

Income/Franchise:

Georgia: New Law Generally Updates State Conformity to Internal Revenue Code

H.B. 7EX, signed by gov. 12/8/21. Effective immediately, and applicable for taxable years beginning on or after January 1, 2021, new law generally updates Georgia's corporate and individual income tax conformity to the Internal Revenue Code (IRC) of 1986 provided for in federal law enacted on or before March 11, 2021 (previously, January 1, 2021) [see *H.B. 265 (2021)* for details on legislation enacted earlier this year that also updated state conformity to the IRC], thereby generally adopting certain provisions of the federal American Rescue Plan Act (ARPA) as they relate to the computation of federal adjusted gross income or federal taxable income for corporations that were enacted on or before March 11, 2021. However, under the new state law, all provisions in ARPA that "change or affect in any manner Section 461(l) shall be treated as if they were not in effect."

URL: <https://www.legis.ga.gov/legislation/60918>

URL: <https://www.legis.ga.gov/legislation/59265>

Subsequently issued guidance from the Georgia Department of Revenue, *Income Tax Federal Tax Changes (12/13/21)*, explains the impact of this law change and Georgia's IRC coupling and decoupling provisions generally. Note that Georgia continues to decouple from delineated provisions of the IRC, including certain provisions under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (*i.e.*, P.L. 116-136) [see *H.B. 265 (2021)* and *H.B. 846 (2020)* for more details on CARES Act coupling and decoupling provisions] and the federal Tax Cuts and Jobs Act (TCJA) of 2017 (*i.e.*, P.L. 115-97) [see *H.B. 918 (2018)* and previously issued Multistate Tax Alert; and *S.B. 328 (2018)* and previously issued Multistate Tax Alert for more details on TCJA coupling and decoupling]. Please contact us with any questions.

URL: <https://dor.georgia.gov/rules-policies/income-tax/income-tax-federal-tax-changes>

URL: <https://www.legis.ga.gov/legislation/59265>

URL: <http://www.legis.ga.gov/legislation/en-US/Display/20192020/HB/846>

URL: <http://www.legis.ga.gov/Legislation/en-US/display/20172018/HB/918>

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/ga-hb-918-enacted-includes-irc-conformity-amendment-and-income-tax-rate-reductions.html>

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/ga-hb-918-enacted-includes-irc-conformity-amendment-and-income-tax-rate-reductions.html?id=us:2em:3na:stm:awa:tax:121721&sfid=7015Y000003WdDOQA0>

URL: <http://www.legis.ga.gov/legislation/en-US/Display/20172018/SB/328>

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/georgia-sb-328-enacted-provides-for-full-subtraction-of-gilti-income.html?id=us:2em:3na:stm:awa:tax:121721&sfid=7015Y000003WdDOQA0>

— John Paek (Atlanta)
Principal
Deloitte Tax LLP
jpaek@deloitte.com

Joe Garrett (Birmingham)
Managing Director
Deloitte Tax LLP
jogarrett@deloitte.com

Kent Clay (Charlotte)
Managing Director
Deloitte Tax LLP
kclay@deloitte.com

Cari Sorsa (Atlanta)
Senior Manager
Deloitte Tax LLP
csorsa@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.