



The Three Most Overlooked Tax Credits and Incentives for Manufacturers

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Manufacturers across Georgia are missing out on valuable tax savings opportunities through Georgia tax credits and incentives; money that can be reinvested into their businesses to hire new employees or to manufacture new product lines. Are you keeping as much of your money as you could be? What credits are you missing out on?

- 1. Federal and State Research & Development Tax Credits:** According to the results of HA&W's 2014 Georgia Manufacturing Survey, conducted in partnership between HA&W, the Georgia Institute of Technology and Kennesaw State University, 84 percent of Georgia manufacturers are not taking advantage of R&D tax credits at the state or federal level. Why? Oftentimes manufacturers don't realize that the work they're doing in their facilities, or the improvement of plant processes, qualifies for the R&D tax credits and can result in a dollar-for-dollar reduction of federal and state income taxes owed. In Georgia, the credit can be used to offset income tax withholding, meaning that you don't need positive state taxable income to benefit from the credit.

Activities that qualify for R&D tax credits, but are often missed by manufacturers are:

- Building a new product line
- Establishing a new process in the plant, for example, lean initiatives
- Building materials to customer specifications
- Changing a formula or sourcing new raw materials
- Implementing a new ERP system

- 2. Jobs Tax Credit:** The Jobs Tax Credit rewards companies for adding new jobs and can result in tax savings of up to \$5,250 per job created, per year for up to five years. In some cases, the credit can be used to offset income tax withholding for companies with net operating losses for the year.

Why do manufacturers miss the Jobs Tax Credit? They don't realize that the location of their manufacturing facility qualifies them for a jobs credit for the new jobs created each year.



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manufacturers are not
taking advantage of R&D
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- According to the 2014 Georgia
Manufacturing Survey



HABIF, AROGETI & WYNNE, LLP

Certified Public Accountants and Business Advisors



When it comes to eligibility for the Jobs Tax Credit consider:

- Number of jobs that have been added in the manufacturing facility
- Facility location

The responses to these considerations will determine whether or not you're eligible for the credit and the credit's value. For example, manufacturers located in an opportunity zone or in a less developed census tract must only create, respectively, an average increase of two and five new jobs each year to receive the Jobs Credit, while companies in the Tier 3 or Tier 4 counties must create an average increase of 15 and 25 new jobs, respectively. The value of the credit also ranges based on location, with manufacturers in Tier 1 counties receiving a base credit amount of \$3,500 per job (up to \$5,250) and those in Tier 4 counties receiving a base credit amount of \$750 per job (up to \$2,500).

3. **Retraining Tax Credit:** A manufacturer's direct expenses for the training of current employees (those employed for at least 25 hours per week with at least 16 consecutive weeks of employment) on certain equipment, technology, processes or software can be claimed as a tax credit. The Retraining credit covers 50 percent of the employer's direct costs, up to \$500 per full-time employee per training program, and up to \$1,250 per employee each year for an employee who has participated in multiple training programs. Direct costs covered by the credit include outside instructor costs and materials, employee wages while in training and certain travel expenses.

A few examples of often overlooked training areas for manufacturers are:

- Upgrade or install of a new SAP technology
- Integration of a new CRM system
- Addition of a new piece of equipment into the facility

Before the Retaining Tax Credit can be taken, the training must receive approval from the Technical College System of Georgia that the training qualifies for the credit. The credit can be used to offset up to 50 percent of the company's Georgia corporate income tax liability, and unused credits can be carried forward for up to ten years.

As Georgia manufacturers miss out on these often overlooked tax credits, thousands of dollars are being left on the table. Working with a trusted tax and business advisor can help you ensure that you don't miss out on savings that can enable you to grow and innovate.



Manufacturers across Georgia are missing out on valuable tax savings opportunities through Georgia tax credits and incentives; money that can be reinvested to grow and innovate.

For more information about Georgia's tax credits and incentives.

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The Work Opportunity Tax Credit

The Work Opportunity Tax Credit provides tax incentives to businesses that hire and retain new employees who are members of qualified groups. It is based on the number of hours worked, length of employment, and earnings.

- Any size business can benefit
- Reduce tax liability
- Easy application process
- Hire qualified individuals

*Groups That Qualify For The Tax Credit

Veterans
SSI Recipients
Vocational Rehabilitation Referrals
Ex-Felons
Food Stamp (SNAP) Recipients
TANF Recipients
Designated Community Resident
**Summer Youth

* Hire dates on or after January 1, 2015 are pending reauthorization from Congress

**A 16 or 17 year-old youth who works for the employer between May 1 and September 15 and lives in an Empowerment Zone

FORMS ARE LOCATED AT

www.dol.state.ga.us/forms_and_publications.htm



www.dol.state.ga.us



REDUCE YOUR TAX BILL

Maximum Tax Credit

Veterans

From \$2,400 to \$9,600

Non-Veteran Groups

From \$1,200 in one year to \$9,000 over two years

Three Simple Steps to Apply

1. Complete IRS Form 8850, Pre-Screening Notice and Certification Request by the date of the job offer.
2. Complete the USDOL form ETA 9061-Individual Characteristics Form.
3. Submit the signed and dated IRS and USDOL forms no later than the 28th calendar day after the new employee starts work.

Applications must be submitted either electronically* using the Georgia eWOTC at <https://wotc.gdol.ga.gov/> (which is recommended) or by mail using the most recent versions of the IRS Form 8850 (Rev. 1-2013) and ETA Form 9061 (July 2013) to:
WOTC Unit- Georgia Department of Labor
148 Andrew Young International Blvd, NE Ste. 400
Atlanta, GA 30303-1751

*if Legal Forms Holder

FOR ADDITIONAL INFORMATION

www.doleta.gov/business/incentives/opptax



Federal Bonding Fact Sheet

What is Federal Bonding?

Federal Bonding provides employers with limited liability coverage at no cost when they hire job applicants who cannot be covered by a commercial bond. A Federal Fidelity Bond from Travelers Insurance is a business policy that insures employers against theft, forgery or embezzlement by the bonded employee.

The bond does not cover liability due to poor workmanship, job injuries or work accidents. The Federal Bonding Program does not provide bail bonds, contract bonds, performance bonds or license bonds for self-employment.

Who is Eligible?

Job applicants who fall into one of the following categories:

- Ex-offenders
- Recovering substance abusers (alcohol or drugs)
- Welfare recipients
- People with poor credit histories or who have declared bankruptcy
- Economically disadvantaged youth and adults who lack a stable work history
- Individuals dishonorably discharged from the military
- Anyone who cannot secure employment without bonding services
- Employed workers who need bonding to avoid termination or secure a promotion

Bonds can be issued as soon as the applicant has a job offer and a scheduled start date. Workers must be paid wages with federal taxes automatically deducted from pay; self-employed persons cannot be covered. However, part-time and temporary workers may be eligible.

Over 95% of bonds are issued for \$5,000 coverage for a six-month period. Coverage can be increased or extended based on the situation. When the initial bond coverage expires, employers can purchase continued bond coverage from Travelers Insurance.



It's this **easy** for business!

1. Find a qualified job applicant - Georgia DOL can provide screened referrals if you need help.
2. Once you set a hire date, have the applicant stop by a Georgia DOL Career Center to provide hiring information.
3. Receive a confirmation email from Georgia DOL within 48 hours.
4. Receive the bond within 15 days - it will be effective on the hire date and last 6 months.

Did you know that...

- Federal bonding has helped over 40,000 individuals become employed?
- Over 99% of those bonded have proven to be honest employees, resulting in only a 1% default rate?
- Georgia DOL career centers are listed on the back of this fact sheet. You may also visit the Federal Bonding Program website at www.bonds4jobs.com for details.

Federal Bonding is a no cost benefit for employers and job applicants administered by the Georgia Department of Labor.

www.gdol.ga.gov

HIRE A VETERAN



Investment for Your Company

Hiring a veteran can decrease your federal income tax liability. You may be eligible for a tax credit ranging from \$2,400 to \$9,600. Learn more about the federal Work Opportunity Tax Credit Program (WOTC), by visiting "Learn About Tax Credits and Incentives" on our web site at www.gdol.ga.gov/em/learn_about_tax_credits_and_incentives.htm, or by calling 404.232.3699.

THE RIGHT DECISION FOR YOUR BUSINESS.

To find veterans for your business, locate your nearest Georgia Department of Labor Career Center by visiting www.gdol.ga.gov and selecting GDOL Career Centers under "Find Us" or by calling 1.866.699.3540.

IT'S GREAT FOR VETERANS & BUSINESS

BATTLE-TESTED LEADERSHIP SKILLS

Trained in the military to lead by example, veterans understand motivation, communication, delegation, commitment, and hard work. These leadership qualities enable them to lead others through the most frustrating and demanding circumstances.

STRONG WORK ETHIC

Hard-working veterans are used to working long hours in non-traditional settings and have been tested in circumstances unfamiliar to others. Military experience prepares veterans to make a commitment to stay with a company for the duration.

TRAINABILITY

From basic training to discharge, training is crucial in all branches of the military. Veterans have the proven ability to learn new skills quickly. They possess the transferable skills proven to achieve success.

EFFICIENT PERFORMANCE UNDER PRESSURE

On-the-job training in the military is training-under-pressure. Veterans have not only proven they have the ability to learn, they have applied what they have learned in real-world situations. Thinking critically in stressful situations is a skill veterans have demonstrated daily.

TEAMWORK

Veterans have worked with people from different backgrounds and cultures, and with work units with different goals and functions. They understand teamwork and how to work together to solve a problem.

TECHNOLOGY AND GLOBALIZATION

Highly-trained veterans are a highly-skilled workforce. Whether it is repairing an engine or working in an office to secure communications, veterans have strong technical skills most employers don't come across on a day-to-day basis. Veterans can bring the kind of global outlook and technical savvy companies are looking for in their workforce.

TRIUMPH OVER ADVERSITY

Win-win situations are sometimes a matter of life or death for military members. Veterans show strength and triumph over adversity.

INTEGRITY

Military members are highly principled and committed to excellence. Businesses benefit from individuals with a high degree of integrity in their workforce.

CONSCIOUS OF HEALTH AND SAFETY STANDARDS

Veterans understand the importance of health and safety standards. This understanding translates into the protection of self, others, and property.

DIVERSITY AND INCLUSION IN ACTION

Regardless of race, ethnicity, gender, religion, or mental and physical capabilities, veterans work respectfully alongside each other.

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