

SC INFORMATION LETTER #08-7

SUBJECT: Federal Economic Stimulus Payment
(Individual Income Tax)

DATE: April 14, 2008

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2000 and Supp. 2007)
S.C. Code Ann. Section 1-23-10(4) (2005)
SC Revenue Procedure #05-2

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

The Internal Revenue Service will begin sending qualifying taxpayers rebate payments in early May. To receive the payment, eligible taxpayers must file a 2007 federal income tax return. Even taxpayers who are not otherwise required to file a federal return must file a federal return to get the rebate. Generally resident taxpayers who are under the age of 65 and file a federal income tax return are also required to file a South Carolina income tax return.^a Those taxpayers who are not otherwise required to file a federal income tax return but who file a federal return solely to get the rebate do not need to file a 2007 South Carolina income tax return.

Examples of individuals who may be filing a federal return only to receive the rebate are low income taxpayers who because of the federal standard deduction and federal exemptions are not required to file a federal return, individuals with social security income who do not have sufficient other income to require filing a federal return, and certain military personnel with nontaxable combat pay who do not have other income that would require the filing of a federal return.

According to the IRS website, the rebates are not subject to federal income tax. The rebates will also not be subject to South Carolina income tax.

^a Individuals age 65 and older may not be required to file a South Carolina return even if they file a federal return. In determining whether they are required to file a South Carolina return, individuals age 65 and older who are “married filing jointly” are allowed an additional \$30,000 deduction and individuals age 65 and older who file under any other filing status (single, married filing separately, or head of household) are allowed an additional \$15,000 deduction. Refer to the General Instruction for the South Carolina 2007 Individual Income Tax Return for information on South Carolina filing requirements for individuals age 65 and older. Any individual who is entitled to a refund of income taxes from South Carolina must file a South Carolina return to obtain that refund.