Georgia Code Section 48-7-23  
Taxation of partnerships; computation of net income; disallowance of charitable contributions; individual liability of partners; individual returns of distributive shares; taxable years; elections

(a) The net income of a partnership shall be computed in the same manner and on the same basis as in the case of an individual except that the deduction of contributions for charitable purposes allowed by the Internal Revenue Code of 1986 shall not be allowed. Individuals carrying on business in partnership shall be liable for income tax only in their individual capacity; and each partner shall include in his or her individual return his or her distributive shares, whether distributed or not, of the net income of the partnership for the taxable year except as provided in subsection (c) of Code Section 48-7-24. If the taxable year of a partner is different from that of the partnership, the amount included in a partner’s individual return shall be based upon the income of the partnership for the taxable year of the partnership ending with or within the partner’s taxable year.

(b)

(1) As used in this subsection, the term “electing partnership” means, with respect to a taxable period, a partnership that has made the election pursuant to paragraph (2) of this subsection with respect to such taxable period.

(2) A partnership may annually make an irrevocable election, on its timely filed return under Code Section 48-7-53, to pay the tax levied by this chapter at the entity level for the taxable period covered by such return. Such election must be made on or before the due date for filing the applicable income tax return, including any extensions which have been granted.

(3) Notwithstanding subsection (a) of this Code section, an electing partnership with respect to a taxable period shall pay an income tax equivalent to 5.75 percent of its net income as computed pursuant to Code Section 48-7-23, and allocated and apportioned pursuant to Code Section 48-7-31, for such taxable period, and such partners shall not recognize their respective share of the portion of income on which tax was actually paid pursuant to this subsection.

(4) No electing partnership nor any of its partners shall be entitled to any credit under Code Section 48-7-28 with respect to such tax so paid or any deduction for such income under subsection (d) of Code Section 48-7-27; provided, however, that such electing partnership shall otherwise be eligible for credits provided by this chapter and shall be considered an “other entity” for purposes of Code Sections 48-7-29.16, 48-7-29.20, and 48-7-29.21.

(5) The election under this subsection shall have no impact on the determination of the basis of the partners of an electing partnership in their interests of such electing partnership, except that such partners’ distributive share of the tax paid or accrued by such partnership pursuant to such election shall be taken into account in determining such basis.
(6) In computing the net income that is subject to taxation, the electing partnership shall not be allowed any deduction for taxes that are based on or measured by gross or net income or any other variant thereof.

(7) This subsection shall only apply to a partnership that is 100 percent directly owned and controlled by persons eligible to be shareholders of an “S” corporation under Section 1361 of the Internal Revenue Code of 1986, as amended.