

# Georgia Retraining Tax Credit Guide

## Georgia Business Expansion Support Act

Technical College System of Georgia  
Georgia Department of Revenue  
Revised May, 2023

### Introduction

This reference document provides information for employers that are interested in earning state income tax credit for eligible types of employee retraining programs.

### Purpose

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 and technology.

### 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 and allowed under Code Section 48-7-40.5 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 Employees**

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

- Georgia residents;
- first-line employees or immediate supervisor;
- continuously employed with the company for a minimum of 16 weeks;
- full-time employees (employed for a minimum of 25 hours per week.)

Employees that are not eligible for the Retraining Tax Credit include executives, management, partners, etc. (above first-line supervisors.)

## **Eligible Retraining Programs**

Unless noted as not eligible below, 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 those providing support or training on customized computer operating platforms, Total Quality Management, ISO 9000, and self-directed work teams.

**Not eligible:** Commercially, mass produced software packages for word processing, database management, presentations, spreadsheets, email, personal information management, computer operating systems, etc; routine or minor upgrades to software or technology; updated marketing materials, PR sheets or spec sheets; soft skill training such as team building, executive training, management development training, career development, personal enrichment training; mandated safety training; testing for certification or licensure; continuing education courses; CEU's for certification or licensure (whether original or renewal); cross-training of employees on equipment or technology that is not new to the company.

## **Eligible Retraining Costs**

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

- instructor salaries;
- employee wages during the retraining;
- development of retraining program;
- 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.***

## **Training Sources**

Retraining may be provided by any qualified source, including company trainers, training vendors, technical colleges, or universities.

## **Administration**

The Technical College System of Georgia (TCSG), as authorized and directed by law, sets standards to approve retraining programs. The Vice President of Economic Development at each Technical College can provide some guidance and information to a company interested in claiming the Retraining Tax Credit. However, the approvals of Retraining Tax Credits are centralized and completed by TCSG. Initial application for a Retraining Tax Credit begins with a web registration at: <https://tcsgecondev/tax-credit/>.

Once a company has completed the initial web registration, they will be contacted by a TCSG approver who will work with the company to ensure all necessary documents are submitted for review.

***Companies should plan for a 30-day turnaround time on reviews/approvals.***

The TCSG approving office is responsible for:

- Providing guidance and information on the Retraining Tax Credit program.
- Determining if programs are eligible for the Retraining Tax Credit.
- Determining if the required documentation is adequate and complete.
- Signing the retraining program approval and completion forms within a 30-day period.

The Georgia Department of Revenue has adopted procedures and necessary forms for this tax credit.

All approved programs are subject to review and/or audit by the Georgia Department of Revenue and the Technical College System of Georgia.

## **Legal Authority**

Code Section 48-7-40.5 authorizes tax credits for employee retraining programs. This Code Section was enacted by House Bill 1527 during the 1994 Legislative Session and was first effective January 1, 1994. It was revised on January 1, 1998 and on January 1, 2009.

## **Associated Definitions**

**Approved Retraining** means retraining programs that are approved (preferably in advance of implementation) by the Technical College System of Georgia.

**Cost of Retraining** means direct instructional costs which include instructor salaries, materials, supplies, textbooks, manuals, video tapes or other instructional media and training equipment purchased or rented and utilized exclusively for the company's employee retraining purposes.

Employee wages are also an allowable retraining cost. Such costs are prorated to reflect wages paid only for time devoted exclusively to retraining during paid working hours and that the training does not occur while the employee is producing a product or providing a service.

Costs for renting or otherwise securing space for retraining are excluded.

**Employee** means any full-time worker who resides in the State of Georgia, who is employed for a minimum of 25 hours per week, and who has been continuously employed by the employer for at least 16 consecutive weeks.

For purposes of the retraining tax credit, employee means workers involved in front-line labor and their immediate supervisors.

**Employer** means any employer upon whom an income tax is imposed by the State of Georgia.

**Employer-provided retraining** refers to approved retraining conducted by instructors who are employees of the company.

**Employer-sponsored retraining** refers to a contractual arrangement with a technical college, university, college, or other training provider that offers approved retraining that is paid for by the employer.

**Successful completion** of retraining programs means that an employee enrolled in an approved retraining program has demonstrated, through formal assessments, the ability to perform the job skills that the retraining program was designed to provide.

## **Procedure for Approval of Retraining Programs**

1. Company contacts the TCSG designated approver for information regarding the Retraining Tax Credit. (Applications are available at <https://tcsgecondev.com/about-tcsgecondev/tax-credit/>). It is advisable to discuss the eligibility of any training program with the TCSG Designated Approver before collecting costs and documentation to avoid unnecessary work in case the program is not eligible for the Retraining Tax Credit.
2. Register via the Retraining Tax Credit portal. <https://tcsgecondev.com/about-tcsgecondev/tax-credit/>.
3. The TCSG Designated Approver contacts the company to coordinate submission of application.
4. Company submits Georgia Retraining Tax Credit Program Approval Form to the TCSG designated approver.
5. The TCSG designated approver reviews the application package for eligibility, adequacy, and completeness.
6. The retraining program is approved/denied and the company is notified.
7. Company implements retraining.
8. Company submits a Georgia Retraining Tax Credit Program Completion Form, and supporting documentation, to the TCSG designated approver. **The TCSG designated approver signs and returns form to company within 30 days.**
9. Company attaches Completion Form and Form IT-RC to income tax return and files for income tax credit. (Obtain tax credit forms from the Department of Revenue - an address is included in the appendix. Form IT-RC is also available on the DOR website).

## **Retraining Program Documentation Requirements**

The documentation for approval of the retraining program must include the following:

1. A description of the equipment, technology, or software changes that require employee retraining (item #3 on the Approval Form, included in this 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.

## **Appeals Procedure**

Each retraining program submitted for retraining income tax credit approval is carefully reviewed. Following this review, each applicant will receive (1) notification of program approval or (2) a description of changes, which are required to meet established program standards and to receive approval for the retraining program. Programs that require changes to meet established training standards may be modified and resubmitted for approval.

Any applicant who wishes to appeal an approval denial may do so.

1. Present the appeal in writing to the TCSG Designated Approver who completed the review that resulted in a denial.
2. If a mutually agreeable decision is not reached by following step 1, the appeal will be forwarded to the Deputy Commissioner of Economic Development at the Technical College System of Georgia.

## **Retraining Program Tax Credit Certification**

To receive certification for the job retraining tax credit, the company must submit a Georgia Retraining Tax Credit Program Completion Form to the TCSG designated approver. The form requests the following information and program documentation:

- Employee name
- Employee Identification Number (For audit purposes, the Employee Identification Number must be traceable to the employee's Social Security Number.)
- Employee hire date
- Program course title(s)
- Training date(s)
- Total training hours
- Employee hourly wage
- Total employee wage costs
- Other direct training costs (Itemized details regarding direct training costs must be available upon audit.)
- Total program costs for retraining
- One-half of the total program costs for retraining
- Maximum credit

The Georgia Retraining Tax Credit Program Approval Application and Completion Forms are available at <https://tcsge.edu/about-tcsge/econdev/tax-credit/>.

# Retraining Tax Credit Contact Information

Technical College System of Georgia

**Designated Approver:**

Brandy B. Wilkes  
Retraining Tax Credit Approver  
Technical College System of Georgia  
Direct: 229-468-2228  
Cell: 229-560-3793  
bwilkes@tcsg.edu

Laura Boalch, Deputy Commissioner of Economic Development, Technical College System of Georgia

Greg Dozier, Commissioner, Technical College System of Georgia

## Georgia Department of Revenue

Ms. Pamela Goshay  
Georgia Department of Revenue  
Legal Affairs & Tax Policy  
1800 Century Boulevard NE Ste 15107  
Atlanta, GA 30345  
404-417-2441  
Pamela.Goshay@dor.ga.gov

David Curry, Revenue Commissioner, Georgia Department of Revenue

# Georgia Retraining Tax Credit Application Forms

## Tax Credit Calculation Worksheet

This worksheet might be helpful in calculating your job retraining tax credit.

### A. Instructional Materials

Item: \_\_\_\_\_ Cost: \_\_\_\_\_

Item: \_\_\_\_\_ Cost: \_\_\_\_\_

Item: \_\_\_\_\_ Cost: \_\_\_\_\_

A. Instructional Materials Total: \_\_\_\_\_

### B. Training Development

Trainer wages for actual development time Cost: \_\_\_\_\_

Fees paid to Technical College or other training provider Cost: \_\_\_\_\_

Other development costs Cost: \_\_\_\_\_

B. Training Development Total: \_\_\_\_\_

### C. Instruction

Trainer wages for actual instruction time Cost: \_\_\_\_\_

Fees paid to Technical College or other training provider Cost: \_\_\_\_\_

Other Cost: \_\_\_\_\_

C. Instruction Total: \_\_\_\_\_

### D. Trainee Wages

Total training hours x hourly wage rate D. Total: \_\_\_\_\_

### E. Total Training Costs

Add A + B + C + D E Total: \_\_\_\_\_

**F. Tax Credit** (The maximum allowable credit is one-half of the direct training costs with a maximum of \$500 per employee per approved training program.)

a. Divide the total training costs (E) by 2 = \_\_\_\_\_

b. Multiply the number of employees trained by \$500 = \_\_\_\_\_

The tax credit (F Total) equals the lesser of **a** or **b** F Total: \_\_\_\_\_

**Note:** The amount on Line F may not exceed 50% of the taxpayer's total state tax liability for the taxable year as computed without regard to this code section. The tax credit may be used in the current taxable year and excess credit can be carried forward.

**Technical College System of Georgia**  
**Georgia Retraining Tax Credit Program Approval Application**

Complete this application and submit to the TCSG Designated Approver.

Name of Training Program:

1. Company Name: \_\_\_\_\_  
Division (if applicable) \_\_\_\_\_  
Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Number of years operating in GA: \_\_\_\_\_ Number of employees at facility: \_\_\_\_\_

2. Type of business and nature of operations

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Describe relevant equipment or technology changes in your workplace:

Change from: \_\_\_\_\_  
\_\_\_\_\_

Change to: \_\_\_\_\_  
\_\_\_\_\_

4. Describe purpose and overall objectives of this retraining program.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Provide estimated retraining costs: \_\_\_\_\_

6. Are employees unable to function effectively on the job as a result of the skill deficiencies identified in item 3?

YES                      NO

Will the deficiencies result in employee displacement if skills are not enhanced?                      YES                      NO

7. Name of training provider: \_\_\_\_\_

---

Signature of Company Chief Executive

Title

Date

This is to certify that the Retraining Program for the above named company is in compliance with standards established by the Technical College System of Georgia. This approval is subject to review and/or audit by the Department of Revenue and the Technical College System of Georgia.

---

Signature of TCSG Official

Print

Date

# Program Approval Application Checklist

For training program approval, provide access to the following documentation:

Name, address, and phone number of training provider \_\_\_\_\_

Qualifications of provider \_\_\_\_\_

Training objectives \_\_\_\_\_

Training outline \_\_\_\_\_

Instructional materials \_\_\_\_\_

Estimated total hours of instruction \_\_\_\_\_

Training schedules \_\_\_\_\_

Training qualifications of instructors \_\_\_\_\_

Training location(s) \_\_\_\_\_

Criteria for employee performance evaluation and a copy of the evaluation form \_\_\_\_\_

\_\_\_\_\_

**Technical College System of Georgia**  
**Georgia Retraining Tax Credit Completion Form**

**Complete this form and submit to the TCSG Designated RTC Approver.**

Tax year ending: \_\_\_\_\_

Name of training program:

\_\_\_\_\_

**Company Information**

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Federal ID #: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**Retraining Information**

Describe relevant equipment and technology changes in the workplace (Repeat item 3 of Program Approval Application.)

Change from: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Change to: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Describe purpose and overall objectives of this retraining program. (Repeat item 4 of Program Approval Application.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name of retraining provider: \_\_\_\_\_

Initial Retraining Program approval date: \_\_\_\_\_

Retraining Tax Credit amount: \_\_\_\_\_

**Certification:** This approval is subject to review and/or audit by the Department of Revenue and the Technical College System of Georgia.

\_\_\_\_\_  
*Signature of Company Chief Executive*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature of TCSG Official*

\_\_\_\_\_  
*Title*

\_\_\_\_\_  
*Date*

**Attach to Department of Revenue IT-RC Retraining Tax Credit Form**

## Employee and Program Information

Provide the information below on a form or spreadsheet and attach it to the Completion Form.

1. Employee name
2. Employee Identification Number (For audit purposes, the Employee Identification Number must be traceable to the employee's Social Security Number.)
3. Employee hire date
4. Program title
5. Training date(s)
6. Total training hours
7. Employee hourly wage
8. Total employee wage costs
9. Other direct training costs (Itemized details regarding direct training costs must be available upon audit.)
10. Total program costs
11. Costs with 50% limitation
12. Maximum credit

The following employees are ineligible for the retraining tax credit:

- Employees who are required to make any payment at any time for the training either directly or indirectly through the forfeiture of leave time, vacation time, or other compensable time.
- Employees who work less than 25 hours per week and/or have been continuously employed by your company for less than 16 consecutive weeks.
- Employees who are not Georgia residents.



---

**Georgia Department of Revenue**  
**Policy Statement IT-2007-12-06**  
**Georgia Retraining Tax Credit**

---

December 6, 2007

**Purpose:**

This informational bulletin explains the calculation of the retraining tax credit.

**Effective Date:** December 6, 2007

**Supersedes:** All previous documents and any oral directives in conflict herewith.

**Authority**

**The Statute**

The retraining tax credit, O.C.G.A § 48-7-40.5, allows some employers to claim certain costs of retraining employees to use new equipment, new technology, or new operating systems. The credit can be worth 50% of the direct costs of retraining full-time employees up to \$500 per employee, per approved retraining program, per year.

O.C.G.A. § 48-7-40.5 (b) provides that the amount of the tax credit shall be equal to one-half of the cost of retraining per full-time employee, or \$500.00 per full-time employee, whichever is less, for each employee who has successfully completed an approved retraining program.

**Scope**

A policy statement is intended to provide procedural guidance to the general public and Department personnel. It is a written statement issued to assist in the administration of laws and regulations by providing procedural guidance that may be followed in order to comply with the law. A policy statement does not have the force or effect of law, and is not binding on the public. It is, however, binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

Prepared by Tax Law and Policy  
December 6, 2007

## **Issue**

How to calculate the retraining tax credit.

## **Discussion of Issue Calculating**

### **the credit**

Taxpayers are allowed to combine classes for the purposes of calculation of the credit using the following method only:

1. Classes with direct cost of less than \$1,000 may be combined, AND
2. Classes with direct cost of \$1,000 or more may be combined.

The retraining tax credit calculation does not provide for averaging. The methodology described above offers an option to lessen the number of form IT-RC's, which must be completed. Classes that are combined should be of a similar nature.

Example 1: Corporation A has 12 employees whose training qualifies for Georgia's Retraining Tax Credit. Ten employees attended a course in Microsoft Office 2000, which has a total direct cost for each employee of \$250. Two employees attended a Network Systems course with direct cost of \$5,000 each. In determining the Retraining tax credit for Corporation A, the 10 classes with direct cost of \$250 must be claimed and reported on one form IT-RC. The two classes for the Network Systems course should be shown on a second form IT-RC. The retraining tax credit claimed on the tax return would constitute the aggregate of the two forms.

(Last updated: December 6, 2007)

## **For More Information**

For more information about the retraining tax credit please reference O.C.G.A. § 48-7-40.5.