

Senate Bill 2

By: Senators Dolezal of the 27th, Beach of the 21st, Robertson of the 29th, Gooch of the 51st, Anavitarte of the 31st and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated,  
2 relating to the imposition, rate, computation, exemptions, and credits for state income tax,  
3 so as to exclude tips from taxation; to provide for reporting by employers; to provide for a  
4 definition; to provide for related matters; to provide for an effective date and applicability;  
5 to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Article 2 of Chapter 7 of Title 48 of the Official Code of Georgia Annotated, relating to the  
9 imposition, rate, computation, exemptions, and credits for state income tax, is amended in  
10 subsection (a) of Code Section 48-7-27, relating to the computation of taxable net income,  
11 by deleting "and" at the end of paragraph (14), by replacing the period at the end of  
12 paragraph (15) with "; and", and by adding a new paragraph to read as follows:

13 "(16)(A) All tips received by an employee, provided that such income is included in  
14 the taxpayer's federal adjusted gross income and, but for this paragraph, would be  
15 subject to taxation by this state.

16 (B) Each employer shall submit to the department, on forms prescribed by the  
17 department, the following:

18 (i) For the tax year beginning on January 1, 2025, the total amount of tips received  
19 by any employee who received tips during the tax year. Such data shall be due no  
20 later than January 31, 2026;

21 (ii) For the tax year beginning on January 1, 2026, and each tax year thereafter, the  
22 total amount of tips received by any employee who received tips during the tax year.  
23 Such data shall be provided monthly or quarterly and shall be due no later than the  
24 due date for the corresponding monthly or quarterly withholding tax returns; and

25 (iii) Such additional information as may be required by the commissioner to  
26 effectuate this paragraph.

27 (C) As used in this paragraph, the term 'tips' means and includes cash tips received  
28 directly from customers; tips from customers who leave a tip through electronic  
29 settlement or payment, such as a credit card, debit card, gift card, or any other  
30 electronic payment method; the value of any noncash tips, such as tickets or other items  
31 of value; and tip amounts received from other employees paid out through tip pools, tip  
32 splitting, or any other formal or informal tip-sharing arrangement. Such term shall not  
33 include service charges that customers must pay, such as automatic gratuities."

34 **SECTION 2.**

35 This Act shall become effective on July 1, 2025, and shall be applicable to all taxable years  
36 beginning on or after January 1, 2025.

37 **SECTION 3.**

38 All laws and parts of laws in conflict with this Act are repealed.