



Instructions to File Consolidated Returns for Taxable Years Beginning on or after January 1, 2023

(Rev. 4/08/24)

Note: For taxable years beginning on or after January 1, 2023, the law was changed. A Georgia affiliated group that files a consolidated income tax return for Federal income tax purposes is no longer required to petition the Commissioner for permission to file a consolidated return for Georgia income tax purposes. The members of this affiliated group may elect to file a consolidated return on an originally filed income tax return by the due date of the return, including extensions. The election is irrevocable and binding on both the Georgia affiliated group and the Department for five years.

Any Georgia consolidated group filing a consolidated return under the previous criteria is bound by the terms of the prior grant of permission and not bound under the five-year irrevocable period.

Regulation 560-7-3-.13 was adopted during 2002 and applies to tax years beginning on or after January 1, 2002. **The instructions below are intended to ensure that returns process correctly and not to provide a comprehensive list of rules about consolidated returns.** Accordingly, you should read Regulation 560-7-3-.13 in addition to these instructions before completing your returns.

Election for Tax Years Beginning On or After January 1, 2023

For affiliated groups that received permission to file consolidated returns for tax years beginning before January 1, 2023, such groups may continue to file consolidated returns for taxable years beginning on or after January 1, 2023, under the previous criteria. The designated parent corporation will continue filing Form 600 and mark the “Consolidated GA Parent Return” checkbox. Each subsidiary member included in the consolidated return will also continue to file Form 600 and mark the “GA Consolidated Subsidiary” checkbox and provide the FEIN of the Georgia parent company.

For affiliated groups that wish to terminate their consolidated filing under the previous criteria and now want to file consolidated returns under the new election, the designated Georgia parent corporation must complete Form 600 and mark the ‘Cease Filing Consolidated’ checkbox and the “Consolidated GA Parent Return” checkbox. Each subsidiary member included in the consolidated return will continue to mark the “GA Consolidated Subsidiary” checkbox and provide the FEIN of the Georgia parent company.

For affiliated groups that wish to make a new election to file consolidated returns for tax years beginning on or after January 1, 2023, the designated parent corporation must complete Form 600 and mark the “Consolidated GA Parent Return” checkbox to make the election. Each subsidiary member included in the consolidated return must complete Form 600 and mark the “GA Consolidated Subsidiary” checkbox and provide the FEIN of the Georgia parent company.

For affiliated groups that wish to terminate their consolidated return filing, the parent corporation must complete Form 600 and mark the ‘Cease Filing Consolidated’ checkbox.

Where to File

If you are subject to the e-file requirements, you must electronically file the consolidated group Form 600 and each separate company Form 600.

If you are not subject to the e-file requirements, the consolidated Form 600 and each separate Form 600 must be mailed to the following address:

Georgia Department of Revenue
PO Box 740397
Atlanta, GA 30374-0397

Designation of Member

If the federal parent corporation is not included in the Georgia Group, please choose a corporation in the Georgia Group to act as the designated member. The Georgia parent corporation (designated member) must mark the “Consolidated GA Parent Return” box to indicate the election to file a consolidated return for taxable years beginning on or after January 1, 2023, or to indicate permission granted to file a consolidated return under the previous criteria.

Preparation of the Separate Company Form 600.

- (a) Each corporation within the Georgia consolidated group, including the parent corporation (or designated member), will prepare a separate company Georgia Form 600. The corporation will indicate its name, federal identification number, address, etc., in the heading and mark the “GA Consolidated Subsidiary” box on the return (the parent should also mark this box on its separate company return). This means that *two* returns will be prepared that have the parent’s (designated member’s) name and federal identification number. One for the parent’s (designated member’s) separate company income and one for the consolidated group income and parent’s net worth. Enter the parent’s (designated member’s) FEIN number on the first page of Form 600.
- (b) Each corporation will begin on Line 1 of Schedule 1 with its separate company federal taxable income or loss. It should make the appropriate additions to or subtractions from taxable income on Lines 2 and 4 of Schedule 1. In computing the separate company federal taxable income, capital losses of one entity *cannot* offset capital gains of another entity. Furthermore, any computations which involve limitations, such as charitable contributions, must be treated on a separate company basis.
- (c) Each corporation will complete Schedule 6 and Schedule 7 to determine the amount of separate company Georgia taxable income or loss. Effective for tax years beginning on or after January 1, 2008, Georgia has a 100% sales or gross receipts apportionment factor.
- (d) If the corporation has a Georgia separate return limitation year loss, or “GSRLY”, that loss will be reflected on Line 8 of Schedule 7.
- (e) The separate company income or loss must then be reflected on Line 7 of Schedule 1. This would be the amount from Line 9 of Schedule 7. For Georgia entities with an 100% apportionment ratio, completion of Schedule 7 would be optional.
- (f) Any Passive Loss/Capital Loss must be deducted on Line 8 of Schedule 1.
- (g) On Line 9 of Schedule 1, enter an amount of zero in the box where the income tax amount is usually entered. It can also be left blank.

- (h) Corporations that file a consolidated Georgia income tax return are required to report the net worth tax on a separate company basis. Accordingly, each corporation must complete Schedule 2 on the separate company Form 600. For tax years 2010 and later, the parent (designated member) now reports its net worth on the consolidated Group Form 600. Please do not complete Schedules 2, 3 and 8 on the parent's (designated member's) separate return.
- (i) Credits must be calculated on a separate company basis. Georgia credit forms must be attached to each separate company Form 600 (excluding the parent corporation's or designated member's separate company return), and Schedule 10 of each separate company Form 600 must be completed in the year the credits are generated. Each separate company must complete Schedule 11 of Form 600 when assigning credits. Do not complete Line 3 of Schedule 3 of the separate company Form 600.

All credits (except those that will be sold or used against withholding of the subsidiary, if eligible) must be assigned to the consolidated group Form 600 in the year the credits are generated (whether used or not) using Schedule 11 of the subsidiary Form 600, and such assigned credits must be claimed on Schedule 10 of the consolidated group Form 600 (include all information on Schedule 9 as required when credits are assigned from subsidiaries). Please note, this assignment does not constitute an assignment of credits as defined in O.C.G.A. 48-7-42, but is simply a transfer of credits to facilitate the processing of the consolidated group return.

Additionally, a schedule must be attached indicating the amount of the credit allowed for each separate company after considering limitations based on a percentage of state income tax liability.

For credit limitation purposes, net operating loss carryovers must be accounted for on a separate company basis. For example: A consolidated group consists of two corporations, Corporation A and Corporation B. In 2010, Corporation A has a separate company apportioned taxable income of \$5,000. Corporation B has a separate company apportioned taxable loss of \$6,000. The consolidated group's taxable loss is \$1,000. The consolidated group elects to carry forward the loss to 2011.

In 2011, Corporation B will be treated, for credit limitation purposes, as having a \$1,000 net operating loss carryover which must be applied to its income before applying the credit percentage limitations.

- (j) **For tax years beginning on or after January 1, 2023, the net worth tax due for all entities in the Georgia group will be paid on the consolidated group return Form 600.**

Preparation of the Consolidated Group Form 600

- (a) For each consolidated group, a consolidated group Form 600 must be completed. The parent corporation's (designated member's) name, federal identification number, address, etc., must be listed on the consolidated group Form 600. Additionally, the "Consolidated GA Parent Return" box on the return must be checked. The "GA Consolidated Subsidiary" box will thus remain *unchecked*.
- (b) Lines 1 through 4 of Schedule 1 of the consolidated group Form 600 must be left blank. Do not complete Schedule 4, Schedule 5, Schedule 6, and Schedule 7 of the consolidated group Form 600.
- (c) The separate company income or loss of each corporation in the Georgia consolidated group, (thus after apportionment, if the company qualifies to apportion their income) as reflected on the separate

company Form 600 (Line 7 of Schedule 1), must be consolidated (totaled) on the consolidated group Form 600 and reflected on Line 5 of Schedule 1. A schedule **must** be attached to the consolidated group Form 600 which must contain the name, federal identification number, and separate company income or loss for each corporation. Intercompany expenses/payments are **not** eliminated.

- (d) The net worth tax for the parent corporation (designated member) is computed on the consolidated group Form 600. The net worth tax for the parent corporation must be listed as the first member on Schedule 12.
- (e) Each member in the group, including the parent corporation, should be listed on Schedule 12, "MEMBERS TO BE INCLUDED IN THE GEORGIA CONSOLIDATED GROUP". Each member's net worth tax amount comes from Schedule 2 Line 7 of each separately prepared return. The total net worth tax due on Schedule 12 must be entered on Line 1, Column B of Schedule 3. If the group consists of more than 25 members, include additional schedules. The total net worth tax from the additional schedules should be entered on Line 26 of Schedule 12.
- (f) Any consolidated Georgia net operating loss must be deducted on Line 6 of Schedule 1 to arrive at the consolidated group's Georgia taxable income or loss on Line 7 of Schedule 1 and the consolidated group's income tax, if appropriate, on Line 9 of Schedule 1.
- (g) Any Passive Loss/Capital Loss must be deducted on Line 8 of Schedule 1.
- (h) Columns A, B, and C on Schedule 3 of the consolidated group Form 600 must be completed. Column B of Schedule 3 comes from Line 27 of Schedule 12.
- (i) Credits must be calculated on a separate company basis. Georgia credit forms for credits earned by the parent corporation or designated member must be attached to the consolidated group Form 600 (not the separate company return of the parent or designated member), and Schedule 10 of the consolidated group Form 600 must be completed in the year the credits are generated. The parent corporation or designated member should include on Schedule 11 credits earned by the parent/designated member and credits earned and assigned by the subsidiaries, to facilitate processing of the credits (see item (i) under preparation of the separate company form).

Attachments

- (a) A pro forma federal return (computed on a separate company basis) must be attached to each separate company return.
- (b) **Page 1 and 6 of the federal consolidated return, and all schedules which support page 1 and 6, must be attached to the consolidated group Form 600.**