


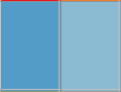
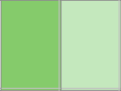
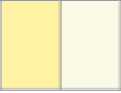
OPTIONAL INVESTMENT TAX CREDITS

The optional investment tax credit can be taken in lieu of the investment tax credit. The credits **range** from 10% to 6% of qualified capital investment.

This credit is **available** to taxpayers that qualify for investment tax credits. The requirements are the same except for the minimum investment ranging from \$5 to \$20 million [[see chart below](#)].



A taxpayer can **use** the tax credits up to the calculated amount for a given year. The credit may be claimed up to 10 years following the year the property was first placed in service provided the property remains in service.

Tier		Optional Investment Credit	Limits of Credits	Period	Minimum Investment
1		10%	Annual calculation	10 years	\$5 million
2		8%	Annual calculation	10 years	\$10 million
3		6%	Annual calculation	10 years	\$20 million
4		6%	Annual calculation	10 years	\$20 million

Click [here](#) to view the 2005 Job Tax Credit Map.

The optional investment tax credit equals 90% of the difference between (1) the taxpayer's Georgia income tax liability for the current year and (2) the taxpayer's base tax liability.

Taxpayer receives a credit equal to 90% of the increase in tax liability over the base. The base is the average income tax liability for the three previous years prior to the application.

Example: Taxpayer's 3-year average tax liability is \$300,000. Taxpayer invests \$125 million, and because it's a tier 1 county, is eligible for a 10% tax credit [\$12.5 million]. Taxpayer's income tax liability has increased to \$3,300,000 in year 4 and is eligible to receive a \$2.7 million tax credit to reduce or eliminate Georgia income tax liability. $[\$3,300,000 - \$300,000] \times 90\% = \$2.7 \text{ million}$. The following year (year 5) taxpayer has tax liability of \$5,300,000 and is eligible to receive a \$4.5 million tax credit: $[\$5,300,000 - \$300,000] \times 90\% = \$4.5 \text{ million}$.

The optional investment tax credit is a calculated risk. Without large increases each year in income tax liability, the usable tax credit could be very small and possibly zero.

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