the due date of the GA Income Tax Return. Once the Department of Revenue has reviewed and approved the claims, it will send a Letter of Eligibility informing the business of the size of the credit that may be applied and when the credit can be applied. The Georgia R&D Credit may only be applied against future withholding payments and refunds will not be allowed.

How can TRCG help?

TRCG Advisors consist of experienced tax professionals and consultants with hands on experience with the Georgia R&D Tax Credit. TRCG can review a company's processes and financials to determine whether the business qualifies for the credit and its potential benefit. TRCG can guide you through the application process and ensure you identify the best benefit possible. For more information, please contact Tom Nally at 866.244.4170. Or visit us online at www.trcgadvisors.com.