

House Bill 134

By: Representatives Smith of the 134<sup>th</sup> and Parsons of the 44<sup>th</sup>

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,  
2 relating to imposition, rate, and computation of income taxes, so as to provide that net capital  
3 gains shall be excluded from state taxable income of corporations and individuals; to provide  
4 for related matters; to provide for an effective date and applicability; to repeal conflicting  
5 laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to  
9 imposition, rate, and computation of income taxes, is amended in Code Section 48-7-21,  
10 relating to taxation of corporations, by adding at the end of subsection (b) a new paragraph  
11 (17) to read as follows:

12 "(17)(A) For taxable years beginning on or after January 1, 2014, the total net amount  
13 of capital gains subject to federal income taxation shall be subject to Georgia income  
14 taxation at the rate of 4.5 percent;

15 (B) For taxable years beginning on or after January 1, 2015, the total net amount of  
16 capital gains subject to federal income taxation shall be subject to Georgia income  
17 taxation at the rate of 3.0 percent;

18 (C) For taxable years beginning on or after January 1, 2016, the total net amount of  
19 capital gains subject to federal income taxation shall be subject to Georgia income  
20 taxation at the rate of 1.5 percent; and

21 (D) For taxable years beginning on or after January 1, 2017, the total net amount of  
22 capital gains subject to federal income taxation shall not be subject to Georgia income  
23 taxation."

24 **SECTION 2.**

25 Said article is further amended in subsection (a) of Code Section 48-7-27, relating to  
26 computation of taxable net income of individuals, by deleting "and" at the end of paragraph  
27 (14); replacing the period at the end of paragraph (15) with "; and"; and adding a new  
28 paragraph (16) to read as follows:

29 "(16)(A) For taxable years beginning on or after January 1, 2014, the total net amount  
30 of capital gains subject to federal income taxation shall be subject to Georgia income  
31 taxation at the rate of 4.5 percent;

32 (B) For taxable years beginning on or after January 1, 2015, the total net amount of  
33 capital gains subject to federal income taxation shall be subject to Georgia income  
34 taxation at the rate of 3.0 percent;

35 (C) For taxable years beginning on or after January 1, 2016, the total net amount of  
36 capital gains subject to federal income taxation shall be subject to Georgia income  
37 taxation at the rate of 1.5 percent; and

38 (D) For taxable years beginning on or after January 1, 2017, the total net amount of  
39 capital gains subject to federal income taxation shall not be subject to Georgia income  
40 taxation."

41 **SECTION 3.**

42 This Act shall become effective on July 1, 2013, and shall apply to taxable years beginning  
43 on or after January 1, 2014.

44 **SECTION 4.**

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