

**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 <b>NOT</b> made pursuant to Georgia HB 149)
	Company ABC <sub>1</sub>	Company ABC <sub>1</sub>
Georgia Taxable Income	1,000,000	1,000,000
Georgia Tax Rate	5.29%	5.29%
Georgia Tax	52,900	52,900
Federal Taxable Income (Before Georgia Tax)	1,000,000	1,000,000
LESS: Georgia State Tax Deduction <sub>2</sub>	(52,900)	-
Federal Taxable Income (Post Georgia Tax)	947,100	1,000,000
Federal Tax Rate <sub>3</sub>	37%	37%
Federal Tax	350,427	370,000
<b>Total Cash Outflow</b>		
Georgia Tax - Paid By Company ABC via Contribution to Georgia HEART <sub>4</sub>	39,675	-
Georgia Tax - Paid by Company ABC <sub>4</sub>	13,225	
Georgia Tax - Paid by Shareholder(s) <sub>5</sub>	-	52,900
Federal Tax - Paid by Shareholder(s)	350,427	370,000
Total	403,327	422,900
<b>Net Cash Savings by Making Election to Pay Georgia Tax at Entity Level</b>	<b>19,573</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 HEART 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.