

# GEORGIA HEART<sup>SM</sup>

## HOSPITAL PROGRAM

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*Helping Enhance Access to Rural Treatment*

## Employee Giving Guide



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### **What is the rural hospital organization expense tax credit?**

The Georgia General Assembly passed legislation that enables Georgia taxpayers receive a state income tax credit for 100% of the amount they contribute to qualified rural hospital organizations (up to the limits set forth below). Depending on guidance from the Internal Revenue Service, taxpayers who itemize deductions on their federal income tax returns may be able to take a charitable income tax deduction for the entire amount of their contributions. The 58 rural hospital organizations (RHOs) that are able to participate in the tax credit program have engaged Georgia HEART Hospital Program, LLC to assist in the marketing and administration of the program.

### **How much can I contribute for a tax credit?**

If you pay Georgia income taxes, you are eligible to receive a tax credit for contributing to your designated rural hospital organization as follows: From 2018 through 2021, Georgia taxpayers can access \$60 million of RHO tax credits each year, with each qualified RHO having access to \$4 million of tax credits (until the total annual \$60 million cap is met). During the first six months of each year, a qualified RHO may only accept \$2 million of corporate contributions and \$2 million of individual contributions.

- In the case of a single individual or a head of household, a 100% Georgia income tax credit for contributions up to a limit of \$5,000
- In the case of a married couple filing a joint return, a 100% Georgia income tax credit for contributions up to a limit of \$10,000
- An individual who is a member of a limited liability company, shareholder of an "S" Corporation, or partner in a partnership (pass-through entities) is allowed a 100% Georgia income tax credit for up to \$10,000 of the amount they contribute, so long as they would have paid Georgia income tax in that amount on their share of taxable income from the pass-through entity

*After June 30 of each year, for so long as a portion of the \$60 million annual cap is available, to offset their Georgia income tax liability, individual taxpayers may make unlimited contributions to RHOs for a corresponding 100% Georgia income tax credit.*

- A "C" Corporation or trust shall be allowed a 100% Georgia income tax credit for contributions equal to the amount of the contribution, or 75 % of the corporation's or trust's income tax liability, whichever is less.

### **How do I sign up to contribute to my qualified rural hospital?**

1. Complete and submit your 2019 HEART Tax Credit Form at [www.georgiaheart.org](http://www.georgiaheart.org), or email a complete copy of the form to Georgia HEART [heart@georgiaheart.org](mailto:heart@georgiaheart.org).
2. Georgia HEART will submit your tax credit pre-approval form on your behalf to the Georgia Department of Revenue (DOR), as long as the cap is not yet met.
3. Within 60 days of receiving DOR tax credit pre-approval, send a check *made payable to your designated rural hospital* to Georgia HEART for deposit to the hospital's account.
4. Georgia HEART will send you confirmation of your contribution and instruct you on how to submit a copy to the DOR.
5. Georgia HEART will send you a tax receipt and filing instructions for income tax filing purposes.

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### Employee Giving Campaign

Up to certain limits (\$5,000 for individuals and \$10,000 for married couples filing jointly) the Georgia HEART tax credit program enables taxpayers to receive a Georgia income tax credit for 100% of the amount they contribute to qualified rural hospitals. The contributions must be made by the taxpayers within 60 days of the Department of Revenue (DOR) approving them for a tax credit. In some cases, taxpayers whom the DOR approves for the maximum tax credit may not have the cash available to make the contribution. In these cases, businesses that want to encourage their employees to contribute to qualified rural hospitals can institute a Georgia HEART Employee Giving Campaign that enables their employees to participate in this tax credit program without having to come “out of pocket” for the contribution amount. This Guide describes how this may be accomplished.

Given the pace at which the rural hospital tax credits are being consumed, the only practical method for providing this opportunity is for the employer to advance funds to the employees to be used as their Georgia HEART contributions and then to recoup the employee advances through payroll deduction. At the time of the advance, the employee is able to fund their Georgia HEART tax credit contribution. Then, the employer recoups the advance through the payroll deduction. The employee can reduce their Georgia income tax withholdings evenly over the course of the year in order to repay their advance.

A word of caution: earning and maintaining the trust of the employees is critically important in achieving success with employee participation. Each employee’s specific situation should be reviewed with them, and the amount of the tax credit application should always be approved by the employee.

This is a voluntary program which businesses may choose to implement in order to enable their employees to participate in the Georgia HEART tax credit program – in a way that doesn’t impact their cash flow. Consider the following steps:

#### **Employer Advance Method**

All participating employees authorize Georgia HEART to submit a tax credit pre-approval form on their behalf to the DOR. Once the DOR approves an employee contribution, the employer advances funds to the employee for the amount of his or her preapproved tax credit. The employee then contributes his or her full pre-approved contribution amount within the required 60-day period. The employer will set up an automatic payroll deduction from the employee to pay back the advancement. The employer might consider having a written agreement that allows for the outstanding amount to be deducted from the employee’s final paycheck if they leave or are terminated before the advancement has been paid in full. *\*See the example agreement on the next page.*

#### **Employee Funded Method, with Reimbursement through Reduced Withholdings**

All participating employees authorize Georgia HEART to submit a tax credit pre-approval form on their behalf to the DOR. Once the DOR approves an employee contribution, the employee contributes his or her full contribution amount within the required 60-day period. In addition, the employee adjusts their state withholdings on the G4 form by the amount equal to their contribution divided by the number of pay periods remaining in the year. This results in reduced Georgia income tax being withheld from the employee’s wages and causes an increase in the employee’s take home pay that over the course of the year reimburses the employee for their contribution. Should the employee leave the hospital during the year, they could continue the same withholding strategy at their new employment or receive a higher refund, after filing state taxes.

*\*More information upon request.*

**Georgia HEART RHO Tax Credit Employee Giving Campaign  
Participation Agreement**

This Agreement between \_\_\_\_\_ [“Company”] and \_\_\_\_\_ [“Employee”], \_\_\_\_\_, is entered into to assist Employee in making a contribution to a rural hospital in exchange for a tax credit for 100% of that amount through the Georgia HEART RHO tax credit program.

**Employee and Company** agree to the following (*Initial all that apply*):

<b>Employee</b>	<b>Company</b>	<b>Event</b>
_____	_____	Employee authorizes Company to provide to Georgia HEART a tax credit pre-approval form on Employee’s behalf, which Georgia HEART will submit to the Georgia Department of Revenue (DOR).
_____	_____	Company will advance Employee the funds to the employee for the amount of his or her preapproved tax credit. Employee then contributes his or her full pre-approved contribution amount within the required 60 day period. Company will set up an automatic payroll deduction from Employee to pay back the advancement.
_____	_____	If, upon termination of employment with Company, Employee has not paid Company back in full, Company shall deduct the remaining amount from Employee’s final paycheck.

*The signatures below attest each party’s understanding and agreement of the terms of this contract.*

**Employee:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**[Company Name]** \_\_\_\_\_

**Employer:** \_\_\_\_\_ **Date** \_\_\_\_\_

## 2019 HEART Tax Credit Form

Complete this Form to authorize Georgia HEART to submit your application to the Georgia Department of Revenue ("DOR") on January 2<sup>nd</sup>, 2019.

Email to Georgia HEART at [heart@georgiaheart.org](mailto:heart@georgiaheart.org).

Select Tax Filing Status	Tax Credit Limit
<input type="checkbox"/> Individual Filer	May contribute up to \$5,000 for a 100% Georgia income tax credit
<input type="checkbox"/> Married Filing Jointly	May contribute up to \$10,000 for a 100% Georgia income tax credit
<input type="checkbox"/> Individual Owner of a Pass-Through Entity	May contribute up to \$10,000 for a 100% Georgia income tax credit, so long as individual would have paid Georgia income tax in that amount on share of taxable income from pass-through entity
<input type="checkbox"/> C Corporation or Trust	May contribute up to 75% of the corporation or trust's income tax liability for a 100% Georgia income tax credit

Taxpayer's Name: \_\_\_\_\_ SSN: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_ SSN: \_\_\_\_\_

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

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ E-mail: \_\_\_\_\_

Contribution Amount: \_\_\_\_\_ 75% of estimated GA income tax liability: \_\_\_\_\_  
(for C Corps & Trusts only)

☐ Designated Rural Hospital Organization: \_\_\_\_\_

OR

☐ Please designate a rural hospital organization for me / us. (We will inform you about our selection).

### Owner of Pass-Through Entity Only:

- 1) Who listed above is the pass-through entity owner? \_\_\_\_\_
- 2) Are you a ☐ Single, ☐ Married Joint or ☐ Married Separate Tax Filer?
- 3) Please list owner's estimated 2019 net income from pass-through ownership: \_\_\_\_\_
- 4) If a Married Joint Filer, do both spouses have pass-through ownership? ☐ Yes ☐ No
- 5) If Yes, please list spouse's estimated 2019 net income from pass-through ownership: \_\_\_\_\_

### Authorization:

☐ I authorize Georgia HEART to submit my 2019 HEART Form to the GA DOR; I commit to making payment in 2019; and I commit to funding my full approved contribution amount within 60 days of DOR approval.

*With taxpayer authorization, Georgia HEART will submit this application to DOR for pre-approval. DOR has 30 days to provide approval to the taxpayer. Once DOR approval has been received, the taxpayer will have 60 days to submit payment made payable to their designated Rural Hospital Organization and sent to Georgia HEART for deposit into the hospital's account. The taxpayer will then have 30 days to report the donation to DOR through their Georgia Tax Center account.*

**Thank you for submitting your 2019 HEART Tax Credit Form!**

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