



This Week in State Tax (TWIST)

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Georgia: State Supreme Court declines to review decision limiting municipal taxing authority over multistate businesses

By rejecting the City of Atlanta's appeal, the Georgia Supreme Court has let stand a lower-court decision apportioning a taxpayer's Georgia gross receipts across all office locations (both within and without Georgia) that contribute to the generation of the receipts. The case concerned the Atlanta Business Occupation Tax, which is imposed pursuant to a state enabling act. Per the enabling act, the occupation tax base is "gross receipts", which statutorily excludes "proceeds from sales of goods or services which are delivered to or received by customers who are outside the state at the time of delivery or receipt," effectively limiting the tax to sales to Georgia customers. When dividing receipts among jurisdictions, the statute provides that a business must either (1) reasonably allocate the dollar amount of gross receipts among its locations or offices or (2) evenly divide "the gross receipts reported to all local governments in this state" among the offices or locations that contributed to the gross receipts. The taxpayer in this case had one Georgia location, in Atlanta, and between 14 and 27 locations in other states. The taxpayer filed its occupation tax return by dividing all its gross receipts among its offices throughout the country, affirming that "each of the offices contributed to [its] business and its generation of revenue." On audit, Atlanta asserted that gross receipts should be divided only among Georgia offices, effectively assigning all Georgia gross receipts to the lone office located in Atlanta. The taxpayer paid the disputed tax under protest and filed a lawsuit. A district court granted summary judgment to the taxpayer, and Atlanta appealed.

The primary issue before the appellate court was whether the division of income method described in the enabling act called for dividing income among all offices or only those in Georgia. Atlanta argued that, because the occupation tax base includes only Georgia receipts, only Georgia offices should be deemed to have "contributed to" the receipts. The court rejected this interpretation, reasoning that this limitation was not found in the text of the statute and that the taxpayer's business was such that office locations in other states could also "contribute to" Georgia receipts. It also noted that the introductory language to the enabling statute refers to "businesses or practitioners with one or more locations or offices in Georgia and one or more locations outside the state," specifically contemplating the division of income among Georgia and non-Georgia locations. Finally, it noted that similar considerations applied to the description of the occupation tax in the Atlanta municipal code.

Atlanta appealed the appellate court decision to the state supreme court, but the court declined to take up the case. Accordingly, the decision of the appellate court from 2025 stands. Contact [Gregory Aughenbaugh](#) with questions about [Atlanta v. Block](#).

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