

State and Local Tax ALERT



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Georgia Modifies State R&D Tax Credit

On May 4, 2009, the Georgia legislature enacted H 439. Section 4 of this bill modifies the state's R&D tax credit. H 439 is effective for tax years beginning on or after January 1, 2009.

You can read the legislation here: http://www.legis.state.ga.us/legis/2009_10/pdf/hb439.pdf

What Has Changed

- Section 4 of the bill modifies the base amount calculation by substituting Georgia gross receipts for Georgia taxable net income. The base amount is now "the product of a business enterprise's Georgia gross receipts in the current taxable year and the average of the ratios of its aggregate qualified research expenses to Georgia gross receipts for the preceding three taxable years or 0.300, whichever is less." The statute defines "Georgia gross receipts" as "the numerator of the gross receipts factor provided in subsection (d) of Code Section 48-7-31."
- The statute specifically states that taxpayers are no longer required to have had positive taxable net income in each of the three years preceding the credit year in order to be eligible for the credit. It is unclear, however, whether taxpayers are required to have had positive gross receipts in each of those years.
- In addition, Section 4 increases the ability of newly formed businesses to utilize the credit. The statute states that "[i]n the first five years of a newly formed business enterprise's operations in this state, where the amount of a credit claimed under this Code section exceeds 50 percent of a taxpayer's liability for such taxes in a taxable year, the excess may be taken as a credit against such taxpayer's quarterly or monthly [withholding] payment under Code Section 48-7-103."

How alliantgroup Can Help You Take Advantage of The Georgia R&D Tax Credit

alliantgroup's professional staff is always up-to-date on new regulations that could provide you with additional revenue and/or tax reduction. The R&D Tax Credit provides, among other things, a hidden and immediate source of cash for many companies as well as a significant reduction to current and future years' federal and state tax liabilities. Our team of specialists in federal and state R&D tax credits consists of attorneys, accountants, engineers, software developers, biologists, chemists, and others who have the experience and the technical capability to identify and maximize the R&D tax credits available to your business.

About alliantgroup

alliantgroup is an independent specialty tax services firm that works with clients to ensure that they receive the full benefits of all available federal and state government sponsored incentive programs, such as the Research and Development Tax Credit, export tax incentives, manufacturing tax incentives, energy tax incentives, enterprise zone incentives, state and local tax incentives, sales and use tax refund reviews, captive insurance companies, and tax controversy services.

alliantgroup's national headquarters are located in Houston, Texas with offices in Orange County (CA), Los Angeles, San Francisco, San Diego, Chicago, New York, Boston, Miami, Washington D.C., Toledo, Seattle, Atlanta, and New Orleans.

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