

House Bill 123

By: Representatives Heard of the 89th and Buck of the 135th

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 48 of the Official Code of Georgia Annotated, relating to revenue and
2 taxation, so as to provide that Georgia taxable net income of an individual taxpayer shall not
3 include an amount equal to the amount of the federal Earned Income Credit which the
4 taxpayer has claimed pursuant to Section 32 of the Internal Revenue Code of 1986, as
5 amended; to repeal certain provisions regarding low-income tax credits; to provide an
6 effective date; to repeal conflicting laws; and for other purposes.

7

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9

SECTION 1.

10 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
11 amended in subsection (a) of Code Section 48-7-27, relating to computation of taxable net
12 income of individuals, by striking "and" at the end of paragraph (9), by striking the period
13 at the end of paragraph (10) and inserting in its place "; and", and by adding a new paragraph
14 immediately following paragraph (10) to be designated paragraph (11) to read as follows:

15 "(11) An amount equal to the amount the taxpayer has claimed pursuant to Section 32
16 of the Internal Revenue Code of 1986, as amended."

17

SECTION 2.

18 Said title is further amended by striking Chapter 7A, relating to low-income tax credits, and
19 inserting in its place a new Chapter 7A to read as follows:

20

"CHAPTER 7A

21

RESERVED

1 ~~48-7A-1.~~

2 ~~The General Assembly finds and determines that all residents of this state make~~
3 ~~contributions to the general fund of this state through their payment of the several state~~
4 ~~taxes, including, but not limited to, taxes on food and other items of necessity. The~~
5 ~~General Assembly further finds and declares that, because of the overall tax burden and~~
6 ~~particularly the tax burden on food and other items of necessity, it is both appropriate and~~
7 ~~advisable to afford tax relief to the low-income residents and the working poor. It is not~~
8 ~~practical, however, to provide tax relief targeted to these groups through the~~
9 ~~implementation of a specific measure of relief addressed to each of the several state taxes,~~
10 ~~and therefore it is necessary and proper to utilize the income tax procedures of this state as~~
11 ~~the mechanism for providing tax relief to low-income residents and the working poor with~~
12 ~~respect to their overall tax burden and particularly the burden of taxation on food and other~~
13 ~~items of necessity.~~

14 ~~48-7A-2.~~

15 ~~As used in this chapter, the term 'dependent' means:~~

- 16 ~~(1) The taxpayer;~~
17 ~~(2) The spouse of the taxpayer; and~~
18 ~~(3) A natural or legally adopted child of the taxpayer.~~

19
20 ~~48-7A-3.~~

21 ~~(a) Except as otherwise provided in subsection (e) of this Code section, each resident~~
22 ~~taxpayer who files an individual income tax return for a taxable year and who is not~~
23 ~~claimed or is not otherwise eligible to be claimed as a dependent by another taxpayer for~~
24 ~~federal or Georgia individual income tax purposes may claim a tax credit against the~~
25 ~~resident taxpayer's individual income tax liability for the taxable year for which the~~
26 ~~individual income tax return is being filed; provided that:~~

- 27 ~~(1) A husband and wife filing a joint return shall each be deemed a dependent for~~
28 ~~purposes of such joint return;~~
29 ~~(2) A husband and wife filing separate returns for a taxable year for which a joint return~~
30 ~~could have been filed by them shall claim only the tax credit to which they would have~~
31 ~~been entitled had a joint return been filed; and~~
32 ~~(3) A resident individual who has no income or no income taxable under this chapter~~
33 ~~and who is not claimed or is not otherwise eligible to be claimed as a dependent by a~~
34 ~~taxpayer for federal or Georgia individual income tax purposes may also claim a tax~~
35 ~~credit as set forth in this Code section.~~

1 ~~(b) Each taxpayer may claim a tax credit in the amount indicated for each adjusted gross~~
 2 ~~income bracket as shown in the schedule below multiplied by the number of dependents~~
 3 ~~which the taxpayer is entitled to claim. Each taxpayer 65 years of age or over may claim~~
 4 ~~double the tax credit.~~

5 **TAX CREDIT SCHEDULE**

| <u>Adjusted Gross Income</u> | <u>Tax Credit</u> |
|---|-------------------|
| 6 Under \$6,000.00 | \$ 26.00 |
| 7 6,000.00 but not more than 7,999.00 | 20.00 |
| 8 8,000.00 but not more than 9,999.00 | 14.00 |
| 9 10,000.00 but not more than 14,999.00 | 8.00 |
| 10 15,000.00 but not more than 19,999.00 | 5.00 |

11 ~~(c) The tax credit claimed by a resident taxpayer pursuant to this Code section shall be~~
 12 ~~deductible from the resident taxpayer's individual income tax liability, if any, for the tax~~
 13 ~~year in which it is properly claimed. In the event the tax credit claimed by a resident~~
 14 ~~taxpayer exceeds the amount of income tax payment due from the resident taxpayer, the~~
 15 ~~excess of the credit over payments due shall be refunded to the resident taxpayer, provided~~
 16 ~~that a tax credit properly claimed by a resident individual who has no income tax liability~~
 17 ~~shall be paid to the resident individual; provided, further, that no refunds or payment on~~
 18 ~~account of the tax credit allowed by this Code section shall be made for amounts less than~~
 19 ~~\$1.00.~~

20 ~~(d) All claims for a tax credit under this Code section, including any amended claims, must~~
 21 ~~be filed on or before the end of the twelfth month following the close of the taxable year~~
 22 ~~for which the credit may be claimed. Failure to comply with this subsection shall~~
 23 ~~constitute a waiver of the right to claim the credit.~~

24 ~~(e) Any individual who receives a food stamp allotment for all or any part of a taxable year~~
 25 ~~shall not be entitled to claim a credit under this Code section for that taxable year.~~

26 ~~(f) The commissioner shall be authorized by rule and regulation to provide for the proper~~
 27 ~~administration of this Code section."~~

28

29 **SECTION 3.**

30 This Act shall become effective January 1, 2002.

31 **SECTION 4.**

32 All laws and parts of laws in conflict with this Act are repealed.