

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

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

<sup>2</sup> 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.

<sup>3</sup> Assumes the highest current federal tax rate.

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

<sup>5</sup> 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.