GeorgiaSSO

Business Contributions

APRIL 2022- GEORGIA HOUSE BILL 517 PASSED ALLOWING BUSINESS OWNERS TO INCREASE CONTRIBUTIONS

LLCs, Partnerships and all S- Corps can now increase their contribution to $25,000 for the GeorgiaSSO Scholarship Program with NEW Legislation.

Pass-through businesses may elect to pay state income tax at the "entity" level and may contribute to GeorgiaSSO Scholarship Program at the same limit as C- Corporations – 75% of the entity's GA Income Tax Liability (beginning in pledge year 2023)

State Level: The Georgia General Assembly passed HB 149 during its 2021 legislative session. **HB 149** legislation allows the pass-through business to be classified as an "Other Entity" and allows that entity to be eligible for a credit amount up to 75% of the "entity's" Georgia Income Tax Liability. There is no qualifying condition necessary for the entity to contribute to the GeorgiaSSO Scholarship Program.

Federal Level: 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. Meaning, 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.)

This 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%.

This information is provided by GeorgiaSSO to assist with knowledge of recent tax changes and does not constitute tax advice. GeorgiaSSO recommends that you consult with your designated tax or accounting representative to determine eligibility for this program.

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