



Georgia Tax Overview

Statewide Taxes

Corporate Income Taxes

The Georgia corporate income tax rate became 5.75% on January 1, 2019; this is a reduction from the 6.0% rate the state had for decades prior.

Georgia has single factor apportionment, which means the 5.75% is applied only to the percentage of a company's federal taxable income adjusted for Georgia that equals the percentage of the company's total sales that are made to customers located in Georgia.

Georgia has no throwback rule, so companies are not required to pay taxes to Georgia on income that is not taxed elsewhere. Georgia also has favorable treatment of net operating losses, which can be carried forward indefinitely, and may offset up to 80% of taxable income in a tax year.

Georgia Tax Credits

Georgia offers competitive tax credits for job creation, increased port activity, and qualifying Research & Development (R&D) expenditures to new and existing companies. In some circumstances tax credits can be applied to state payroll withholding after state corporate income tax liability is exhausted. Credits applied to withholding are effectively cash to the company, without any restrictions on its use or reporting requirements outside of the tax filing requirements of the state. To learn more about these and other tax credits that Georgia offers, view the [Georgia Department of Economic Development incentives website](#).

Net Worth/Franchise Taxes

Georgia's net worth tax (sometimes referred to as a franchise tax) is graduated, based on the taxable net worth of the corporation. The tax due for corporations having \$100,00 to \$150,000 in taxable net worth is \$125; for those with a taxable net worth of \$22 million or more, the maximum tax is \$5,000 per tax year.

Sales and Use Taxes

Sales and use tax rates in Georgia range from 6% to 8% (except in the City of Atlanta, where the sales and use tax rate is 8.9%). Four percent of that 6% to 8.9% total is dedicated to state revenue, and the remaining 2% to 4.9% is dedicated to local revenue. The local portion often includes Local Option Sales and Use Taxes (LOST) passed by local voters to invest in education, transportation infrastructure, or





other special purposes. The [sales and use tax rates for each county are published on the Georgia Department of Revenue \(DOR\) website](#).

Exemptions

Georgia offers a full sales and use tax exemption to manufacturers for purchases of a wide range of machinery, equipment, materials, and related supplies involved in the manufacturing process ([view the full list of sales and use tax exemptions available in Georgia](#)). The state also offers a sales and use tax exemption on energy that is used in the manufacturing process, with the exception of the percentage dedicated to education (1% in nearly all counties). The percentage of sales and use tax rates dedicated to education in each county is published on the DOR website (see [the sales and use tax on energy for Georgia manufacturers](#)). As enabled by state law, some counties and municipalities have chosen to pass a local excise tax to replace the exempted local portion of the sales and use tax on energy used in manufacturing.

Payroll and Related Taxes

Upon being hired, employees inform their employers how much to withhold from each paycheck based on estimated personal Georgia income taxes they will owe. The company must send the total value of all their employees' withholding to Georgia's Department of Revenue each quarter, month, or pay period, depending on the size of the company.

Georgia's employers also pay unemployment insurance and workers compensation insurance for their employees.

Unemployment Insurance – Unemployment insurance is a dual program of federal and state law. Under this joint program, employers pay the cost of providing unemployment insurance benefits to their employees. Employers pay unemployment insurance taxes at a specified rate each quarter. In Georgia, the initial rate for a new company is 2.6% of each employee's first \$9,500 in earnings each year. After 36 months, a new rate is developed based on the company's employment history. The rate increases for those companies that terminate the employment (by firing or layoffs) of a high number of employees, and it decreases for companies with steady employment records. The timeliness of filing reports and paying taxes, and Georgia's unemployment insurance reserve balance also affect the experience rating. In 2018, the statewide average experience rate was 1.44% on taxable wages. There is also a 0.08% administrative assessment.

Workers Compensation – Every U.S. state has a law requiring employers obtain workforce compensation insurance for their employees; the specific requirements vary from state to state. In Georgia, any employer of three or more people must obtain this insurance to provide medical and disability benefits





to employees for injuries that they receive on the job. In return, the employer is shielded from tort liability for these injuries.

The employers' cost for workers compensation insurance is largely based on the risk levels associated with the industry of the company. To obtain a policy, often companies will contact an insurance agency that represents a company licensed to write workers' compensation insurance in Georgia.

Names of these licensed companies and their average rates and minimum premiums are reported, by industry, on [Georgia's Office of Insurance and Safety Fire Commissioner website](#).

More information

The Georgia Department of Labor publishes an [Employer Handbook](#) with more information on payroll withholding, unemployment insurance tax, workers compensation insurance, and other regulations for employers in Georgia.

Personal Income Tax

Georgia's personal income tax rates have 6 brackets, with the highest rate of 5.75% applicable to income of \$7,000 or more. The 2018 law that lowered the top rate from 6% to 5.75% also doubled the standard deduction for all filing statuses.

The 2018 law included a provision that as early as January 2020, the personal income tax rate for the top bracket may further decrease to 5.5%, if passed by both houses of the Georgia General Assembly and signed into law by the Governor.

Local Taxes

Property Taxes

There is no state tax on property, only local tax assessed by counties and municipalities. A tax rate of one mill represents a tax liability of one dollar per \$1,000 of assessed value. In most Georgia communities, real and personal property is assessed at 40 percent of fair market value. The [Georgia Department of Revenue publishes county and city millage rates](#). Please note that millage rates can change from year to year.

Determining property taxes for residential property can be more complicated because of homestead exemptions (for homeowners), as well as other exemptions related to the age and income of the homeowner.





Exemptions for Property Tax on Inventory

Many Georgia counties and cities have passed 100% property tax exemption on inventory – referred to as Freeport Tax Exemption – for three defined classes of inventory. (The counties and cities may choose to exempt 20%, 40%, 60%, or 80% of the property tax on inventory instead of 100%.) Some of these jurisdictions have also passed 100% property tax exemption on Georgia’s most recently defined fourth class of inventory (goods held in e-commerce fulfillment centers).

- Class 1 - Raw materials and goods in process of manufacture
- Class 2 - Finished goods produced in Georgia within the last 12 months
- Class 3 - Finished goods stored in a Georgia warehouse, dock, or wharf within the last 12 months and destined for shipment out-of-state
- Class 4 – Finished goods stored in a Georgia e-commerce fulfillment center on January 1 destined to internet, phone or other remote purchasers, for no more than 12 months

In order to receive Freeport Tax Exemption, companies must file an application for Freeport Inventory Tax Exemption with the county’s Board of Tax Assessors each year by March 1st or April 1st, depending on the county.

Freeport Tax Exemption is described further on the [DOR’s Freeport Exemption website](#). To confirm if the county or city under consideration has passed the above classes of Freeport, and at what percentage, information can be found by [contacting the local tax assessor’s office](#).

Gross Receipts Tax/Business License Fee

Counties and cities in Georgia may have what is referred to as a gross receipts tax or business license fee. Typically, these fees are based on total reported gross receipts and the number of employees at the business location, and the rate can also vary dependent on the primary type of product or service sold. For more information on these and other taxes and fees that may be levied by a county or city, [contact that city or county directly](#).

Additional Tax Information

For more information on taxes in Georgia, visit the [Georgia Department of Revenue](#), [the county or city of interest](#), or review Georgia State University’s Fiscal Research Center annual publication on [Georgia’s Taxes: A Summary of Major State and Local Government Taxes](#).

