

House Bill 447

By: Representative O`Neal of the 146th

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 clarify state conformity with the federal treatment of dividends received
3 from real estate investment trusts and regulated investment companies; to provide for an
4 addition to federal taxable income for any amount deducted to the extent it is attributable to
5 a dividend received directly or indirectly from a real estate investment trust or a regulated
6 investment company; to provide an effective date; to provide for applicability; to repeal
7 conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:.

9 style="text-align:center">**SECTION 1.**

10 Title 48 of the Official Code of Georgia Annotated, relating to revenue and taxation, is
11 amended by revising paragraph (8) and adding a new paragraph (15) of subsection (b) of
12 Code Section 48-7-21, relating to taxation of corporations, as follows:

13 "(8) There shall be subtracted from taxable income dividends received by:

14 (A) A corporation from sources outside the United States as defined in the Internal
15 Revenue Code of 1986. For purposes of this subparagraph, dividends received by a
16 corporation from sources outside of the United States shall include amounts treated as
17 a dividend and income deemed to have been received under provisions of the Internal
18 Revenue Code of 1986 by such corporation if such amounts could have been subtracted
19 from taxable income under this paragraph, had such amounts actually been received.
20 Amounts to be subtracted under this subparagraph shall include the following, as
21 defined by the Internal Revenue Code of 1986:

22 (i) Qualified electing fund income;

23 (ii) Subpart F income; and

24 (iii) Income attributable to an increase in United States property by a controlled
25 foreign corporation.

1 The amount subtracted under this subparagraph shall be reduced by any expenses directly
2 attributable to the dividend income; and

3 (B) Corporations from affiliated corporations within the United States, when the
4 corporation receiving the dividends is engaged in business in this state and is subject
5 to the payment of taxes under the income tax laws of this state, to the extent that the
6 dividends have been included in net income under this Code section. Dividends from
7 affiliates shall be reduced by any expenses directly attributable to the dividend income.

8 Dividends received directly or indirectly from a real estate investment trust, as defined
9 and provided for in Sections 856 through 859 of the Internal Revenue Code of 1986,
10 or from a regulated investment company, as defined and provided for in Sections 851
11 through 855 of the Internal Revenue Code of 1986, shall not be included as part of any
12 dividends received as a deduction otherwise available under this Code section."

13 "(15) There shall be added to taxable income any amount deducted in arriving at federal
14 taxable income under the Internal Revenue Code of 1986 to the extent such deduction is
15 attributable to a dividend received directly or indirectly from a real estate investment trust
16 as defined and provided for in Sections 856 through 859 of the Internal Revenue Code
17 of 1986, or from a regulated investment company, as defined and provided for in Sections
18 851 through 855 of the Internal Revenue Code of 1986."

19 SECTION 2.

20 This Act shall become effective upon its approval by the Governor or upon its becoming law
21 without such approval and shall be applicable to all taxable years beginning on or after
22 January 1, 2007.

23 SECTION 3.

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