



Where you want to do business

Taxes

Sales and Use Taxes

Every business that sells tangible personal property, such as merchandise, to customers is required to obtain a seller's permit. This is issued from the state sales tax agency. (There are some businesses, however, that are exempt from this requirement.) Typically, a separate permit must be obtained for every business in which property subject to sales tax is sold. If selling to a retailer, wholesalers and manufacturers usually do not have to collect sales tax on the goods they sell. This, however, is contingent on whether the retailer has a valid seller's permit and can provide you with a "resale certificate".

Similarly, retailers are not required to pay sales tax on items you purchase for resale. You may purchase blank resale certificates at office supply stores. If state law requires that your business collect sales tax and use tax, you must keep detailed records of your gross receipts from sales/rentals. These records must include all sales/rentals whether or not you believe them to be taxable. Your records must also include evidence of all deductions you claim on sales/use tax returns. In addition, you must record the total purchase price of all tangible personal property acquired for sale, lease, or consumption.

Sales tax forms must be filed monthly. The taxes must also be paid on a monthly basis. You can contact the Georgia Department of Revenue to petition for special permission to pay/file quarterly.

Georgia Department of Revenue

Sales and Use Tax Division
1800 Century Center Blvd., NE
Suite 8214
Atlanta GA 30345-3205
(404) 417-3209

State Excise Taxes

In addition to federal excise tax, you may be responsible for collecting state excise tax as well. The categories are comparable to the federal categories. Alcoholic beverages, tobacco products, motor carriers, and trucks with more than two axles are included in the taxed categories. You should contact the Georgia Department of Revenue for complete information (See address above).

Estimated State Income Taxes

The State of Georgia also requires that you pay estimated state income taxes. The payment dates for estimated state tax are the same as those for federal payments (See Section K. Federal Income Taxes above). The **Form 500ES** should be completed for sole proprietors or partnerships. A 9% per year penalty can be imposed for failure to file an estimated return or failure to pay the correct amount of tax.

Federal Excise Tax

There are some forms of business on which the U.S. government requires additional taxation. This will be a tax that you are responsible for collecting. This tax does not come out of your pocket. Typically it is added to the sale price of your product or service. **Form 720. Quarterly Federal Excise Tax Return** is used to file most federal excise taxes. Federal excise taxes can be broken into nine general categories of products and services.

They are:

1. Motor vehicle use tax (vehicles greater than 55,000 lbs. gross weight)
2. Retailers tax (certain types of fuels)
3. Retail excise tax on the sales of the following: Heavy trucks/trailers, tires and tubes, recreation equipment (e.g. fishing/hunting supplies), firearms and ammunition
4. Air transportation tax (if you are transporting people by air, you have to collect this tax)
5. Communications taxes (e.g. on telephone or teletype services)
6. Wagering taxes
7. Taxes on U.S. mined coal
8. Environmental taxes (imposed on petroleum products, various chemicals, and hazardous wastes)
9. Alcohol, firearms, ammunition and tobacco taxes

Be sure to contact the IRS for complete information on federal excise taxes.

Internal Revenue Service

Valdosta Post Office
Post Office 401
N. Patterson Street
Valdosta GA 31601
(800) 424-1040

Federal Income Taxes

The amount and way you pay federal income taxes will be dependent on the legal form in which your business is organized.

For a sole proprietor or a member of a partnership:

In either of these arrangements you will be required to make estimated federal income tax payments and federal self-employment tax payments in advance. These individual payments are due in four installments. These payment deadlines are April 15, June 15, September 15, and January 15 for one whose tax year is the calendar year. The **Form 1040-ES** is used to file these taxes. 90% of your estimated tax must be paid during the course of the year.

For a corporation:

The corporation is responsible for paying estimated corporate taxes if it has taxable income. These taxes can be due as soon as the fourth month of the corporation's first tax year. The proper form for filing these taxes is the Form 1120-W. You must deposit these payments in a bank licensed to accept federal tax payments. The corporation will be issued a coupon book. These coupons will carry the corporation's tax ID number and are to be used with all federal tax payment deposits.

All forms necessary to file any of the estimated taxes mentioned above are available at your local IRS office. A coupon book will be mailed to you upon receipt of your Form SS-4 (the form filed requesting a tax ID number).

Internal Revenue Service

Gainesville Office
500 Jesse Jewell Pkwy
Gainesville GA 30501
(770) 536-2235
www.irs.gov

Employer Taxes

There are taxes that as an employer you are responsible for both withholding from employee wages as well as paying yourself. For more complete information on employer taxes, see Labor and Safety Regulation Information in Section IV.

Federal Tax Identification Numbers

Your federal tax identification number is the number used to file your taxes. It acts in a similar capacity to your social security number on your personal income taxes. In fact, if you are a sole proprietorship you will probably use your social security number. To determine whether you need a Tax ID number, contact the Internal Revenue Service at the address and/or number above.

Income Taxes

Businesses with employees must pay employer taxes and withhold employee taxes for both the State and Federal governments. These should be deposited in any Federal Reserve Bank. You will be given a coupon book to accompany your deposits. These deposits are required monthly or quarterly. The Georgia and US Departments of Revenue will determine your time of payment. You will be required to withhold Social Security and Medicare taxes. In addition to this withholding, the employer must pay a matching amount. You should consult the current year tax calendar for present percentages.

Georgia Department of Labor – Atlanta Office

148 International Blvd. NE Suite 265
Sussex Place
Atlanta GA 30303-1751
(404) 656-6000

Unemployment Insurance Taxes

Federal Unemployment Insurance Tax is the employer's responsibility. This is not withheld from employee wages. Consult the Employer's Tax Guide for more information on the various taxes that you will be required to pay. The Employer's Tax Guide is a booklet designed to help you with all aspects of taxation. Contact the Georgia and US Departments of Labor and Revenue to receive the Employer's Tax Guide and other relevant information. See contact information below.

If you are a sole proprietor, you are not required to pay withholding. You are however required to pay self-employment tax. Contact the Internal Revenue Service for complete details.

Workers' Compensation Insurance

Workers' Compensation insurance is required of any business with more than three employees. The rates vary with the business type and the risk level. For more information, contact the State Board of Workers' Compensation.

State Board of Workers' Compensation

(404) 656-3875 www.state.ga.us/sbwc/

Your business can become eligible for 7.5% discount on your Workers' Compensation Insurance premiums. This is possible through the DRUGS DON'T WORK program. Contact the Franklin County Chamber of Commerce or visit the Georgia Chamber of Commerce website listed below for more information on this program.

Drugs Don't Work

Franklin County Chamber of Commerce

165 Athens Street
PO Box 151
Carnesville GA 30521
(706) 384-4659

Georgia Chamber of Commerce

Atlanta, GA
www.gachamber.com/affiliates/drugs

US Department of Labor

1375 Peachtree Street NE, Suite 587
Atlanta GA 30367
(404-347-3573
www.dol.gov

Georgia Department of Revenue

Post Office Box 38027
Atlanta GA 30374-0001
(404) 656-4071