

The House Committee on Ways and Means offers the following substitute to HB 1160:

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to
2 computation of taxable net income, so as to provide for additional adjustments with respect
3 to certain Subchapter "S" corporations, partnerships, or limited liability companies; to
4 provide for procedures, conditions, and limitations; to provide for a definition; to provide an
5 effective date; to provide for applicability; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of
9 taxable net income, is amended by striking paragraph (1) of subsection (d) and inserting in
10 its place a new paragraph (1) to read as follows:

11 "(d)(1)(A) As used in this paragraph, the term 'individual' shall mean the same as is
12 defined in Code Section 48-1-2.

13 (B) Georgia resident shareholders of Subchapter 'S' corporations may make an
14 adjustment to federal adjusted gross income for Subchapter 'S' corporation income
15 where another state does not recognize a Subchapter 'S' corporation.

16 (C) A Georgia individual resident who is a partner in a partnership, who is a member
17 of a limited liability company taxed as a partnership, or who is a single member of a
18 limited liability company which is disregarded for federal income tax purposes may
19 make an adjustment to federal adjusted gross income for the entity's income taxed in
20 another state which imposes on the entity a tax on or measured by income.

21 (D) Adjustments pursuant to this paragraph shall only be allowed for the portion of the
22 income on which such tax was actually paid by such Subchapter "S" corporation,
23 partnership, or limited liability company. In multitiered situations, the adjustment for
24 such individual shall be determined by allocating such income between the
25 shareholders, partners, or members at each tier based upon their profit/loss percentage."

