

Annual Election to Pay Passthrough Entity's Georgia Tax Liability at the Entity Level Pursuant to HB 149
Illustration of Tax Consequences

	Scenario 1 (Election made pursuant to Georgia HB 149)	Scenario 2 (Election NOT made pursuant to Georgia HB 149)
	Company ABC ₁	Company ABC ₁
Georgia Taxable Income	1,000,000	1,000,000
Georgia Tax Rate	5.75%	5.75%
Georgia Tax	57,500	57,500
Federal Taxable Income (Before Georgia Tax)	1,000,000	1,000,000
LESS: Georgia State Tax Deduction ₂	(57,500)	-
Federal Taxable Income (Post Georgia Tax)	942,500	1,000,000
Federal Tax Rate ₃	37%	37%
Federal Tax	348,725	370,000
<u>Total Cash Outflow</u>		
Georgia Tax - Paid By Company ABC via Contribution to Georgia HEART ₄	43,125	-
Georgia Tax - Paid by Company ABC ₄	14,375	
Georgia Tax - Paid by Shareholder(s) ₅	-	57,500
Federal Tax - Paid by Shareholder(s)	348,725	370,000
Total	406,225	427,500
Net Cash Savings by Making Election to Pay Georgia Tax at Entity Level	21,275	

₁ Company ABC is a Subchapter S Corporation (a partnership is also eligible to make the election).

₂ Assumes that the shareholder(s) of Company ABC under Scenario 2 has already met the federal \$10,000 maximum deduction for state and local taxes (SALT Cap). The Georgia tax paid at the entity level is fully deductible at arriving at the passthrough entity's federal taxable income.

₃ Assumes the highest current federal tax rate.

₄ A passthrough entity that elects to pay GA tax at the entity level may also elect to contribute to Georgia HEART and receive a dollar for dollar credit up to 75% of its GA income tax liability.

₅ With the election the shareholder(s) or partner(s) does not pay Georgia tax on their allocable share of the passthrough entity's taxable income.