



301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #90-27

TO: Vicki Jinnette Ringer
Public Information Director

FROM: Malane Pike, Tax Analyst
Tax Policy and Appeals Department

DATE: July 18, 1990

SUBJECT: Palmetto Seed Credit

REFERENCE: S. C. Code Ann. Section 41-44-10 et. seq.
(As Amended May 29, 1990)

AUTHORITY: S. C. Code Ann. Section 12-3-140 (1976)
SC Revenue Procedure #87-3

SCOPE: An Information Letter is a temporary document issued for the purpose of disseminating general tax information and to respond to technical questions from within the Commission which are not related to a specific set of facts.

Effective May 29, 1990, the Palmetto Seed Credit provided in South Carolina Code Sections 41-44-10 et. seq. has been expanded to include a credit against insurance premium taxes, which are administered and collected by the South Carolina Insurance Commission. The credit is applicable to insurance premium taxes incurred after January 1, 1990. Prior to this amendment, the credit was only available against income taxes. The taxpayer, to receive the credit, must claim the credit on the state premium tax return filed with the South Carolina Insurance Commission or the state income tax return filed with the South Carolina Tax Commission. Also, the taxpayer must file with the appropriate commission a form, prescribed by that commission, as to the qualified investment by the taxpayer.

The express purpose of the formation of the Palmetto Seed Capital Fund Limited Partnership is to provide financing to high growth oriented businesses and to provide seed capital to South Carolina businesses. The amendment defines "high growth oriented businesses" as those expected to experience significant sales growth over the subsequent five-year period. Additionally, the amendment authorizes the inducement of seed capital from outside the state.

For information with respect to the income tax credit, contact Malane Pike at 737-4440. All inquiries regarding the insurance premium tax credit should be directed to the South Carolina Insurance Commission.