

House Bill 1160 (AS PASSED HOUSE AND SENATE)

By: Representatives Knight of the 126<sup>th</sup>, Tumlin of the 38<sup>th</sup>, Mosby of the 90<sup>th</sup>, and O'Neal of the 146<sup>th</sup>

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."

