

The Senate Committee on Finance offered the following substitute to HB 463:

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 the imposition, rate, computation, exemptions, and credits relative to income  
3 taxes, so as to reduce the personal income tax rate; to revise provisions relative to annual  
4 reductions of the income tax; to reduce the rates of taxation on corporate and partnership  
5 income; to increase the amount of the standard deduction from state taxable income for  
6 individuals; to provide for related matters; to provide for an effective date and applicability;  
7 to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the  
11 imposition, rate, computation, exemptions, and credits relative to income taxes, is amended  
12 by revising subsection (a.1) of Code Section 48-7-20, relating to individual tax rates, credit  
13 for withholding and other payments, and applicability to estates and trusts, as follows:

14 "(a.1)(1) ~~On and after January 1, 2025, the~~ The tax imposed pursuant to subsection (a)  
15 of this Code section shall be ~~5.19 percent for taxable years beginning on or after January~~  
16 ~~1, 2025; provided, however, that such rate shall be reduced by 0.10 percent annually~~

17 ~~beginning on January 1, 2026, until the rate reaches 4.99 percent, provided that such~~  
 18 ~~annual reductions in the tax rate shall be subject to delays as provided in paragraph (2)~~  
 19 ~~of this subsection as follows:~~

20 (A) For the taxable year beginning on January 1, 2026, 4.99 percent;

21 (B) For the taxable year beginning on January 1, 2027, 4.49 percent; and

22 (C) For taxable years beginning on or after January 1, 2028, 3.99 percent,

23 provided that such annual reductions in the tax rate shall be subject to delays as provided  
 24 in paragraph (2) of this subsection.

25 (2) Each prospective annual reduction in the tax rate that would otherwise occur as  
 26 provided in paragraph (1) of this subsection shall be delayed by one year for each year  
 27 that any of the following are true as of December 1:

28 (A) The Governor's revenue estimate for the succeeding fiscal year is not at least ~~3~~ 1  
 29 percent above the Governor's revenue estimate for the present fiscal year;

30 (B) The prior fiscal year's net revenue collection was not higher than each of the  
 31 preceding three fiscal years' net tax revenue collection; or

32 (C) The Revenue Shortfall Reserve provided for in Code Section 45-12-93 does not  
 33 contain a sum that exceeds the amount of the decrease in state revenue projected to  
 34 occur as a result of the prospective reduction in the tax rates set to occur the following  
 35 year.

36 (3) The Office of Planning and Budget shall make the determinations necessary to  
 37 implement the provisions of paragraph (2) of this subsection and shall report its  
 38 determinations by December 1 of each year to the department, the Speaker of the House  
 39 of Representatives, the President of the Senate, and the chairpersons of the House  
 40 Appropriations Committee, the House Ways and Means Committee, the Senate  
 41 Appropriations Committee, and the Senate Finance Committee. This paragraph shall not  
 42 be applicable after the ~~final~~ reduction to the rate of ~~4.99~~ 3.99 percent occurs."

43

**SECTION 2.**

44 Said article is further amended by revising subsection (a) and division (b)(7)(C)(ii) of Code  
45 Section 48-7-21, relating to taxation of corporations, as follows:

46 "(a) Every domestic corporation and every foreign corporation shall pay annually an  
47 income tax ~~on equivalent to 4.99 percent of~~ its Georgia taxable net income ~~at the same rate~~  
48 ~~of the tax imposed on individuals under subsection (a.1) of Code Section 48-7-20 for the~~  
49 ~~corresponding taxable year.~~ Georgia taxable net income of a corporation shall be the  
50 corporation's taxable income from property owned or from business done in this state. A  
51 corporation's taxable income from property owned or from business done in this state shall  
52 consist of the corporation's taxable income as defined in the Internal Revenue Code  
53 of 1986, with the adjustments provided for in subsection (b) of this Code section and  
54 allocated and apportioned as provided in Code Section 48-7-31."

55 "(ii) Notwithstanding the provisions of subparagraph (B) of this paragraph, an  
56 electing Subchapter 'S' corporation, with respect to a taxable period, shall pay an  
57 income tax ~~on equivalent to 4.99 percent of~~ its net income ~~at the same rate of the tax~~  
58 ~~imposed on individuals under subsection (a.1) of Code Section 48-7-20 for the~~  
59 ~~corresponding taxable year~~ as computed pursuant to this Code section, and allocated  
60 and apportioned pursuant to Code Section 48-7-31, for such taxable period, and such  
61 shareholders shall not recognize their respective share of the portion of income on  
62 which tax was actually paid pursuant to this subparagraph."

63

**SECTION 3.**

64 Said article is further amended by revising paragraph (3) of subsection (b) of Code  
65 Section 48-7-23, relating to taxation of partnerships, computation of net income,  
66 disallowance of charitable contributions, individual liability of partners, individual returns  
67 of distributive shares, taxable years, and elections, as follows:

68 "(3) Notwithstanding subsection (a) of this Code section, an electing partnership with  
69 respect to a taxable period shall pay an income tax ~~on~~ equivalent to 4.99 percent of its net  
70 ~~income at the same rate of the tax imposed on individuals under subsection (a.1) of Code~~  
71 ~~Section 48-7-20 for the corresponding taxable year~~ as computed pursuant to this Code  
72 ~~Section~~ section, and allocated and apportioned pursuant to Code Section 48-7-31, for  
73 such taxable period, and such partners shall not recognize their respective share of the  
74 portion of income on which tax was actually paid pursuant to this subsection."

75 **SECTION 4.**

76 Said article is further amended by revising the introductory language and paragraph (1) of  
77 subsection (a) of Code Section 48-7-27, relating to computation of taxable net income, as  
78 follows:

79 "(a) Georgia taxable net income of an individual shall be the taxpayer's federal adjusted  
80 gross income, as defined in the ~~United States~~ Internal Revenue Code of 1986, less:

81 (1) At the taxpayer's election, either:

82 (A) The sum of all itemized nonbusiness deductions used in computing such taxpayer's  
83 federal taxable income; or

84 (B) A standard deduction in an amount as follows:

85 (i) In the case of a married couple filing a joint return, ~~\$24,000.00~~ \$32,000.00; or

86 (ii) In the case of a single taxpayer, head of household, or married taxpayer filing a  
87 separate return, ~~\$12,000.00~~ \$16,000.00;"

88 **SECTION 5.**

89 This Act shall become effective on July 1, 2026, and shall be applicable to all taxable years  
90 beginning on or after January 1, 2026.

91

**SECTION 6.**

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