

The Senate Committee on Finance offered the following substitute to HB 229:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to  
2 income taxes, so as to exclude tips and overtime compensation from taxation; to provide for  
3 reporting by employers; to provide for rules and regulations; to provide for related matters;  
4 to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to income taxes,  
8 is amended in subsection (a) of Code Section 48-7-27, relating to computation of taxable net  
9 income, by striking "and" at the end of paragraph (14), by replacing the period with a  
10 semicolon at the end of paragraph (15), and by adding new paragraphs to read as follows:

11 "(16)(A) For all taxable years beginning on or after January 1, 2026, and ending on  
12 December 31, 2028, any amount of qualified overtime compensation, as such term is  
13 defined in Section 225 of the Internal Revenue Code, received by a full-time employee  
14 paid by an hourly wage up to:

15 (i) In the case of a married couple filing a joint return, \$25,000.00; or

16 (ii) In the case of a single taxpayer, head of household, or married taxpayer filing a  
17 separate return, \$12,500.00.

18 (B) Notwithstanding subparagraph (A) of this paragraph, for employers governed by  
19 the federal National Railway Labor Act, the exemption provided in this paragraph shall  
20 apply to hourly component overtime compensation as defined in applicable collective  
21 bargaining agreements.

22 (C) The amount allowable as a deduction under subparagraph (A) or (B) of this  
23 paragraph shall be reduced, but not below zero, by \$100.00 for each \$1,000.00 by  
24 which a taxpayer's federal adjusted gross income increased by any amounts deducted  
25 under Sections 911, 931, or 933 of the Internal Revenue Code, exceeds:

26 (i) In the case of a married couple filing a joint return, \$300,000.00; or

27 (ii) In the case of a single taxpayer, head of household, or married taxpayer filing a  
28 separate return, \$150,000.00.

29 (D) For each tax year beginning on or after January 1, 2026, and ending on  
30 December 31, 2028, each employer shall submit to the department, on forms prescribed  
31 by the department, the total amount of qualified overtime compensation received by  
32 full-time employees paid by an hourly wage and the total number of employees to  
33 which such compensation was paid. The data shall be provided monthly or quarterly  
34 and shall be due no later than the due date for the corresponding monthly or quarterly  
35 withholding tax returns, except that such data may be provided at the end of the year  
36 for the 2026 tax year.

37 (E) The department may require additional information of employers and shall be  
38 authorized to adopt rules and regulations to provide for the administration of this  
39 paragraph.

40 (F) This paragraph shall stand repealed and reserved on December 31, 2028; and

41 (17)(A) For all taxable years beginning on or after January 1, 2026, any amount up  
42 to \$25,000.00 received in cash tips.

43 (B) The amount allowable as a deduction under subparagraph (A) of this paragraph  
44 shall be reduced, but not below zero, by \$100.00 for each \$1,000.00 by which a  
45 taxpayer's federal adjusted gross income increased by any amounts deducted under  
46 Sections 911, 931, or 933 of the Internal Revenue Code, exceeds:

- 47 (i) In the case of a married couple filing a joint return, \$300,000.00; or  
48 (ii) In the case of a single taxpayer, head of household, or married taxpayer filing a  
49 separate return, \$150,000.00.

50 (C) For each tax year beginning on or after January 1, 2026, each employer shall  
51 submit to the department, on forms prescribed by the department, the total amount  
52 received by employees in cash tips and the total number of employees to which such  
53 compensation was paid. The data shall be provided monthly or quarterly and shall be  
54 due no later than the due date for the corresponding monthly or quarterly withholding  
55 tax returns, except that such data may be provided at the end of the year for the 2026  
56 tax year.

57 (D) The department may require additional information of employers and shall be  
58 authorized to adopt rules and regulations to provide for the administration of this  
59 paragraph.

60 (E) As used in this paragraph, the term:

61 (i) 'Cash tips' means cash received by an individual in an occupation that customarily  
62 and regularly receives tips, including tips received from customers that are paid in  
63 cash or charged and, in the case of an employee, tips received under any tip-sharing  
64 arrangement, but only if such amount is paid voluntarily without any consequence in  
65 the event of nonpayment, is not the subject of negotiation, and is determined by the  
66 payor.

67 (ii) 'Occupation that customarily and regularly receives tips' means any occupation  
68 which has been designated as such and given a Treasury Tipped Occupation Code as  
69 set forth in the Federal Register by the secretary of the treasury of the United States.

