

House Bill 1416

By: Representatives Horner of the 3rd, Ridley of the 22nd, Ridley of the 6th, Persinger of the 119th, and Barrett of the 24th

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 for state income tax,
3 so as to exclude tips from taxation; to provide for reporting by employers; to provide for a
4 definition; to provide for related matters; to provide for an effective date and applicability;
5 to repeal conflicting 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 the
9 imposition, rate, computation, exemptions, and credits for state income tax, is amended in
10 subsection (a) of Code Section 48-7-27, relating to the computation of taxable net income,
11 by deleting "and" at the end of paragraph (14), by replacing the period at the end of
12 paragraph (15) with "; and", and by adding a new paragraph to read as follows:

13 "(16)(A) All tips received by an employee, provided that such income is included in
14 the taxpayer's federal adjusted gross income and, but for this paragraph, would be
15 subject to taxation by this state.

16 (B) Each employer shall submit to the department, on forms prescribed by the
17 department, the following:

18 (i) For the tax year beginning on January 1, 2026, the total amount of tips received
19 by any employee who received tips during the tax year. Such data shall be due no
20 later than January 31, 2027;

21 (ii) For the tax year beginning on January 1, 2027, and each tax year thereafter, the
22 total amount of tips received by any employee who received tips during the tax year.
23 Such data shall be provided monthly or quarterly and shall be due no later than the
24 due date for the corresponding monthly or quarterly withholding tax returns; and

25 (iii) Such additional information as may be required by the commissioner to
26 effectuate this paragraph.

27 (C) As used in this paragraph, the term 'tips' means and includes cash tips received
28 directly from customers; tips from customers who leave a tip through electronic
29 settlement or payment, such as a credit card, debit card, gift card, or any other
30 electronic payment method; the value of any noncash tips, such as tickets or other items
31 of value; and tip amounts received from other employees paid out through tip pools, tip
32 splitting, or any other formal or informal tip-sharing arrangement. Such term shall not
33 include service charges that customers must pay, such as automatic gratuities."

34 **SECTION 2.**

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

37 **SECTION 3.**

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