

Regulatory Alert

Community Bankers Association of Georgia
1900 The Exchange, Suite 600 • Atlanta, GA 30339
Phone: (770) 541-4490 or (800) 648-8215 • Fax: (770) 541-4496

July 2007

Department of Revenue Proposes Rule Impacting Tax Credits

Please take a look at this right away. The comment period ends on July 23, 2007.

The Department of Revenue has recently proposed a new regulation the stated purpose of which is “to clarify the definition of ‘business enterprise’ under Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated”. This Code Section deals with tax credits that can be earned for creating new jobs and the proposed new definition of “business enterprise” would narrow the types of businesses that can qualify for these job tax credits. Under the proposed regulation “retail businesses” are specifically excluded from the term “business enterprise.” Then, the term “retail businesses” is defined to specifically include banks by indicating “establishments that are primarily engaged in banking, savings and lending functions” are included. Therefore, banks would no longer qualify for the job tax credits. There is also concern that this new definition of “business enterprise” could be applied to retraining tax credits, thereby excluding banks from the ability to qualify for that tax credit.

It is strongly recommended that you consult your tax advisors to determine if your institution will be impacted by this proposed change. The notice, which includes information on how to comment, and the proposed regulation may be accessed at the following link: <http://www.cbaofga.com/legislative/legislative-updates.php>. Since we are trying to assess the overall effect of this proposed change on the community banks in Georgia, please notify CBA (Jason Pruitt or Steve Bridges) with information regarding the significance of this proposed change to your institution. Contact Jason at jason@cbaofga.com or Steve at steve@cbaofga.com, or either of them by telephone at 770-541-4490.