

House Bill 534

By: Representatives Royal of the 140th, Sims of the 130th and Borders of the 142nd

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 revise provisions relating to Georgia taxes; to define the terms "Internal
3 Revenue Code" and "Internal Revenue Code of 1986" and thereby to incorporate provisions
4 of federal law into Georgia law; to provide that terms used in the Georgia law shall have the
5 same meaning as when used in a comparable provision or context in federal law; to change
6 certain provisions regarding taxation of corporations; to change certain provisions regarding
7 computation of taxable net income; to provide for other matters relative to the foregoing; to
8 provide for an effective date and applicability; to repeal conflicting laws; and for other
9 purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
13 amended by striking paragraph (14) of Code Section 48-1-2, relating to definitions of terms,
14 and inserting in its place a new paragraph (14) to read as follows:

15 "(14) 'Internal Revenue Code' or 'Internal Revenue Code of 1986' means the United
16 States Internal Revenue Code of 1986 provided for in federal law enacted on or before
17 January 1, ~~2002~~ 2003. In the event a reference is made in this title to the Internal Revenue
18 Code or the Internal Revenue Code of 1954 as it existed on a specific date prior to
19 January 1, ~~2002~~ 2003, the term means the Internal Revenue Code or the Internal Revenue
20 Code of 1954 as it existed on the prior date. Unless otherwise provided in this title, any
21 term used in this title shall have the same meaning as when used in a comparable
22 provision or context in the Internal Revenue Code of 1986."

SECTION 2.

Said title is further amended in Code Section 48-7-21, relating to taxation of corporations, by adding three new paragraphs at the end of subsection (b) to be designated paragraphs (14), (15), and (16) to read as follows:

"(14) With respect to property for which the special depreciation allowance, allowed by Section 168(k) and Section 1400L of the Internal Revenue Code of 1986, has been claimed and allowed in the current year or in a prior year on the taxpayer's federal income tax return, taxable income shall be increased by the depreciation claimed and allowed on such property on the taxpayer's federal income tax return pursuant to Section 167 and Section 168 of the Internal Revenue Code of 1986.

(15) With respect to property for which the special depreciation allowance, allowed by Section 168(k) and Section 1400L of the Internal Revenue Code of 1986, has been claimed and allowed in the current year or in a prior year on the taxpayer's federal income tax return, taxable income shall be decreased by the depreciation that would have been claimed and allowed on such property on the taxpayer's federal income tax return pursuant to Section 167 and Section 168 of the Internal Revenue Code of 1986, as if Section 168(k) and Section 1400L of the Internal Revenue Code of 1986 were not in effect.

(16) With respect to property which is sold or otherwise disposed of during a taxable year by a taxpayer and for which depreciation was added to taxable income pursuant to paragraph (14) of this subsection or subtracted pursuant to paragraph (15) of this subsection, taxable income shall be decreased to the extent the depreciation added to taxable income pursuant to paragraph (14) of this subsection in the current year and prior years on such property exceeds the amount subtracted pursuant to paragraph (15) of this subsection in the current year and prior years on such property."

SECTION 3.

Said title is further amended in Code Section 48-7-27, relating to computation of taxable net income, by adding three new paragraphs at the end of subsection (b) to be designated paragraphs (11), (12), and (13) to read as follows:

"(11) With respect to property for which the special depreciation allowance, allowed by Section 168(k) and Section 1400L of the Internal Revenue Code of 1986, has been claimed and allowed in the current year or in a prior year on the taxpayer's federal income tax return, taxable income shall be increased by the depreciation claimed and allowed on such property on the taxpayer's federal income tax return pursuant to Section 167 and Section 168 of the Internal Revenue Code of 1986.

1 (12) With respect to property for which the special depreciation allowance, allowed by
2 Section 168(k) and Section 1400L of the Internal Revenue Code of 1986, has been
3 claimed and allowed in the current year or in a prior year on the taxpayer's federal
4 income tax return, taxable income shall be decreased by the depreciation that would have
5 been claimed and allowed on such property on the taxpayer's federal income tax return
6 pursuant to Section 167 and Section 168 of the Internal Revenue Code of 1986, as if
7 Section 168(k) and Section 1400L of the Internal Revenue Code of 1986 were not in
8 effect.

9 (13) With respect to property which is sold or otherwise disposed of during a taxable year
10 by a taxpayer and for which depreciation was added to taxable income pursuant to
11 paragraph (11) of this subsection or subtracted pursuant to paragraph (12) of this
12 subsection, taxable income shall be decreased to the extent the depreciation added to
13 taxable income pursuant to paragraph (11) of this subsection in the current year and prior
14 years on such property exceeds the amount subtracted pursuant to paragraph (12) of this
15 subsection in the current year and prior years on such property."

16 SECTION 4.

17 This Act shall become effective on its approval by the Governor or upon its becoming law
18 without such approval and shall be applicable to all taxable years beginning on or after
19 January 1, 2003. Provisions of the Internal Revenue Code of 1986 which were as of January
20 1, 2003, enacted into law but not yet effective shall become effective for purposes of Georgia
21 taxation on the same dates upon which they become effective for federal tax purposes.

22 SECTION 5.

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