



## The basics

### 1. What is the 2025 Georgia Timber tax credit?

The 2025 Georgia timber tax credit is a state income tax credit available to eligible taxpayers who suffered timber losses in Georgia due to Hurricane Helene in 2024. To bring the land back to productive use, these timber producers often face significant costs for salvaging damaged timber, clearing debris, preparing land, reforestation, and restoring forest stands over multiple years. This tax credit is designed to help ease the financial burden on affected timber producers.

Eligible taxpayers may claim a Georgia income tax credit equal to 100% of their timber casualty loss in eligible disaster areas (see Figure 1), up to \$550 per acre. The total amount of tax credits available statewide is capped at \$200 million. If total qualified applications exceed the cap, the available funds will be prorated among all approved applicants.

### 2. How to receive the timber tax credit?

To receive the credit, follow these steps in a **timely manner** (Figure 2):

- **Submit a preapproval application** electronically through Georgia Tax Center (GTC) (<https://gtc.dor.ga.gov/>). If approved, you will receive a preapproval certificate.
- **Complete the required replanting and/or restoration** and **report** it on GTC.
- Claim the tax credit on your Georgia income tax returns by December 31, 2030.

### 3. How can the timber tax credit be used?

The timber tax credit is refundable and transferable, subject to certain restrictions. You may use it in the following ways:

- **Offset your current Georgia income tax liability.** Apply the credit against your Georgia income taxes due for the current taxable year.
- **Request a refund.** If your allowed timber tax credit exceeds your state income tax liability, you may request a refund for the difference. This option is available **only** to the original taxpayer who incurred the timber loss.
- **Sell or transfer the credit.** The credit is also transferable. You can **sell or transfer** the credit to another Georgia taxpayer, subject to program rules.
- **Carry forward unused credit.** Any unused credit may be carried forward for up to 10 years until fully used, refunded, or transferred.

These options provide eligible taxpayers flexibility to utilize the credit in the way that best suits their financial and tax planning needs.

## Eligibility

### 4. Who is eligible for the timber tax credit?

To qualify for the 2025 Georgia timber tax credit, you need to meet the following requirements:

- Suffered losses of timber in one or more of the **66 counties designated as disaster areas** in the Governor's October 29, 2024 Executive Order for Hurricane Helene.
- The damaged timber was grown as part of a trade or business or a transaction entered into for profit (i.e., not for personal use).
- Received preapproval for the tax credit from the Georgia Department of Revenue (GADOR).
- Certified to GADOR through GTC that you have completed the required replanting and/or restoration. See FAQ #13 for more information about the requirements.

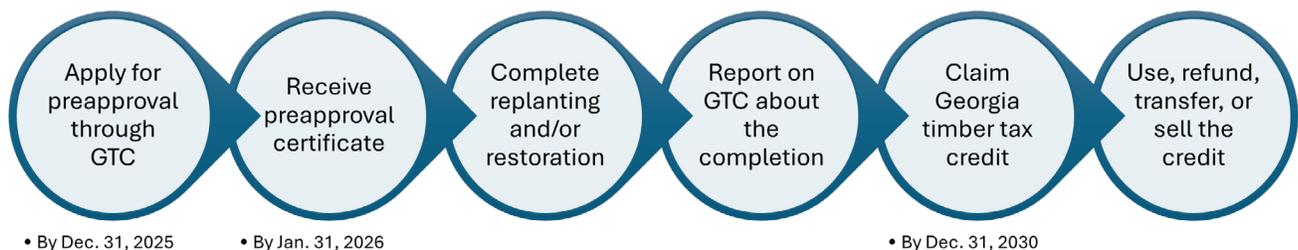


Figure 2. Procedure and timeline of application, claim, and use of the 2025 Georgia timber tax credit

## 5. What are the 66 eligible counties (designated disaster areas)?

They include Georgia counties: Appling, Atkinson, Bacon, Baldwin, Ben Hill, Berrien, Bleckley, Brantley, Brooks, Bryan, Bulloch, Burke, Butts, Camden, Candler, Charlton, Chatham, Clinch, Coffee, Colquitt, Columbia, Cook, Echols, Effingham, Elbert, Emanuel, Evans, Glascock, Glynn, Hancock, Irwin, Jeff Davis, Jefferson, Jenkins, Johnson, Lanier, Laurens, Liberty, Lincoln, Long, Lowndes, Madison, McDuffie, McIntosh, Montgomery, Newton, Pierce, Putnam, Rabun, Richmond, Screven, Taliaferro, Tattnall, Telfair, Tift, Toombs, Treutlen, Turner, Ware, Warren, Washington, Wayne, Wheeler, Wilkes, Wilkinson, and Worth (Figure 1).

## 6. Is the timber tax credit only available to timber producers?

No. The law defines “timber” as trees grown primarily for the commercial production of **food, wood, or wood fiber products**. In addition to forest landowners, certain horticultural producers (e.g., pecan growers) may also qualify.

## 7. Is the timber tax credit only available to timber owners?

No. Eligible taxpayers can be individuals, business entities, estates, or trusts that **own or lease** the eligible timber property. A lessee may qualify if they are eligible to claim a federal casualty loss deduction for the eligible timber property **and** the property owner does not claim the timber tax credit for the same property.

## 8. Is the timber tax credit only available to Georgia resident taxpayers?

No. Non-resident taxpayers may also apply as long as they meet the eligibility criteria.

## Computing the amount of eligible timber tax credit

### 9. How is the timber tax credit computed?

You need to calculate the timber tax credit **separately for each county** where you own or lease eligible timber property. Follow these steps:

**Step 1. Determine timber loss.** Calculate the difference in Fair Market Values (FMV) of the eligible timber property immediately before and after Hurricane Helene, using the approach for calculating timber casualty losses under section 165 of the Internal Revenue Code (IRC).

*Note: Unlike the method for calculating timber casualty loss deduction for federal income tax purposes, calculation of timber loss for the timber tax credit is not limited by timber basis. See Li, Dickens, and Clabo (2024) for information about how to determine timber casualty loss deductions for federal income tax purposes.*

**Step 2. Aggregate timber losses within each county.** Add together all FMV decreases for your eligible timber properties within the same county.

**Step 3. Apply the per-acre cap.** Compare the aggregated timber losses to the product of \$550 and the total eligible acreage in that county. Your eligible timber tax credit for preapproval in that county is the lesser of the two amounts.

**Step 4. Repeat for each county.** Compute the credit separately for each county.

## 10. Who can conduct the appraisal?

A competent appraiser is required to determine FMV of timber before and after Hurricane Helene. For timber appraisal, a registered forester is considered a competent appraiser. The Georgia Forestry Commission (GFC) maintains a directory of consulting foresters practicing in Georgia. To find a registered consulting forester in your area, visit [GFC Directory of Consulting Foresters](#).

### Example 1. Calculating timber tax credit

Rodney owns 200 acres of forestland (\$0 in timber basis) for timber production in Appling County. Hurricane Helene damaged the property. The FMV of the timber was \$100,000 before the disaster but dropped to \$5,000 immediately after, resulting in a \$95,000 decrease in value ( $\$100,000 - \$5,000 = \$95,000$ ). Since the \$95,000 decrease in timber value is less than the cap on the affected acreage ( $550 \times 200 = \$110,000$ ), he can apply for a \$95,000 timber tax credit for preapproval. The amount of timber tax credit is not limited by timber basis.

### **Example 2. Timber tax credit limited by the \$550 per-acre cap**

John owns 100 acres of forestland in Wayne County, GA. The property was severely damaged by Hurricane Helene. A Georgia registered forester determined that the decrease in the FMV of the affected timber was \$60,000. However, the maximum credit he can apply for preapproval is \$55,000 ( $\$550 \times 100 = \$55,000$ ), due to the \$550/ac limit. The per-acre cap limits the eligible timber tax credit, even if the actual timber loss is higher.

amount entered on Line 23 of the form.

- Enter the FMV of the timber property immediately after Hurricane Helene (Line 24 of Form 4684).
- Take the difference between the two values to determine the Timber Diminution of Value.
- The eligible credit is capped at \$550/ac.

#### 7) Upload the following documents:

- IRS Form 4684 (required). If you did not file Form 4684 with your 2024 federal income tax return due to a low timber basis, you can file the form with an amended tax return and still remain eligible for the Georgia timber tax credit. Based on prior experience, you can request preapproval as long as the amended return is filed before you claim the credit.
- 2024 Property Tax Assessment Notice (required).
- Record of prior timber sales (optional).

#### 8) Submit separate applications for each county.

**For detailed step-by-step instructions, please refer to the guidance provided by the GADOR.**

## **Applying, reporting, claiming, and transferring**

### **11. How can I get a preapproval for the timber tax credit?**

To receive preapproval for the timber tax credit, you must apply electronically through the GTC by December 31, 2025. A corporate, fiduciary, partnership/LLC, or individual income tax account is required to access the system.

Once logged into your GTC account, follow these steps:

- 1) Click *Manage My Credits*, then select *Request Credit Pre-Approval*.
- 2) Select *155-Timber Tax Credit (2025)*.
- 3) Confirm fund usage (January 1, 2025 – December 31, 2025).
- 4) Enter details about you, location of the eligible timber property, and tax filing period.
- 5) Provide property-specific information:
  - Indicate all applicable attributes of your timber property (e.g., forest type, CUVA/FLPA enrollment status, presence of a timber management plan, GATE card holder status).
  - Enter the anticipated year of completion for replanting and/or restoration.
  - Indicate whether the replanting will take place on the same property. If not, provide the new location. Note it must be within the same county as the eligible timber property.
- 6) Estimate the tax credit amount:
  - Estimate the FMV of the timber property as of September 24, 2024. If you filed IRS Form 4684 to take the timber casualty loss deduction, this is the

### **12. What will happen next?**

GADOR will review your application and let you know within 30 days if it is complete.

The department will process all completed applications after December 31, 2025. If approved, you will receive a preapproval certificate by January 31, 2026. The certificate will specify the amount of credit you are eligible to claim upon meeting the replanting and/or restoration requirements.

### **13. What are the replanting and/or restoration requirements?**

To meet the requirement, you need to replant enough timber to yield at least 90% of the claimed timber casualty loss value at maturity, and/or restore each affected acre to an adequately stocked stand expected to produce forest products or provide ecological services in the future. The projected timber value must be based on market conditions as of September 25, 2024.

Refer to the Georgia Forestry Commission (GFC) guidelines about the replanting and/or restoration for the timber tax credit (GFC, 2025).

### **Example 3. Replanting and/or restoration requirements**

York applied for a timber tax credit based on a \$90,000 decrease in timber value in Wayne County, GA. However, he was approved for an \$80,000 credit for his timber damage. To meet the replanting and/or restoration requirements, he must either replant timber in a quantity expected to yield at least \$81,000 worth of timber at maturity (90% of the claimed \$90,000 decrease in value), or restore the timberland in a way that will produce future forest products or provide ecological services.

completion of the required replanting and/or restoration through GTC. After completing these steps, you may sell or transfer the credit.

### **17. Can I sell my timber tax credits?**

Yes, you can sell the earned timber tax credit (in whole or in part), but the following restrictions apply:

- **The credit may be sold or transferred only once.** Buyers or transferees of the credit are not allowed to resell or transfer it. If you sell a portion of the credit, you cannot sell or transfer the remaining portion since it can only be sold or transferred once.
- The credit can only be sold or transferred to a **single Georgia taxpayer.**
- You must notify GADOR within 30 days of the sale or transfer.
- The sale price has to be **at least 60% of the credit's value.**
- You may sell the earned timber tax credit before claiming it on your Georgia income tax return. However, you are still required to report it on your tax return.

### **14. When can I claim the credit?**

Once you have received the preapproval certificate and completed the required replanting and/or restoration of timber, you must report through GTC that you have met the requirements. Use the IT-TIM-RPT to file the report. See GADOR (2025) for step-by-step instructions on how to report it through GTC.

You can claim the timber credit on your Georgia income tax return in the year when the replanting and/or restoration is completed and reported.

Even if you have sold or transferred the credit, you still need to claim it on your Georgia income tax return for that year. All timber tax credits must be claimed by December 31, 2030. You cannot use, sell, or transfer the credit until the replanting and/or restoration is completed and reported.

### **15. What if my claimed timber tax credit exceeds my Georgia income tax liability for the year?**

If your claimed timber tax credit in a taxable year exceeds your Georgia income tax liability, you may request a refund for the excess amount. Alternatively, you can choose to carry forward the unused credit for up to 10 years from the last day of the tax year in which it was claimed, until fully used or transferred.

### **16. When does my ownership of the timber tax credit start?**

You officially earn the tax credit once you have received the preapproval certificate from GADOR and have reported

### **18. Can buyers (transferees) resell the credit or get refunds for unused credits?**

No. A buyer or transferee can only use the credit to offset their Georgia state income tax liability. They cannot resell, transfer, or request refunds.

### **19. Can I make multiple sales of my timber tax credit?**

No. You may only make a one-time sale or transfer of your earned timber tax credit to a single Georgia taxpayer. If you sell only a portion of the credit, the remaining tax credit cannot be sold or transferred any more.

### **20. Which form do I use to report the sale or transfer of my timber tax credit?**

You should file Form IT-TRANS, "Notice of Tax Credit Transfer," with GADOR within 30 days of the sale or transfer. The form must be submitted electronically through GTC.

## 21. What if I jointly own the eligible timber property with someone else?

If the eligible timber property is jointly owned (not through a pass-through entity), each owner should apply separately, reporting their share of the decrease in value and affected acreage.

## 22. We are a pass-through entity. Does each shareholder/member/partner need to apply for the pre-approval separately? What about claiming the credit? What about transferring the credit?

A pass-through entity applies for preapproval **at the entity level**. Once approved, the credit can pass through to its members, shareholders, or partners for use (including refundability). Alternatively, the entity may make an election to sell or transfer the credit at the entity level. In that case, the credit does not pass through to the shareholders, members, or partners. The credit is not refundable to the pass-through entity.

### Example 4. Timber tax credit sale and carryforward

Johnson receives a preapproval certificate and completes the required restoration in 2026. He claims the tax credit on his 2026 Georgia income tax return but does not use it to offset his tax liability. In 2027, he sells the tax credit to Houser. The credit may be claimed by Houser on any of the following tax years: 2026 through 2036. The carryforward period for this tax credit will expire on December 31, 2036.



Photo credit: E. David Dickens

## Federal income tax implications of the Georgia timber tax credit

### 23. Do I need to pay federal income tax on the timber tax credit?

You may exclude from your federal taxable income the value of the Georgia timber tax credit if you use it to reduce your state income tax liability. However, if you sell the credits to others, the income received from the sale is subject to federal income tax. According to IRS Chief Counsel Advice CCA 201147024, a state tax credit is considered a capital asset for federal income tax purposes [see also *Georgia H. Tempel v. Commissioner*, 136 T.C. 34 (2011)]. As a result, any gain from the sale of the credit is treated as a capital gain. Since it is granted by the State of Georgia, it has a zero basis in your hands. The gain is recognized in the year the credit is sold, not when it is granted or used.

### 24. Does the buyer need to pay federal income tax on the timber tax credit?

If a credit is purchased for less than its face value, the buyer's tax basis in the tax credit is equal to the total acquisition costs. When the buyer uses the timber tax credit to offset their state income tax liability, they must recognize apportioned gain, equal to the difference between the value and basis of the tax credit (see IRS Chief Counsel Advice CCA 201147024). The holding period determines whether the gain is a short-term or long-term capital gain.

Individual tax situations vary. Please consult your tax advisor for tax advice regarding your federal income tax implications of the timber tax credit.

### Example 5. Federal income tax treatment of the timber tax credit

In June 2027, John earns a Georgia timber tax credit of \$10,000 after completing the required replanting and reporting it to GTC. In April 2028, he uses half of the credit to satisfy his Georgia income tax liability (\$5,000). John does not need to include the use of the credit in his gross income on his 2028 federal income tax return.

### Example 6. Federal income tax treatment of the timber tax credit

In 2027, Joe purchases a Georgia timber tax credit for \$40,000 with a face value of \$50,000. In March 2029, he applies half of the credit to his 2028 Georgia income tax liability (\$25,000) and carries the rest to future years. On his 2029 federal income tax return, Joe allocates \$20,000 of his \$40,000 tax basis to the portion of the tax credit used and recognizes a gain of \$5,000 = \$25,000 (state income tax satisfied) – \$20,000 (allowable basis). Because Joe held the tax credit for more than a year before using it, the gain qualifies as a long-term capital gain for federal income tax purposes.

### Additional sources of information

- O.C.G.A. § 48-7-40.37.
- GA R&R r. 560-7-8-.65 Timber tax credit.
- GADOR. 2025. Timber tax credit. Georgia Department of Revenue, Atlanta, GA.
- GFC. 2025. Georgia state timber tax credit replanting and restoration guidelines. Georgia Forestry Commission, Dry Branch, GA. <https://gatrees.org/wp-content/uploads/2025/09/TimberTaxCreditReplantRestorationGuide.pdf>
- Li, Y., E.D. Dickens, and D.C. Clabo. 2024. After Hurricane Helene: How to claim timber casualty losses and defer taxes on salvage timber sales. University of Georgia, Athens, GA. <https://www.timbertax.org/publications/fs/taxtips/salvage-timber.pdf>
- IRS Chief Counsel Advice CCA 201147024. <https://www.irs.gov/pub/irs-wd/1147024.pdf>

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