



State of Georgia Department of Revenue

2008 Partnership Income Tax Forms and General Instructions

File Form 700 electronically. Visit our website www.dor.ga.gov for more information.

ELECTRONIC FILING



The Georgia Department of Revenue accepts Visa, American Express, MasterCard, and Discover credit cards for payment of:

- ✓ Current-year individual and corporate tax payments;
- ✓ Liabilities on Department of Revenue-issued assessment notices;
- ✓ Individual and corporate estimated tax payments.

FROM THE COMMISSIONER

This booklet is designed to provide information and assist partnerships in filing their Georgia partnership tax returns. On Page 1 is a "Federal Tax Changes" section that I recommend you review to determine if the changes affect your return.

This booklet contains the forms and schedules required by most partnerships. If you need additional forms, we encourage you to visit our website at www.dor.ga.gov. There you can download forms and always obtain up-to-date tax information and news from the Department of Revenue. Forms are also available via fax-on-demand at 404-417-6011. A list of useful telephone numbers is on Page 7.

The Department of Revenue, as outlined in the Taxpayer Bill of Rights, will provide "fair, courteous and timely service" to the taxpayers of Georgia. Our mission is to provide the best customer service and operational performance of any state taxing authority and the IRS. We welcome your comments and suggestions on how to better accomplish that mission.

Bart L. Graham
Commissioner

INDEX

Adjustments to Federal Income	4
Amended Returns	4
Computation of Income for Georgia Purposes	5
Corporate Partners of Partnerships	7
Federal Audit	4
Federal Tax Changes	1
Filing Requirements	3
Georgia County Code Numbers	6
Guaranteed Payments	7
Income Apportionment and Allocation	4
Income to Partners	5
Net Worth Tax	7
Partnerships with Nonresident Partners	7
Tax Credits	8-10
Telephone Assistance	7
When and Where to File	4

NEW INFORMATION

Federal Tax Changes

Georgia has adopted the provisions of **all** federal tax acts (as they relate to the computation of Federal taxable income) that were enacted on or before January 1, 2008, **except** for I.R.C. 168(k) (the 30% and 50% bonus depreciation rules). This exception does not apply to I.R.C. 168(k)(2)(A)(i), (the definition of qualified property), I.R.C. 168(k)(2)(D)(i), (exceptions to the definition of qualified property) and 168(k)(2)(E), (special rules for qualified property). Georgia has also **not** adopted I.R.C. Section 199 (deduction for income attributable to domestic production activities, I.R.C. Section 1400L (New York Liberty Zone Benefits), I.R.C. Section 1400N(d)(1) (post 8/28/2006 Gulf Opportunity Zone (GOZ) property, I.R.C. Section 1400N(j) (GOZ public utility casualty losses), and I.R.C. Section 1400N(k) (NOLs attributable to GOZ losses). For tax years beginning on or after January 1, 2008, Georgia has adopted the increased I.R.C. Section 179 deduction (**\$128,000 in 2008**) and the related phase out (**\$510,000 in 2008**) that was enacted as part of the Small Business and Work Opportunity Act of 2007. As per current legislation, GA will **not** follow the increased Section 179 expensing per the Economic Stimulus Act of 2008 that were signed into law on February 13, 2008.

Any other provisions in any other federal acts that were signed into law during 2008 will **not** be followed by Georgia.

Federal deduction for income attributable to domestic production activities (I.R.C. Section 199). This should be entered on Form 700 Page 2, Schedule 4, Line 4.

Depreciation Differences. Depreciation differences due to the Federal acts mentioned above should be handled as follows. If the taxpayer has depreciation differences from more than one Federal act, it is not necessary to make a separate adjustment for each act.

A. Depreciation must be computed one way for Federal purposes and another way for Georgia purposes. To compute depreciation for Federal purposes, taxpayers should use the 2008 IRS Form 4562 and attach it to the Georgia return. This amount should be entered on Page 2, Schedule 4, Line 6 along with the words "Deprec Adj".

B. Depreciation must also be computed for Georgia purposes. Taxpayers should use Georgia Form 4562 to compute depreciation for Georgia purposes and attach it to the Georgia return. This amount should be entered on Page 3, Schedule 5, Line 3 along with the words "Deprec Adj". Georgia Form 4562 and related instructions can be obtained from our website at www.dor.ga.gov or from any Revenue Office. Additionally, any depreciation differences will affect the calculation of gain when the property is sold.

2008 Legislation

The following bills that relate to partnerships were passed by the Georgia Legislature for 2008:

HB 515 (O.C.G.A. §§ 50-27-3, 50-27-24, and 50-27-24.1) Allows certain lottery prizes to be assigned and requires withholding on the purchase price when they are assigned.

HB 670 (redesignated from O.C.G.A. § 48-7-29.13 to O.C.G.A. § 48-7-29.14) This bill establishes a new Code Section to create tax credits for transporting or diverting wood residuals to a renewable biomass qualified facility on or after July 1, 2008. It also creates a tax credit for the construction, purchase, or lease of clean energy property that is placed into service in Georgia between July 1, 2008 and December 31, 2012.

HB 851 (O.C.G.A. § 48-7-29.8) Increases the amount of the tax credit for a historic home from 10 percent of qualified rehabilitation expenditures to 25 percent and it increases the amount of the tax credit for any other certified structure from 20 percent of qualified rehabilitation expenditures to 25 percent. The bill also increases the \$5,000 cap on credits in a ten-year period to \$100,000 for a historic home and \$300,000 for a certified structure. This bill is effective for tax years beginning on or after January 1, 2009.

HB 926 (O.C.G.A. § 48-1-2) For the 2008 tax year, this bill updates and conforms Georgia's adoption of certain portions of the Internal Revenue Code ("IRC") to the IRC as amended through January 1, 2008. In addition to the "annual update", HB 926 also adds a new paragraph to this code section to make this same update applicable retroactively to the 2007 tax year. The bill thus incorporates provisions of five federal tax bills that were passed during 2007 for purposes of both the Georgia 2007 and 2008 tax years.

HB 977 (O.C.G.A. §§ 48-7-29.13 and 48-7-27) This bill primarily focuses on Title 33 (Insurance) by authorizing the Commissioner of Insurance to adopt policies to promote, approve, and encourage high deductible health plans in Georgia. The bill also provides an exemption from insurance premium taxes that are administered by the Commissioner of Insurance for certain insurance products involving such high deductible health plans.

Section 5 allows an employer (but only an employer who employs 50 or fewer persons either directly or whose compensation is reported on Form 1099) a tax credit against the tax imposed by Code Section 48-7-20 (Individuals and Partnerships) or 48-7-21 (Corporations), as applicable, for qualified health insurance expenses in the amount of \$250.00 for each employee enrolled for twelve consecutive months in a qualified health insurance plan. Qualified health insurance means a high deductible health plan that includes, at a minimum, catastrophic health care coverage which is established and used

2008 Legislation (continued)

with a health savings account established under Section 223 of the Internal Revenue Code. The qualified health insurance must be made available to all employees and compensated individuals of the employer pursuant to the applicable provisions of Section 125 of the Internal Revenue Code. The total amount of the tax credit for a taxable year cannot exceed the employer's income tax liability. Any unused tax credit is allowed against the employer's succeeding years' tax liability, but no credit is allowed against the employer's prior years' tax liability. The qualified health insurance premium expense must equal at least \$250 annually.

Section 5 of this bill is effective for tax years beginning on or after January 1, 2009.

HB 1100 (O.C.G.A. § 48-7-40.26) Amends the Code Section relating to the Film Tax Credit. This bill increases the tax credit from 9 percent to 20 percent of the base investment or excess base investment and adds an additional 10 percent tax credit for including a qualified Georgia promotion in the qualified production activity. The bill eliminates the 3 percent additional tax credit for base investment in a tier 1 or tier 2 county, the 2 percent additional tax credit for wages paid to Georgia residents and the 2 percent additional tax credit for spending \$20 million for multiple television projects. This bill is effective for tax years beginning on or after January 1, 2008.

HB 1133 (redesignated from O.C.G.A. § 48-7-29.13 to O.C.G.A. § 48-7-29.16) Adds a new chapter 2A in Title 20 to define Student Scholarship Organizations, which are 501(c)(3) nonprofits that distribute at least 90% of their revenues for scholarships or tuition grants to allow students to attend qualified nonpublic schools. The bill also creates a new income tax credit for qualified educational expenses. An individual is eligible for a credit of up to \$1,000 (single or head of household), \$1,250 (married filing separate), 2,500 (married filing joint). A corporation is eligible for a credit amount that can equal up to 75% of its income tax liability. The credit is allowed on a first come, first served basis and must be pre-approved. The aggregate amount of the tax credit allowed to all taxpayers cannot exceed \$50 million per tax year. The taxpayer must add back to Georgia taxable income that part of any federal charitable contribution deduction taken on a federal return for which a credit is allowed. This bill is effective for tax years beginning on or after January 1, 2008.

HB 1151 (O.C.G.A. §§ 48-7-21, 48-7-25, 48-7-27, 48-7-29.5, 48-7-54, 48-7-100, 48-7-101, and 48-7-129)

Sections 1, 2 and 3 relate to raffle licenses, bingo, and bingo licensing procedures respectively. They eliminate the requirement of a determination letter from the Georgia Department of Revenue certifying exemption and replacing that requirement with a statement affirming that the applicant is exempt under O.C.G.A. § 48-7-25.

Sections 4 (Corporations) and 6 (Individuals) remove the mandatory formula from the statute that was used to calculate the amount of the direct and indirect interest expense attributable to the production of exempt interest or dividend income.

Section 5 provides that organizations exempt from federal income tax pursuant to Section 501(c), 501(d), 501(e), 664, or 401 of the Internal Revenue Code of 1986, will now be similarly exempt for purposes of O.C.G.A. § 48-7-21, eliminating the need for a separate Georgia letter. The Commissioner would retain the prerogative to deny or revoke the organization's exempt status at the state level if warranted.

Section 7 eliminates the annual consent requirement for "S" corporations. Nonresident shareholders of "S" corporations will only need to file a single consent to jurisdiction in the year in which the Subchapter 'S' corporation is first required to file a Georgia income tax return. For a Subchapter 'S' corporation in existence prior to January 1, 2008, the consent agreement must be filed for each shareholder in the first Georgia tax return filed for a year beginning on or after January 1, 2008. A consent agreement will also need to be filed in any subsequent year for any additional nonresident who first becomes a shareholder of the Subchapter 'S' corporation in that year.

Section 9 allows the Department to require non-individual taxpayers to file an electronic return if they are already required to file electronically for federal tax purposes.

Section 10 clarifies the terms "distributions credited" and "distributions paid" for purposes of Georgia non resident withholding for partners, "S" corporation shareholders, and members of limited liability companies.

Section 12 reduces the penalty in O.C.G.A. § 48-7-129 from 100% to 25% on flow-through entities that fail to withhold tax on distributions. Currently, the entity can be assessed for the tax that was not withheld plus a penalty equal to that same amount. Section 12 also extends the due date for taxes deducted and withheld on distributions credited but not paid by a partnership, Subchapter 'S' corporation, or limited liability company to their nonresident members from 30 days after the close of the tax year, to the due date (without extensions) for filing the income tax return for the partnership, Subchapter 'S' corporation, or limited liability company. This bill is effective for tax years beginning on or after January 1, 2008.

HB 1196 (O.C.G.A. § 48-7-40.27 and 48-7-40.28) Adds new Code Sections and amends an existing Code Section to create tax credits for certain qualified investments made on or after July 1, 2008 and to specify that funds invested by the state from the Seed-Capital Fund may include funds from sources other than the investment entity.

2008 Legislation (continued)

HB 1246 (O.C.G.A. §§ 48-7-40, 48-7-40.1, 48-7-40.12, 48-7-40.15, 48-7-40.21 and 48-7-40.22) Amends Code Sections dealing with income tax credits, to define the term “broadcasting,” and to include such term in the definition of business enterprise. These amendments are effective for tax years beginning on or after January 1, 2008.

The bill also adds, in Title 33 (Insurance), new Code Sections 33-8-4.1 and 33-8-4.2, to create a tax credit against insurance premium tax liability for any business enterprise located in certain counties ranked and designated as less developed areas. “Business enterprise” is defined in Code Section 33-8-4.1 as any insurance company or the headquarters of any insurance company required to pay the tax under Code Section 33-8-4. It further provides that tax credits claimed under Code Section 33-8-4.1 can be assigned in whole or in part to one or more affiliated entities which pay tax under Code Section 33-8-4. The insurance portions of the bill are effective January 1, 2009.

HB 1273 (O.C.G.A. § 48-7-40.1) Changes the criteria for determination of what constitutes a less developed area in paragraph (4) of subsection (c) from “any area comprised of two or more contiguous census blocks” to “any area which is within or adjacent to one or more contiguous census blocks.” The bill lowers the poverty rate in paragraph (4) of subsection (c) from 20% to 15%. It specifies that within areas of pervasive poverty as designated under paragraphs (2) and (4) of subsection (c), businesses shall only have to increase employment by two or more jobs in order to be eligible for the credit. This bill is effective for tax years beginning on or after January 1, 2008.

HB 1274 (O.C.G.A. § 48-7-29.12) Defines the terms “fair market value,” “eligible donor,” “related person,” and “substantial valuation misstatement.” The bill specifies that a fee simple conveyance to the federal government is a qualified donation and specifies that the credit amount shall be limited to an amount not to exceed the lesser of \$500,000.00, 25% of the fair market value of the donated real property for the year in which the donation occurred, or 25% of the difference between fair market value and the amount paid to the donor if the donation is effected by a sale of property for less than fair market value as established for the year in which the donation occurred.

The bill provides that in the case of a taxpayer whose net income is determined under Code Section 48-7-23, the aggregate total credit allowed to all partners in a partnership shall be limited to an amount not to exceed the lesser of \$1 million, 25% of the fair market value of the donated real property as fair market value is established for the year in which the donation occurred, or 25% of the difference between the fair market value and the amount paid to the donor if the donation is effected by a sale of property for less than fair market value as established for the year in which the donation occurred. It increases the carry-forward period from 5 years to 10 years and specifies that only one qualified donation may be made with respect to any real property that was, in the year prior to donation, within the same tax parcel of record, except that a subsequent donation may be made by a person who is not a related person with respect to any prior eligible donors of any portion of such tax parcel. The bill provides a penalty for a substantial valuation misstatement equal to the lesser of: 1) the greater of 25% of the overstated part of the credit or \$1,000; or 2) 125% of the fee received. There is no penalty if it is established that the appraisal value is more likely than not the correct appraisal value. This bill is effective for tax years beginning on or after January 1, 2008.

FILING REQUIREMENTS

A partnership, limited liability company, syndicate, group, pool, joint venture and unincorporated organization which is engaged in business or derives income from property located in Georgia or has members domiciled in Georgia, and which is required to file a Federal Income Tax return on Form 1065, is required to file a Georgia Income Tax return on Form 700.

GENERAL INFORMATION

WHEN AND WHERE TO FILE

Form 700 must be filed on or before the 15th day of the fourth month following the close of the taxable year. Mail the form to: Georgia Department of Revenue, P.O. Box 740315, Atlanta, Georgia 30374-0315. If you list a credit on Form 700, Schedule 2, mail your return to: Georgia Department of Revenue, P. O. Box 49431, Atlanta, Georgia 30359-1431.

FEDERAL AUDIT

If the Internal Revenue Service has adjusted net income within the last five years, a detailed statement of these adjustments must be submitted under separate cover to: Georgia Department of Revenue, Processing Center, P.O. Box 740315, Atlanta, Georgia 30374-0315.

AMENDED RETURNS

If a partnership becomes aware of changes it must make after filing its return, it should file an amended Form 700. Check the amended box on Form 700 and submit an amended K-1 for each partner and a complete copy of the amended Federal partnership return, including schedules, if applicable.

RELATION TO THE FEDERAL RETURN

The Georgia return correlates to the Federal return in most respects (see information below about Federal tax changes). The accounting period and method used for the Georgia return must be the same as on the Federal return.

A complete copy of the Federal return and all supporting schedules must be attached to the Georgia return. Otherwise, your return will be deemed incomplete.

ADJUSTMENTS TO FEDERAL INCOME (Schedules 4 and 5)

To determine the total income for Georgia purposes, certain adjustments as provided by Georgia law are included in the computations for Schedules 4 and 5. The total additions to Federal Income should be placed on Line 9 of Schedule 7, and listed in Schedule 4. Georgia does not allow the Federal deduction for income attributable to domestic production activities (IRC Section 199). An adjustment to the Georgia partnership return is not required if the partnership is not allowed the Section 199 deduction directly, but instead passes the information needed to compute the deduction to the partners. **A partnership must add back all intangible expense and related interest expense directly or indirectly paid to a related member. All such expense must be listed as an addition to Federal income even if the taxpayer qualifies for an exception. If the taxpayer qualifies for a full or partial exception, Form IT Addback must be completed in order for the taxpayer to take a subtraction on Schedule 5 for all or any portion of the addition listed on Schedule 4.**

A taxpayer must addback payments of more than \$600 in a taxable year made to employees who are not authorized employees and who are not excepted. An authorized employee is someone legally allowed to work in the United States.

The total subtractions from Federal income should be shown on Line 11 of Schedule 7, and listed in Schedule 5. The more commonly used items are listed in each schedule.

Additionally, adjustments due to other Federal tax changes should be reported as stated on page 1.

U.S. obligation income must be reduced by direct and indirect interest expense. To arrive at such reduction, the total interest expense is multiplied by a fraction, the numerator of which is the taxpayer's average adjusted basis of the U.S. obligations, and the denominator of which is the average adjusted basis of all assets of the taxpayer. Any other method requires preapproval from the Department.

Any expense that is subject to further limitation (e.g., Section 179 Deduction, Charitable Contributions, etc.) is not deductible in calculating total income for Georgia purposes. However, these expenses may be deductible on the partner's income tax return.

Where salaries and wages are reduced in computing Federal taxable income because a federal jobs tax credit has been taken, which required the elimination of the salary and wages deduction, the eliminated salary and wage deduction shall be subtracted from Georgia taxable income. Regulation 560-7-7-.05 defines the term "federal jobs tax credit".

Taxpayers who are parties to state contracts may subtract from Federal taxable income or Federal adjusted gross income 10% of qualified payments to minority subcontractors or \$100,000, whichever is less, per taxable year.

A list of certified minority subcontractors will be maintained by the Commissioner of the Department of Administrative Services for the Revenue Department and general public. To register your business as a minority subcontractor or to view the list, call 404-656-6315 or visit <http://ssl.doas.state.ga.us/VendorDB/mainframe.jsp>.

INCOME APPORTIONMENT AND ALLOCATION (Schedules 6 and 1)

If any Partnership, domestic or foreign, is doing business or owns property both within and without Georgia, the average ratio as computed in Schedule 6 should be used to compute Georgia Net Income in Schedule 1. If the business income of the partnership is derived from Georgia sources, from property owned or business done within this State, and in part from property owned or business done without this State, the tax shall be imposed only on that portion of the business income which is reasonably attributable to Georgia sources and property owned and business done within this State, to be determined as follows:

(1) Interest received on bonds held for investment and income received from other intangible property held for investment are not subject to apportionment. Rentals received from real estate held purely for investment purposes and not used in the operation of the business are also not subject to apportionment. All expenses connected with the interest and rentals from such investments are likewise not subject to apportionment but must be applied against the investment income. The net investment income from intangible property shall be allocated to Georgia if the partnership's situs is in Georgia, or the intangible property was acquired as income from property held in Georgia, or as a result of business done in Georgia. Net investment income

GENERAL INFORMATION (continued)

from tangible property in Georgia shall be allocated to Georgia.

(2) Gains from the sale of tangible or intangible property not held, owned or used in connection with the trade or business of the partnership, nor for sale in the regular course of business, shall be allocated to Georgia if the property sold is real or tangible personal property situated in this State, or intangible property having an actual situs or a business situs within this State. Otherwise the gains shall not be allocated to this State.

(3) Net income of the above classes having been separately allocated and deducted, the remainder of net business income shall be apportioned as follows:

ONE FACTOR FORMULA

(a) Gross Receipts Formula. The gross receipts factor is the ratio of gross receipts from business done within this State to total gross receipts from business done everywhere.

Receipts derived from the sale of tangible personal property shall be deemed to have been derived from business done in Georgia if they were received from products shipped to customers in this State or products delivered within this State to customers.

When receipts are derived from business other than the sale of tangible personal property, receipts shall be deemed to have been derived in Georgia if received from customers within this state, or if the receipts are otherwise attributable to this State's marketplace.

- For tax years beginning on or after January 1, 2008, the Georgia apportionment ratio shall be computed by applying only the gross receipts factor. See Rules and Regulation 560-7-7-.03 for specific details.

- For tax years beginning on or after January 1, 2006, a company whose net income is derived from the manufacture, production, or sale of tangible personal property, and from business other than the manufacture, production, or sale of tangible personal property, must include gross receipts from both activities in their receipts factor.

- For tax years beginning on or after January 1, 2006, a company whose net income is derived from business other than the manufacture, production, or sale of tangible personal property, only includes in their receipts factor gross receipts from activities which constitute the taxpayer's regular trade or business.

(b) For the purpose of this section, the word "sale" shall include the extraction and recovery of natural resources and all processes of fabricating and curing.

(c) Apportionment of Income; Business Joint Venture and Business Partnerships. A corporation which is involved in a business joint venture, or is a partner in a business partnership, must include its pro rata share of the joint venture or partnership property, payroll, and gross receipts values in its own apportionment formula.

COMPUTATION OF TOTAL INCOME FOR GEORGIA PURPOSES (Schedule 7)

Schedule 7 reflects flow-through income from the federal return which is taxable to the individual partners. A resident partner is required to report his full share of partnership income or loss. A nonresident partner is required to report only his share of Georgia-apportioned and Georgia-allocated income.

Payments made to a partner for services rendered or interest on capital contributions are not deductible when computing the partnership's net income.

Schedule 7 is similar to the Federal Schedule K. Enter the total amounts from each category on Schedule 7 where applicable.

INCOME TO PARTNERS (Schedule 3)

This schedule provides space to show identifying information and income distributable to the individual partners.

Enter for each partner: 1. Name; 2. Street and Number; 3. City, State and Zip Code; 4. Social Security or Federal Identification Number; 5. Profit (Loss) sharing ratio; 6. Georgia Source Income. If the partnership has more than 5 partners, attach a separate schedule for the additional partners in the same format.

Total Georgia source income may differ from total net income because some of the partnership income (e.g., guaranteed payments) may not be based on the profit sharing ratio, or the partner is a Georgia resident. See example on page 7.

GEORGIA COUNTY CODE NUMBERS

001 - Appling	054 - Evans	107 - Newton
002 - Atkinson	055 - Fanning	108 - Oconee
003 - Bacon	056 - Fayette	109 - Oglethorpe
004 - Baker	057 - Floyd	110 - Paulding
005 - Baldwin	058 - Forsyth	111 - Peach
006 - Banks	059 - Franklin	112 - Pickens
007 - Barrow	060 - Fulton	113 - Pierce
008 - Bartow	061 - Gilmer	114 - Pike
009 - Ben Hill	062 - Glascock	115 - Polk
010 - Berrien	063 - Glynn	116 - Pulaski
011 - Bibb	064 - Gordon	117 - Putnam
012 - Bleckley	065 - Grady	118 - Quitman
013 - Brantley	066 - Greene	119 - Rabun
014 - Brooks	067 - Gwinnett	120 - Randolph
015 - Bryan	068 - Habersham	121 - Richmond
016 - Bulloch	069 - Hall	122 - Rockdale
017 - Burke	070 - Hancock	123 - Schley
018 - Butts	071 - Haralson	124 - Screven
019 - Calhoun	072 - Harris	125 - Seminole
020 - Camden	073 - Hart	126 - Spalding
021 - Candler	074 - Heard	127 - Stephens
022 - Carroll	075 - Henry	128 - Stewart
023 - Catoosa	076 - Houston	129 - Sumter
024 - Charlton	077 - Irwin	130 - Talbot
025 - Chatham	078 - Jackson	131 - Taliaferro
026 - Chattahoochee	079 - Jasper	132 - Tattnall
027 - Chattooga	080 - Jeff Davis	133 - Taylor
028 - Cherokee	081 - Jefferson	134 - Telfair
029 - Clarke	082 - Jenkins	135 - Terrell
030 - Clay	083 - Johnson	136 - Thomas
031 - Clayton	084 - Jones	137 - Tift
032 - Clinch	085 - Lamar	138 - Toombs
033 - Cobb	086 - Lanier	139 - Towns
034 - Coffee	087 - Laurens	140 - Treutlen
035 - Colquitt	088 - Lee	141 - Troup
036 - Columbia	089 - Liberty	142 - Turner
037 - Cook	090 - Lincoln	143 - Twiggs
038 - Coweta	091 - Long	144 - Union
039 - Crawford	092 - Lowndes	145 - Upson
040 - Crisp	093 - Lumpkin	146 - Walker
041 - Dade	094 - Macon	147 - Walton
042 - Dawson	095 - Madison	148 - Ware
043 - Decatur	096 - Marion	149 - Warren
044 - DeKalb	097 - McDuffie	150 - Washington
045 - Dodge	098 - McIntosh	151 - Wayne
046 - Dooly	099 - Meriwether	152 - Webster
047 - Dougherty	100 - Miller	153 - Wheeler
048 - Douglas	101 - Mitchell	154 - White
049 - Early	102 - Monroe	155 - Whitfield
050 - Echols	103 - Montgomery	156 - Wilcox
051 - Effingham	104 - Morgan	157 - Wilkes
052 - Elbert	105 - Murray	158 - Wilkinson
053 - Emanuel	106 - Muscogee	159 - Worth

ADDITIONAL INFORMATION

CORPORATE PARTNERS OF PARTNERSHIPS

A corporation will be considered to own property in Georgia, do business in Georgia, or have income from Georgia sources whenever the corporation is a partner, whether limited or general, in a partnership which owns property or does business in Georgia, or has income from Georgia sources.

LIMITED LIABILITY COMPANY

Each limited liability company and foreign limited liability company shall be classified as a partnership for Georgia tax purposes unless classified otherwise for Federal income tax purposes, in which case the limited liability company or foreign limited liability company shall be classified for Georgia tax purposes in the same manner as it is classified for federal income tax purposes.

NET WORTH TAX

The partnership return is for information only. Therefore, partnerships are not subject to net worth tax.

INSTRUCTIONS FOR PARTNERSHIPS WITH NONRESIDENT PARTNERS

Nonresident partners of partnerships doing business both within and without Georgia shall compute their proportionate part of the partnership's allocated and apportioned income from the schedules on Form 700. Georgia net income computed on Line 7 of Schedule 1 should be multiplied by the percentage of ownership. This amount is further adjusted by the partner's share of the separately stated items mentioned in the Federal Tax Changes section on page 2 and the Adjustments to Federal Income section on page 3.

A partnership that owns property or does business within this State is required by O.C.G.A. § 48-7-129 to withhold on distributions paid or credited to its nonresident partners. The withholding tax rate is 4%. Withholding is not required if the aggregate annual distributions paid or credited to each partner are less than \$1,000. As an alternative to withholding, the partnership may file a composite return (Form IT CR) for its nonresident partners. Permission is not required to file a composite return. Please check the Composite Return Filed box on Page 1 of Form 700.

Subsection (c) of O.C.G.A. § 48-7-24 provides an exemption from Georgia income tax for a nonresident partner who receives income from a partnership which derives income exclusively from buying, selling, dealing in, and holding securities on its own behalf and not as a broker. Accordingly, withholding under O.C.G.A. § 48-7-129 would not apply to distributions paid or credited in this situation.

Note: This subsection does not apply to a family limited partnership or similar nontaxable entity, the majority interest of which is owned by one or more natural or naturalized citizens related to each other within the fourth degree of reckoning according to the laws of descent and distribution. Also, this subsection does not apply to a partner that participates in the

management of the partnership or that is engaged in a unitary business with another person (including entities) that participates in the management of the partnership.

GUARANTEED PAYMENT EXAMPLE

The following example illustrates how guaranteed payments should be treated when there is a nonresident partner: There are two partners in the partnership. Partner One is a resident of Georgia and owns 25% of the partnership. Partner One receives a guaranteed payment of \$10. Partner Two is a nonresident of Georgia and owns 75% of the partnership. Partner Two receives a guaranteed payment of \$40. The profit and loss sharing ratio is the same as the ownership percentage. The Georgia apportionment ratio on column c, schedule 6, of Form 700 is 50%.

Ordinary income reported on	
line 1, schedule 7, of Form 700	\$100
Guaranteed payment reported on	
line 5, schedule 7, of Form 700	\$50
Total income for Georgia purposes,	
line 12, schedule 7, of Form 700	\$150

Partner One (resident) is required to report \$35 on the Georgia return. The entire \$10 guaranteed payment plus the share of the ordinary income of the partnership, which is \$25 (\$100 ordinary income placed on line 1, schedule 7, of Form 700 multiplied by the ownership percentage of 25%). Partner Two (nonresident) is required to report \$57.50 on the Georgia return. The Georgia portion of the guaranteed payment is \$20 (\$40 guaranteed payment multiplied by the Georgia ratio of 50%) plus the share of the Georgia portion of the ordinary income of the partnership, which is \$37.50 (\$100 ordinary income placed on line 1, schedule 7, of Form 700 multiplied by their ownership percentage of 75% multiplied by the Georgia ratio of 50%).

FREQUENTLY ASKED QUESTIONS

Answers to frequently asked questions regarding corporations, S Corporations, partnerships, LLC's, and nonresident withholding are available on our website at www.dor.ga.gov.

TELEPHONE ASSISTANCE

Compliance Division	(404) 417-6400
Composite Returns	(404) 417-2300
Employer Withholding Information	(404) 417-3210
Income Tax Forms	(404) 417-6011
Registration & Licensing Unit	(404) 417-4490
Taxpayer Services Division	(404) 417-2400

TAX CREDITS

Pass-Through Credits from Ownership of Sole Proprietorship, S Corp, LLC, LLP or Partnership Interest

NOTE: The credit type code numbers referenced below are subject to change from year to year. Please review the codes carefully to ensure you list the correct code number.

<u>Credit TypeCode</u>	<u>Description</u>
101	Employer's Credit for Basic Skills Education. Businesses may benefit by providing or sponsoring basic skills education that enhances reading, writing, or mathematical skills up to and including the 12th grade or classes required to receive a GED certificate. The program is administered by the Department of Technical and Adult Education. This credit should be claimed on Form IT-BE . For more information, refer to O.C.G.A. § 48-7-41.
102	Employer's Credit for Approved Employee Retraining. This credit is for retraining programs that enhance the functional skills of employees otherwise unable to function effectively on the job due to skill deficiencies or who would be displaced because such deficiencies would inhibit their use of new technology. For more information, refer to O.C.G.A. § 48-7-40.5.
103	Employer's Job Tax Credit. This is a statewide job tax credit for certain business enterprises that have hired sufficient numbers of employees. This credit allows certain business enterprises to offset income taxes and, in some instances, receive a credit of withholding dollars which would otherwise be paid in accordance with O.C.G.A. § 48-7-103. There are currently four tiers in the state and the credit values are different for each county. For more information, refer to O.C.G.A. § 48-7-40 and § 48-7-40.1.
104	Employer's Credit for Purchasing Child Care Property. This credit is allowed when an employer places into service qualified child care property. The credit cannot equal more than 50 percent of the employer's Georgia income tax liability for the tax year. This credit must be claimed on Form IT-CCC100 . For more information, refer to O.C.G.A. § 48-7-40.6.
105	Employer's Credit for Providing or Sponsoring Child Care for Employees. This is a credit for employer-provided or sponsored child care. The credit cannot be more than 50 percent of the taxpayer's total state income tax liability for that taxable year. This credit must be claimed on Form IT-CCC75 . For more information, refer to O.C.G.A. § 48-7-40.6.
106	Manufacturer's Investment Tax Credit. This credit is based on the same four tiers as the Employer's Jobs Tax Credit and requires certain minimum expenditures. Employers must purchase or acquire qualified investment property pursuant to an approved project plan. For more information, refer to O.C.G.A. §§ 48-7-40.2, 40.3, and 40.4.
107	Optional Investment Tax Credit. This credit is similar to the Manufacturer's Investment Tax Credit; however, there are higher spending thresholds as well as a ten-year calculation. For more information, refer to O.C.G.A. §§ 48-7-40.7, 40.8, and 40.9.
108	Qualified Transportation Credit. This is a credit of \$25 per employee for any "qualified transportation fringe benefit" provided by an employer to an employee as described in Section 132(f) of the IRS Code of 1986. For more information, refer to O.C.G.A. § 48-7-29.3.
109	Low Income Housing Credit. This is a credit against Georgia income taxes for taxpayers owning developments receiving the federal Low-Income Housing Tax Credit that are placed in service on or after January 1, 2001. Credit must be claimed on Form IT-HC and accompanied with Federal Form K-1 from the providing entity. For more information, refer to O.C.G.A. § 48-7-29.6.
110	Diesel Particulate Emission Reduction Technology Equipment. This is a credit given to any person who installs diesel particulate emission reduction equipment at any truck stop, depot, or other facility. For more information, refer to O.C.G.A. § 48-7-40.19.
111	Business Enterprise Vehicle Credit. This is a credit given to a business enterprise for the purchase of a motor vehicle that is used exclusively to provide transportation for its employees. In order to qualify, a business enterprise must certify that each vehicle carries an average daily ridership of not less than four employees for an entire taxable year. This credit cannot be claimed if the low and zero emission vehicle credit was claimed at the time the vehicle was purchased. For more information, refer to O.C.G.A. § 48-7-40.22.
112	Research Tax Credit. This credit is for expenses resulting from research conducted in Georgia by businesses engaged in the manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries. For more information, refer to O.C.G.A. § 48-7-40.12.
113	Headquarters Tax Credit. This credit is for businesses establishing or relocating their headquarters to Georgia under certain conditions. The credit may be used to offset 100 percent of the Georgia income tax liability in a taxable year. If the credit exceeds the tax liability in a taxable year, the excess may be taken as a credit against withholding tax. For more information, refer to O.C.G.A. § 48-7-40.17.
114	Port Activity Tax Credit. This credit is for businesses engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, broadcasting or research and development that have increased their tonnage through Georgia ports in the previous 12 months. For more information, refer to O.C.G.A. § 48-7-40.15.
115	Bank Tax Credit. All financial institutions that conduct business or own property in Georgia are required to file a Georgia Financial Institutions Business Occupation Tax Return, Form 900. Effective on or after January 1, 2001, a depository financial institution with a Sub S election can pass through the credit to its shareholders on a pro rata basis. For more information, refer to O.C.G.A. § 48-7-29.7.

TAX CREDITS (continued)

<u>Credit Type Code</u>	<u>Description</u>
116	Low-Emission Vehicle Credit. This is a credit of the lesser of 10 percent of the cost of the vehicle or \$2,500 for the purchase or lease of a new low-emission vehicle. There is also a credit for the conversion of a standard vehicle to a low-emission vehicle which is equal to 10 percent of the cost of conversion, not to exceed \$2,500 per converted vehicle. Certification approved by the Environmental Protection Division of the Georgia Department of Natural Resources must be included with the return in order to claim the credit. A low emission vehicle is defined as an "alternative fuel" vehicle and does not include any gasoline powered vehicles or hybrids. Low speed vehicles do not qualify for this credit. For more information, refer to O.C.G.A. § 48-7-40.16.
117	Zero-Emission Vehicle Credit. This is a credit of the lesser of 20 percent of the cost of the vehicle or \$5,000, on the purchase or lease of a new zero-emission vehicle. There is also a credit for the conversion of a standard vehicle to a zero-emission vehicle which is equal to 10 percent of the cost of conversion, not to exceed \$2,500 per converted vehicle. Certification approved by the Environmental Protection Division of the Department of Natural Resources must be included with the return in order to claim the credit. A zero-emission vehicle is a motor vehicle that has zero tailpipe and evaporative emissions as defined by the Board of Natural Resources and includes electric vehicles whose drive train is powered solely by electricity, provided the electricity is not generated by an on-board combustion device. Low speed vehicles do not qualify for this credit. For more information, refer to O.C.G.A. § 48-7-40.16.
118	New Manufacturing Facilities Job Credit. This is a tax credit for business enterprises that build new manufacturing facilities in Georgia. The credit is \$5,250 per job created. For more information refer to O.C.G.A. § 48-7-40.24.
119	Electric Vehicle Charger Credit. This is a credit for a business enterprise which purchases an electric vehicle charger located in Georgia. The credit allowed is the lesser of 10 percent of the cost of the charger or \$2,500. For more information, refer to O.C.G.A. § 48-7-40.16.
120	New Manufacturing Facilities Property Credit. This is an incentive for a manufacturer who has operated a manufacturing facility in this state for at least three years and who spends \$800 million on a new manufacturing facility in Georgia. The total credit allowed is \$50 million. For more information, refer to O.C.G.A. § 48-7-40.25.
121	Historic Rehabilitation Credit. A credit of up to \$5,000 is available for the certified rehabilitation of a certified structure or historic home for taxable years beginning on or after January 1, 2004. For taxable years beginning on or after January 1, 2009, a credit not to exceed \$100,000 for a historic home and \$300,000 for a certified structure will be available. Standards set by the Department of Natural Resources must be met. The credit must be claimed on Form IT-RHC . For more information, refer to O.C.G.A. § 48-7-29.8 or http://hpd.dnr.state.ga.us .
122	Film Tax Credit. This credit is equal to 20 percent of the base investment in the state, with an additional 10 percent credit for including a qualified Georgia promotion. Production companies which have at least \$500,000 of qualified expenditures in a state certified production may claim this credit by submitting Form IT-FC along with certification from the Film Office of the Georgia Department of Economic Development. This credit may be claimed against 100 percent of the production company's income tax liability and to offset withholding taxes. To claim a credit against withholding, the production company must submit Form IT-WH at least 30 days prior to filing the return on which the credit will be claimed. The Department will review the credit and notify the company of how it may be used. For more information, refer to O.C.G.A. § 48-7-40.26.
123	Teleworking Credit. Employers who permit their employees to telework will be allowed an income tax credit for expenses incurred up to \$1,200 per participating employee. The percentage of the credit will range from 100%, 75% and 25% depending upon whether the business is located in a federal "nonattainment" area. Employers will also be allowed a credit for conducting a telework assessment in the year of implementation for 100% of the cost of preparing the assessment, up to a maximum of \$20,000 per employer. However, such costs shall not be eligible for the credit if the employer has already deducted such expenses from income in any tax year. The aggregate maximum that can be claimed for this credit is \$2 million. This credit became effective July 1, 2007 and is only available for taxable years 2008 and 2009. Costs incurred between July 1, 2007 and January 1, 2008 will be treated as being incurred on January 1, 2008. For more information, refer to O.C.G.A. § 48-7-29.11.
124	Land Conservation Credit. This provides for an income tax credit for the qualified donation of real property that qualifies as conservation land pursuant to Chapter 22 of Title 36. Property donated to increase building density levels of property that will be used, or is associated with the playing of golf shall not be eligible. Taxpayers will be able to claim a credit against their state income tax liability not exceeding 25 percent of the fair market value of the donated property, or 25 percent of the difference between that fair market value and the amount paid to the donor if the donation is effected by a sale of property for less than fair market value up to a maximum credit of \$250,000 per individual, and \$500,000 per corporation, and \$1 million per partnership. However, the partners of the partnership are subject to the per individual and per corporation limits. The amount of the credit used in any one year may not exceed the taxpayer's income tax liability for that taxable year. Any unused portion of the credit may be carried forward for five succeeding years. The Department of Natural Resources will certify that such donated property is suitable for conservation purposes. A copy of this certificate must be filed with the taxpayer's tax return in order to claim the credit. This credit should be claimed on Form IT-CONSV . For more information, refer to O.C.G.A. § 48-7-29.12.

TAX CREDITS (continued)

<u>Credit Type Code</u>	<u>Description</u>
125	Qualified Education Expense Credit. This provides a tax credit for qualified educational expenses. The taxpayer must add back to Georgia taxable income that part of any federal charitable contribution deduction taken on a federal return for which a credit is allowed. The aggregate amount of tax credits allowed to all taxpayers is \$50 million per tax year. Taxpayer must request preapproval to claim this credit on Form IT-QEE-TP1. For more information, refer to O.C.G.A. § 48-7-29.16.
126	Seed Capital Fund Credit. This provides tax credits for certain qualified investments made on or after July 1, 2008. For more information, refer to O.C.G.A. § 48-7-40.27 and 48-7-40.28.
127	Clean Energy Property Credit. This provides a tax credit for the construction, purchase, or lease of clean energy property that is placed into service in Georgia between July 1, 2008 and December 31, 2012. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is \$2.5 million for calendar years 2008, 2009, 2010, 2011, and 2012. Taxpayer must request preapproval to claim these credits on Forms IT-CEP-AP. For more information, refer to O.C.G.A. § 48-7-29.14.
128	Wood Residuals Credit. This provides a tax credit for transporting or diverting wood residuals to a renewable biomass qualified facility on or after July 1, 2008. The aggregate amount of tax credits allowed for both the clean energy property tax credit and the wood residuals tax credit is \$2.5 million for calendar years 2008, 2009, 2010, 2011, and 2012. Taxpayer must request preapproval to claim this credit on Form IT-WR-AP. For more information, refer to O.C.G.A. § 48-7-29.14.

NOTE: The credit type code numbers referenced above are subject to change from year to year. Please review the codes carefully to ensure you list the correct code number.

For more details about credits and the latest forms, visit our website at: <http://www.dor.ga.gov/inctax/taxcredits.aspx>

STATE OF GEORGIA
DEPARTMENT OF REVENUE
TAXPAYER SERVICES DIVISION
1800 CENTURY BLVD. NE
ATLANTA, GA 30345-3205

PRSR STD
US POSTAGE PAID
LANCASTER PA
PERMIT NO. 123

TO:
