

What is the Georgia HEART rural hospital organization tax credit program?

The Georgia General Assembly passed legislation that enables Georgia taxpayers to receive a state income tax CREDIT for 100% of the amount they contribute to qualified rural hospitals.

How much can I contribute for a tax credit?

If you pay Georgia income taxes, you are eligible to receive a 100% state income tax credit for contributing to a rural hospital.

- On July 1 of each year, limits for individual and married filing joint taxpayers are waived. This means you can contribute as much as you would like, so long as you have the tax liability to support the contribution!
- On July 1 of each year, limits for pass-through entity owners are waived. This means you can contribute as much as you would like, so long as you have the tax liability – related to your pass-through ownership – to support the contribution!
- Taxpayers are limited from January 1 through June 30 of each taxable year to \$5,000 for individuals, and \$10,000 for married couples, and \$10,000 for pass-through owners.
- At any time during the year, a “C” Corporation or trust shall be allowed a 100% Georgia income tax credit for contributions to RHOs equal to the amount of the contribution, or 75% of the corporation or trust’s income tax liability, whichever is less.

How do I sign up to contribute?

It’s easy! Follow these simple steps, as outlined below:

1. Complete and submit your 2019 HEART Tax Credit application at www.georgiaheart.org
2. HEART submits your application to the Georgia Department of Revenue (DOR)
3. HEART and DOR notify you of approved tax credit amount and payment deadline
4. Send a check made payable to your designated rural hospital to HEART for deposit to the hospital’s account within 180 days of approval, or 12/31/19, whichever comes first
5. HEART sends you Form IT-QRHOE-RHO1 (tax receipt) for claiming the credit on your 2019 Georgia income tax return

The state of Georgia is allowing you to decide how your tax dollars are spent.

Transform your next Georgia income tax payment into a life saving investment in others.

Sign up for your 2019 HEART tax credit today!

For more information about Georgia HEART rural hospital organization tax credit program, visit www.georgiaheart.org or contact Georgia HEART at heart@georgiaheart.org.

Georgia HEART Grand Slam

1. Financial Support to a rural hospital
2. A federal business expense deduction
3. A 100% Georgia income tax credit
4. Build business and community goodwill

Through the Georgia HEART Hospital Program, “C” Corporations and Pass-Through Businesses Can Make a Business Payment That Benefits Their Local Rural Hospitals

Federal “Safe Harbor” Business Expense Deduction

When a business that pays state income taxes (e.g., a “C” corporation) makes a payment to a charitable organization, and receives a corresponding state income tax credit, the IRS will treat the business as making an ordinary and necessary business payment for which it can take a federal deduction. IRS Rev. Proc. 2019-12.

Federal “Facts and Circumstances” Business Expense Deduction

In cases where a pass-through business entity (i.e., a limited liability company, partnership, or “S” corporation) does *not* pay state income taxes, under certain “facts and circumstances,” the business may be able to take a federal deduction for “ordinary and necessary” business payments made to a charitable organization. Under IRC § 162, businesses are able to deduct payments that bear a direct relationship to the taxpayer’s trade or business and are made with a reasonable expectation of financial return commensurate with the amount of the transfer. Treas. Reg. § 1.170A-1(c)(5). The amount of the business expense deduction reduces the net income on which the owners of the business are taxed.

Documenting the Business Expense

Businesses seeking to claim a business expense deduction for payments to charitable organizations should contemporaneously document the business and financial rationale for making such payments. If, by making a payment to a rural hospital organization, the business expects to build brand awareness, increase customer or client loyalty, earn community goodwill, develop more business, and/or retain and recruit employees, the business should estimate and document the value of those expected outcomes.

A Rural Hospital Tax Credit for the Business Owners

In addition to benefiting from the federal business expense deduction taken by the business, as a result of recently adopted Georgia Department of Revenue Rule 560-7-8-.57, the owner of a pass-through business can apply for a Georgia HEART Rural Hospital Tax Credit corresponding to his or her percentage ownership share of the payment the business makes to the rural hospital.

Consult with Your Tax Advisor

The Georgia HEART Grand Slam is an exciting tax planning opportunity about which we recommend that you consult with your tax professional. After doing so, we encourage you to contact us with any questions or to proceed to www.georgiaheart.org to apply, as a pass-through owner, for a Georgia HEART credit for a business payment to a qualified rural hospital organization.