



LAWRENCEVILLE | ALPHARETTA-NORTH FULTON

GEORGIA RETRAINING TAX CREDIT

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, technology, or operating systems.

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 computer platforms, software implementation and upgrades, Total Quality Management, ISO 9000, and self-directed work teams.

ELIGIBLE EMPLOYEES

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

- Georgia residents;
- First-line employees or immediate supervisors
- Continuously employed with the company for a minimum of 16 weeks
- Full-time employees (employed for a minimum of 25 hours per week.)

Ineligible employees include executives, management, partners, etc. (above first-line supervisor)

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ELIGIBLE RETRAINING COSTS

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

- Instructor salaries
- Employee wages during the retraining
- Development of retraining programs
- 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.*

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 the 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.

TRAINING SOURCES

Retraining may be provided by any qualified source, including:

- Company trainers
- Training vendors
- Technical colleges or universities

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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.

****www.georgiaquickstart.org/econdev/retrain.html**