



MULTISTATE INCOME/FRANCHISE TAX

## Georgia enacts changes to pass-through entity tax Tax Alert

### Overview

On May 2, 2023, Georgia [House Bill 412](#) (H.B. 412) was enacted into law, which includes certain amendments to Georgia's elective pass-through entity tax ("PTET"). This Tax Alert summarizes some of the provisions of H.B. 412.

### H.B. 412

H.B. 412 makes the following changes to Georgia's elective PTET, effective for taxable years beginning on and after January 1, 2023:

- Eliminates the limitation on the types of partnerships that may elect to pay income tax at the entity level. Specifically repeals the requirement that the election only applies to a partnership that is 100% directly owned by and controlled by persons eligible to be shareholders of an S corporation under section 1361 of the Internal Revenue Code.

For more information on the Georgia PTET election, please see our previous [Tax Alert](#).

### Considerations

This Georgia legislation makes many additional pass-through entities eligible to make the PTET election - including those with corporate and pass-through partners. While the focus of the PTET election is the potential federal income tax benefit of a full unlimited deduction of the state income tax attributable to pass through income, opening the PTET election to entities with corporate and pass-through partners may present additional state specific benefits and opportunities including reduced partner filing obligations and apportionment at the pass through, rather than partner, level.

## Get in touch

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Have a question relating to this or any other pass-through entity tax regime? Reach out to one of our national multistate pass-through entity tax specialists.

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