



Reduced
Federal
Taxes

GEORGIA HEART
HOSPITAL PROGRAM
Helping Enhance Access to Rural Treatment



Larger
Georgia
Tax
Credit

Benefit Meets Opportunity:

There is a brand-new benefit for pass-through businesses, allowing a SALT (state & local income tax) limit workaround, coupled with a more generous HEART tax credit opportunity during the first six months of the year, per Georgia HB 149.

Pass-through businesses may elect to pay state income tax at the entity level and may contribute to eligible rural hospitals through the HEART program at the same generous limits as C corporations (effective in 2022). This allows for a much more generous HEART tax credit opportunity in the first half of the year, as the previous limit for that timeframe was \$10,000.

Federal Action:

Through [IRS Notice 2020-75](#), issued on November 9, 2020, the IRS has allowed for a “SALT Workaround” for pass-through entities paying state income tax. In other words, the IRS will allow for state and local income taxes imposed on and paid by a pass-through entity with respect to its income to be taken as a deduction by the pass-through entity in computing its taxable income or loss for the year. These taxes are not subject to the SALT limitation for partners and shareholders who itemize deductions.

Georgia Action:

[HB 149](#), which the Georgia General Assembly passed during its 2021 legislative session, represents Georgia’s response to this IRS Notice, and provides that pass-through entities may make an annual election to pay the tax due on income earned by the entity *at the entity level* at the rate of 5.75%.

HEART Impact:

HB 149 specifically provides that the electing entity shall be eligible for the Georgia HEART credit and will be treated as an “other entity” **that is eligible for a credit in an amount up to 75% of the entity’s Georgia income tax liability.** Additionally, the electing pass-through entity will not be required to claim any business purpose for the payment besides satisfying the entity’s Georgia tax liability.

We recommend that you consult with your tax professional about this tax planning opportunity, as Georgia HEART does not provide tax advice.

For more information, visit
www.georgiaheart.org.

Your
HEART
is in the right place 