



Federal vs. Georgia

How different will your two tax returns be thanks to the Tax Cuts and Jobs Act?

By Toni Schwahn, CPA, CFE

In December 2017 Congress passed one of the most comprehensive tax reform packages with the Tax Cuts and Jobs Act (TCJA). As much as we would like to think that our federal tax laws are also applicable to our states, nothing could be further from the truth. States choose which federal tax laws that they will adopt and which ones they won't.

On March 2, 2018 House Bill 918 was signed into law. This Bill incorporates some of the changes from TCJA but not all of them. Below are some of the key areas where Georgia does not conform to the new Internal Revenue Code.

1. Georgia will conform to the amounts of the Section 179 deduction, but it does not conform to all property types that are eligible for the Section 179 deduction. For instance, Georgia has not adopted the Section 179 deduction for certain qualified real property.
2. Georgia does not allow the 20% qualified business income deduction (IRC Section 199A)
3. Georgia does not allow bonus depreciation under IRC Section 168K.
4. Even though federal law has done away with personal exemptions, Georgia still allows them (ranging between \$2,700 and \$3,700). Georgia taxpayer's will still need to claim the same type of deduction that they claim on their federal return (itemized deductions or standard deduction) but they will get to include the personal exemption for each member of their household.

As with any new tax law change, we have yet to determine how the Georgia Dept. of Revenue will interpret House Bill 918. There are no regulations yet to support much of the new tax law so it will be very important that you seek professional advice from your CPA.

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