



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

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SC REVENUE RULING #20-2

SUBJECT: Service as a Preceptor for Clinical Rotations – New Credit and Deduction (Individual Income Tax)

EFFECTIVE DATE: Tax years 2020 through 2025

REPEAL DATE: January 1, 2026

REFERENCES: S.C. Code Ann. Section 12-6-1140(14) (Supp. 2019)
S.C. Code Ann. Section 12-6-3800 (Supp. 2019)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (2014)
S.C. Code Ann. Section 1-23-10(4) (2005)
SC Revenue Procedure #09-3

SCOPE: The purpose of a Revenue Ruling is to provide guidance to the public. It is an advisory opinion issued to apply principles of tax law to a set of facts or general category of taxpayers. It is the Department’s position until superseded or modified by a change in statute, regulation, court decision, or another Department advisory opinion.

GENERAL OVERVIEW

Code Section 12-6-3800 provides an income tax credit to an eligible physician, physician assistant, or advanced practice nurse practitioner who serves as a “preceptor” for qualifying clinical rotations required by a medical school, physician assistant program, or advanced practice nursing program. A credit is allowed for up to four qualifying rotations served during the calendar year. Code Section 12-6-1140(11) provides a deduction for up to six additional qualifying rotations after the preceptor has served four qualifying rotations and reached the credit maximum. The preceptor credit and preceptor deduction are phased in over five years in equal and cumulative installments beginning in tax year 2020. The amount of credit and deduction for each qualifying clinical rotation served depends on the calendar year the rotations are served, the professional designation of the preceptor (e.g., physician, physician assistant), and the preceptor’s practice percentage of Medicaid insured, Medicare insured, and self-pay patients.

The purpose of this advisory opinion is to provide general guidance and examples regarding the credit and the deduction provisions. For reference, tables are provided for each type of preceptor that lists the maximum five year phase-in credit amounts and deduction amounts for each tax year.

NOTE: Both the income tax credit and the deduction for service as a preceptor for clinical rotation are repealed January 1, 2026.

PART 1 - PRECEPTOR DEFINITIONS AND QUALIFICATIONS¹

1. Q. What is the definition of a “preceptor”?
 - A. A preceptor is defined as a physician, physician assistant, or advanced practice nurse practitioner who provides supervision and instruction during student clinical training experiences and is otherwise not compensated for doing so, and provides a minimum of two required qualifying clinical rotations within a calendar year. Code Section 12-6-3800(A)(3).

2. Q. What are the definitions of “physician,” “physician assistant,” or “advanced practice nurse practitioner”?
 - A. While Code Section 12-6-3800 does not define the terms “physician,” “physician assistant,” or “advanced practice nurse practitioner,”² it is reasonable for the Department to look to the definitions in Title 40, “Professions and Occupations;” Chapter 47, “Physicians and Miscellaneous Health Care Professionals;” and Chapter 33, “Nurses.” Accordingly, for preceptor credit purposes, “physician,” “physician assistant,” and “nurse practitioner” are defined as follows:
 - a. “Physician” means a doctor of medicine (“MD”) or doctor of osteopathic medicine (“DO”) licensed by the South Carolina Board of Medical Examiners. See Code Section 40-47-20(34).
 - b. “Physician Assistant” (“PA”) means a health care professional licensed by the South Carolina Board of Medical Examiners to assist in the practice of medicine with a physician supervisor. See Code Section 40-47-910(6).
 - c. “Nurse Practitioner” (“NP”) means a registered nurse who has completed an advanced formal education program at the master’s level or doctoral level acceptable to the South Carolina Board of Nursing, and who demonstrates advanced knowledge and skill in assessment and management of physical and psychosocial health, illness status of persons, families, and groups. The nurse practitioner must be actively licensed as a nurse practitioner by the South Carolina Board of Nursing. See Code Sections 40-33-20(40) and 40-33-30.

3. Q. Which medical professionals qualify for the preceptor income tax credit?
 - A. To qualify for the preceptor credit, the medical professional (as defined in Question 2) must meet the following requirements:
 - a. The individual is a physician or physician assistant licensed by the South Carolina Board of Medical Examiners or a nurse practitioner licensed by the South Carolina Board of Nursing;

¹ The qualifications in Questions 1 – 13 also apply to the income tax deduction allowed for serving additional qualifying rotations as a preceptor. See Code Sections 12-6-1140(14) and 12-6-3800(E).

² The terms “advance practice nurse practitioner” and “advanced practice registered nurse” are both used in the statute. A nurse practitioner is a category of “advance practice registered nurse” listed in Code Section 40-33-20(5). The term “nurse practitioner” is used in this advisory opinion when referring to an advanced practice nurse practitioner or advanced practice registered nurse preceptor.

- b. The individual’s practice consists of 30% or more of Medicaid insured, Medicare insured, or self-pay³ patients;
 - c. The individual serves as preceptor for two or more qualifying clinical rotations during the calendar year; and
 - d. The individual is not otherwise compensated for serving as preceptor for the required rotation.
4. Q. What are examples of health professionals who do not qualify for the credit?
- A. Examples of health professionals who do not qualify for the credit because they do not meet the statutory requirements of a preceptor (see Question 3) or because they do not perform a qualifying type of clinical rotation (see Question 5) are: (a) a professional whose practice is less than 30% of a combined total of Medicaid insured, Medicare insured, or self-pay patients; (b) a university teacher or a hospitalist whose paid job duties include clinical rotation instruction; (c) a retired physician; (d) a chiropractor, a dentist, or a veterinarian; or (e) other categories of an “advance practice registered nurse” (a certified nurse midwife, a clinical nurse specialist, or a certified registered nurse anesthetist).
5. Q. What is a qualifying clinical rotation?
- A. A qualifying “medical school-required clinical rotation,” “physician assistant program-required clinical rotation,” or “advanced practice nursing program-required clinical rotation” is defined as a clinical rotation established for a public teaching institution or an independent institution of higher learning that:
- a. Is established for a student who is enrolled in a South Carolina public teaching institution or an independent institution of higher learning,⁴ including medical school, a physician assistant program, and an advanced practice nursing program and
 - b. Includes 160 hours or more of instruction in one of the following clinical settings under the guidance of a physician, physician assistant, or nurse practitioner:
 - emergency medicine
 - family medicine
 - general surgery
 - internal medicine
 - obstetrics and gynecology
 - pediatrics
 - psychiatry

³ For purposes of this advisory opinion, a self-pay patient is a person not covered by private insurance, Medicare, or Medicaid.

⁴ For this purpose, “independent institution of higher learning” has the same meaning as provided in Code Section 59-113-50, i.e., an independent eleemosynary junior or senior college in South Carolina whose major campus and headquarters are located within South Carolina and which is accredited by the Southern Association of Colleges and Secondary Schools. The term also includes an independent bachelor’s level institution chartered before 1962 whose major campus and headquarters are located within South Carolina.

6. Q. Who can serve as preceptor for each type of clinical rotation?
- A. A physician may serve as preceptor for medical school-required clinical rotations, advanced practice nursing program-required clinical rotations, and physician assistant program-required clinical rotations.
- A physician assistant or nurse practitioner may only serve as a preceptor for advanced practice nursing or physician assistant-required clinical rotations; they may not serve as a preceptor for medical school-required clinical rotations. Code Section 12-6-3800(B) and (C).
7. Q. Is a medical professional providing clinical rotations only for students enrolled in out-of-state schools eligible for the credit?
- A. No.
8. Q. Is a medical professional who serves without compensation as a preceptor for students from a South Carolina qualifying institution and who provides clinical instruction for students from a non-South Carolina based program for compensation in the same tax year eligible for the preceptor credit?
- A. Yes. The medical professional is a “preceptor” for qualifying students he serves without compensation and is eligible for the preceptor credit, providing all other credit requirements are met. The answer does not change if qualifying and non-qualifying students are with the preceptor during separate timeframes or concurrently.
9. Q. Is a preceptor allowed a credit for each qualifying student instructed concurrently in the same clinical rotation?
- A. Yes. A preceptor is eligible for a credit for each qualifying student participating in the same clinical rotation, providing all other credit requirements are met for each student.
- For example, a qualifying preceptor instructs two qualifying students in an internal medicine clinical setting. Both students are under the preceptor’s instruction from 8 am to 5 pm each weekday for four weeks (each student is instructed 40 hours per week for four weeks). Since the preceptor instructs each student 160 total hours during the year, the preceptor is eligible for two credits during the calendar year the clinical rotations are served.
10. Q. Is a credit allowed if a medical professional combines his clinical service hours for multiple students to meet the 160 hour required clinical rotation requirement?
- A. No. A preceptor must precept the same student for 160 hours to meet the credit requirement. A medical professional cannot combine student service hours to create credit eligibility.

For example, a physician instructs one qualifying student in an emergency medicine clinical setting two weeks in the spring (the student receives 80 hours of instruction) and instructs another qualifying student in the same clinical setting two weeks in the fall (the student receives 80 hours of instruction). While the physician has instructed two students in a clinical rotation for a combined total of 160 hours, he cannot combine the clinical service hours to meet the 160 hour credit requirement. The physician does not meet the definition of “preceptor” and, therefore, is not eligible for the credit this year.

11. Q. Can multiple preceptors combine their individual service hours to qualify for the credit?
- A. No. Only one individual is allowed to serve as a preceptor for the same clinical rotation.
12. Q. Can a partnership, corporation, or other business entity claim the credit?
- A. No. The credit is earned and claimed by the qualifying individual preceptor.
13. Q. How does a preceptor determine if the 30% or 50% practice requirement for Medicare, Medicaid, or self-pay patients is met each year?
- A. The determination is made each calendar year based on a reasonable method supported by the preceptor’s books and records (e.g., based on patient head count, number of patient visits, total patient hours, patient revenue, etc.). A preceptor may determine the patient practice requirement at either the beginning of each tax year (based on prior year) or the end of each tax year in which the clinical rotations are served.

INCOME TAX CREDIT AMOUNT AND CALCULATION

14. Q. What is the credit amount for each qualifying clinical rotation?
- A. The amount of credit for each qualifying clinical rotation served depends on the calendar year the rotations are served, the professional designation of the preceptor (e.g., physician, physician assistant), and the percentage of Medicaid insured, Medicare insured, and self-pay patients in the preceptor’s practice.

The credit is phased-in over five years in equal and cumulative installments beginning in tax year 2020. The phased-in credit amounts for each year are provided below and reflect completion of four rotations* during the year, i.e., the maximum number of clinical rotations for which a taxpayer may earn the credit during the year.

Table 1A - Physician Preceptor whose practice is 30% to 49% of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Rotations Performed* (Maximum #)	Phased-In Credit Allowed per Rotation	Maximum Phased-In Credit Earned (# Rotations Performed x Phased-In Credit Amount Allowed per Rotation)
2020	4	\$150	\$ 600
2021	4	\$300	\$1,200
2022	4	\$450	\$1,800
2023	4	\$600	\$2,400
2024	4	\$750	\$3,000
2025	4	\$750	\$3,000
2026	Credit Repealed		

Table 1B - Physician Preceptor whose practice is 50% or more of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Rotations Performed* (Maximum #)	Phased-In Credit Allowed per Rotation	Maximum Phased-In Credit Earned (# Rotations Performed x Phased-In Credit Amount Allowed per Rotation)
2020	4	\$ 200	\$ 800
2021	4	\$ 400	\$1,600
2022	4	\$ 600	\$2,400
2023	4	\$ 800	\$3,200
2024	4	\$1,000	\$4,000
2025	4	\$1,000	\$4,000
2026	Credit Repealed		

Table 1C - Physician Assistant Preceptor or Nurse Practitioner Preceptor whose practice is 30% to 49% of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Rotations Performed* (Maximum #)	Phased-In Credit Allowed per Rotation	Maximum Phased-In Credit Earned (# Rotations Performed x Phased-In Credit Amount Allowed per Rotation)
2020	4	\$100	\$ 400
2021	4	\$200	\$ 800
2022	4	\$300	\$1,200
2023	4	\$400	\$1,600
2024	4	\$500	\$2,000
2025	4	\$500	\$2,000
2026	Credit Repealed		

Table 1D - Physician Assistant Preceptor or Nurse Practitioner Preceptor whose practice is 50% or more of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Rotations Performed* (Maximum #)	Phased-In Credit Allowed per Rotation	Maximum Phased-In Credit Earned (# Rotations Performed x Phased-In Credit Amount Allowed per Rotation)
2020	4	\$150	\$ 600
2021	4	\$300	\$1,200
2022	4	\$450	\$1,800
2023	4	\$600	\$2,400
2024	4	\$750	\$3,000
2025	4	\$750	\$3,000
2026	Credit Repealed		

15. Q. What is the credit amount for a preceptor serving less than four clinical rotations in a calendar year?

A. A preceptor can earn a credit for two, three, or four qualifying clinical rotations per calendar year. The tables above reflect the maximum phased-in credit amount a preceptor can earn per calendar year for service as a preceptor in four clinical rotations.

A preceptor serving two (or three) clinical rotations during the calendar year would multiply the phased-in credit allowed per rotation in the above tables by two rotations performed (or three rotations performed) to compute the applicable phased-in credit earned for each calendar year.

Note: A preceptor serving only one clinical rotation in a calendar year is not allowed a preceptor credit for that year.

16. Q. When does the preceptor earn the credit?

A. The preceptor earns the credit in the calendar year the qualifying clinical rotation is served. Code Section 12-6-3800(D).

17. Q. When does the preceptor claim the credit?

A. The entire credit is not claimed in the tax year the credit is earned. Instead, the credit is claimed over two tax years - 50% of the credit is claimed in the tax year the credit is earned (Year 1) and 50% of the credit is claimed in the following tax year (Year 2). Code Section 12-6-3800(D).

The phased-in credit amounts allowed in Year 1 and Year 2 for each year are provided below and reflect completion of four rotations* during the tax year, i.e., the maximum number of clinical rotations for which a taxpayer may earn the credit during the year.

Table 2A - Physician Preceptor whose practice is 30% to 49% of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Phased-In Credit Earned (4 Rotations Performed x Phased-In Credit Amount) (See Questions 14 and 15)	50% of Credit Allowed in Year Earned (Year 1)	50% of Credit Allowed in Year After Preceptor Service (Year 2)
2020	\$ 600	\$ 300	\$ 300
2021	\$1,200	\$ 600	\$ 600
2022	\$1,800	\$ 900	\$ 900
2023	\$2,400	\$1,200	\$1,200
2024	\$3,000	\$1,500	\$1,500
2025	\$3,000	\$1,500	\$1,500
2026	Credit Repealed		

Table 2B - Physician Preceptor whose practice is 50% or more of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Phased-In Credit Earned (4 Rotations Performed x Phased-In Credit Amount) (See Questions 14 and 15)	50% of Credit Allowed in Year Earned (Year 1)	50% of Credit Allowed in Year After Preceptor Service (Year 2)
2020	\$ 800	\$ 400	\$ 400
2021	\$1,600	\$ 800	\$ 800
2022	\$2,400	\$1,200	\$1,200
2023	\$3,200	\$1,600	\$1,600
2024	\$4,000	\$2,000	\$2,000
2025	\$4,000	\$2,000	\$2,000
2026	Credit Repealed		

Table 2C- Physician Assistant Preceptor or Nurse Practitioner Preceptor whose Practice is 30% to 49% of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Phased-In Credit Earned (4 Rotations Performed x Phased-In Credit Amount) (See Questions 14 and 15)	50% of Credit Allowed in Year Earned (Year 1)	50% of Credit Allowed in Year After Preceptor Service (Year 2)
2020	\$ 400	\$ 200	\$ 200
2021	\$ 800	\$ 400	\$ 400
2022	\$1,200	\$ 600	\$ 600
2023	\$1,600	\$ 800	\$ 800
2024	\$2,000	\$1,000	\$1,000
2025	\$2,000	\$1,000	\$1,000
2026	Credit Repealed		

Table 2D - Physician Assistant Preceptor or Nurse Practitioner Preceptor whose Practice is 50% or More of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Phased-In Credit Earned (4 Rotations Performed x Phased-In Credit Amount) (See Questions 14 and 15)	50% of Credit Allowed in Year Earned (Year 1)	50% of Credit Allowed in Year After Preceptor Service (Year 2)
2020	\$ 600	\$ 300	\$ 300
2021	\$1,200	\$ 600	\$ 600
2022	\$1,800	\$ 900	\$ 900
2023	\$2,400	\$1,200	\$1,200
2024	\$3,000	\$1,500	\$1,500
2025	\$3,000	\$1,500	\$1,500
2026	Credit Repealed		

18. Q. What income of the preceptor does the credit offset?
- A. The credit claimed each year may not exceed 50% of the taxpayer's remaining tax liability after all other credits have been applied. If the preceptor files a joint return, the credit may be used to offset 50% of the married couple's income tax liability after all other credits have been applied.
19. Q. Is the preceptor credit refundable?
- A. No. The preceptor credit is a nonrefundable credit.
20. Q. What is the credit carryforward period?
- A. Any unused credit may be carried forward to the following year. The carryforward, however, may not be used for a tax year that begins more than ten years from the year that the credit was earned.

The chart below illustrates the nine or ten year period that each credit installment may be carried forward based upon a credit being earned in tax year 2020.

Credit Installment	Year 2020 (credit earned)	Year 2021- Year 2
Credit Amount in Year	50%	50%
Carryforward of installment	10 year carryforward - Years 2020 – 2030	9 year carryforward - Years 2021 – 2030

21. Q. Is the credit transferrable?
- A. No. The preceptor credit is not transferrable.

22. Q. What is the practical effect of the repeal date of the preceptor credit?
- A. The credit is repealed on January 1, 2026. Accordingly, a credit may not be earned after December 31, 2025. The repeal does not affect remaining credit installments for a credit earned before January 1, 2026. Further, it does not affect the carryforward period of any credit earned but unused.
23. Q. What form is used to compute and claim the credit?
- A. South Carolina Form TC-62, "Preceptor Credit," is used to compute and claim the credit. This form must be included with the preceptor's individual income tax return. Documentation supporting the credit should not be included with the tax return when filed, but should be available in the event requested by the Department.

PRECEPTOR DEDUCTION

24. Q. When is an income tax deduction allowed for service as a preceptor?
- A. An income tax deduction is allowed only after a preceptor serves four qualifying clinical rotations. Once a preceptor earns the maximum annual credit allowed for service in four qualifying rotations, he is then allowed a deduction for service in up to six more qualifying rotations.
- The first four rotations are each eligible for a credit; the next six rotations are each eligible for a deduction. Preceptor services in any additional rotations over ten in a calendar year are not eligible for a credit or a deduction. Code Section 12-6-3800(E).
25. Q. What is the deduction amount for each additional qualifying clinical rotation?
- A. The deduction for each additional qualifying clinical rotation served over four (i.e., clinical rotations five through ten) is equal to the amount the credit would have equaled for the rotation. The amount depends on the calendar year the rotation is served, the professional designation of the preceptor (e.g., physician, physician assistant), and the preceptor's percentage of Medicaid insured, Medicare insured, and self-pay patients.

The deduction is phased-in over five years in equal and cumulative installments beginning in tax year 2020. The phased-in deduction amounts are provided below and reflect completion of six additional rotations* during the year, i.e., the maximum number of additional clinical rotations for which a taxpayer is allowed a deduction during the year.

Table 3A - Physician Preceptor whose practice is 30% to 49% of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Additional Rotations Performed* (Maximum #)	Phased-In Deduction Allowed per Rotation	Maximum Phased-In Deduction Amount (# Additional Rotations x Phased-In Amount Allowed per Rotation)	50% of Deduction Allowed in Year of Preceptor Service (Year 1)	50% of Deduction Allowed in Year After Preceptor Service (Year 2)
2020	6	\$150	\$ 900	\$ 450	\$ 450
2021	6	\$300	\$1,800	\$ 900	\$ 900
2022	6	\$450	\$2,700	\$1,350	\$1,350
2023	6	\$600	\$3,600	\$1,800	\$1,800
2024	6	\$750	\$4,500	\$2,250	\$2,250
2025	6	\$750	\$4,500	\$2,250	\$2,250
2026	Credit Repealed				

Table 3B - Physician Preceptor whose practice is 50% or more of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Additional Rotations Performed* (Maximum #)	Phased-In Deduction Allowed per Rotation	Maximum Phased-In Deduction Amount (# Additional Rotations x Phased-In Amount Allowed per Rotation)	50% of Deduction Allowed in Year of Preceptor Service (Year 1)	50% of Deduction Allowed in Year After Preceptor Service (Year 2)
2020	6	\$200	\$1,200	\$ 600	\$ 600
2021	6	\$400	\$2,400	\$1,200	\$1,200
2022	6	\$600	\$3,600	\$1,800	\$1,800
2023	6	\$800	\$4,800	\$2,400	\$2,400
2024	6	\$1,000	\$6,000	\$3,000	\$3,000
2025	6	\$1,000	\$6,000	\$3,000	\$3,000
2026	Credit Repealed				

Table 3C - Physician Assistant Preceptor or Nurse Practitioner Preceptor whose Practice is 30% to 49% of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Additional Rotations Performed* (Maximum #)	Phased-In Deduction Allowed per Rotation	Maximum Phased-In Deduction Amount (# Additional Rotations x Phased-In Amount Allowed per Rotation)	50% of Deduction Allowed in Year of Preceptor Service (Year 1)	50% of Deduction Allowed in Year After Preceptor Service (Year 2)
2020	6	\$100	\$ 600	\$ 300	\$ 300
2021	6	\$200	\$1,200	\$ 600	\$ 600
2022	6	\$300	\$1,800	\$ 900	\$ 900
2023	6	\$400	\$2,400	\$1,200	\$1,200
2024	6	\$500	\$3,000	\$1,500	\$1,500
2025	6	\$500	\$3,000	\$1,500	\$1,500
2026	Credit Repealed				

Table 3D - Physician Assistant Preceptor or Nurse Practitioner Preceptor whose Practice is 50% or More of Medicaid insured, Medicare insured, and Self-Pay Patients

Tax Year	Additional Rotations Performed* (Maximum #)	Phased-In Deduction Allowed per Rotation	Maximum Phased-In Deduction Amount (# Additional Rotations x Phased-In Amount Allowed per Rotation)	50% of Deduction Allowed in Year of Preceptor Service (Year 1)	50% of Deduction Allowed in Year After Preceptor Service (Year 2)
2020	6	\$150	\$ 900	\$ 450	\$ 450
2021	6	\$300	\$1,800	\$ 900	\$ 900
2022	6	\$450	\$2,700	\$1,350	\$1,350
2023	6	\$600	\$3,600	\$1,800	\$1,800
2024	6	\$750	\$4,500	\$2,250	\$2,250
2025	6	\$750	\$4,500	\$2,250	\$2,250
2026	Credit Repealed				

26. Q. When does the preceptor take the income tax deduction?

- A. The entire income tax deduction is not taken in the tax year the qualifying clinical rotation is served. Instead, the deduction is taken over two years - 50% of the deduction is taken in the tax year the rotation is served, and 50% the following tax year.

EXAMPLE

Facts. In 2020 and each year thereafter, a physician serves as a preceptor for the maximum of ten qualifying clinical rotations. Over 50% of the physician’s practice consists of Medicaid insured, Medicare insured, and self-pay patients. The taxpayer qualifies for the maximum credit and deduction amounts. Since the preceptor credit each year does not exceed 50% of the taxpayer’s remaining tax liability after all other credits have been applied, there are no credit carry forwards.

Preceptor Credit Claimed Each Year. The credit amounts that the physician may claim each year for tax years 2020 – 2026 are listed below (See Tables 1B and 2B). The credit earned each year for qualifying rotations is claimed in equal amounts over two tax years (i.e., 50% of the credit is claimed in the tax year the credit is earned and the remaining 50% is claimed in the following tax year).

	2020	2021	2022	2023	2024	2025	2026
Year Credit Earned							
2020 (Take 50% in 2020 and 50% in 2021)	\$400	\$400					
2021		\$800	\$ 800				
2022			\$1,200	\$1,200			
2023				\$1,600	\$1,600		
2024					\$2,000	\$2,000	
2025						\$2,000	\$2,000
Jan. 2026 – Credit Repealed							
Maximum Credit Claimed Each Year (4 rotations)	\$400	\$1,200	\$2,000	\$2,800	\$3,600	\$4,000	\$2,000

Note: The preceptor credit reduces the total amount of income tax owed. It provides a dollar for dollar tax benefit. For example, if the preceptor’s 2025 South Carolina tax liability is \$10,000 before this credit, then the \$4,000 preceptor income tax credit claimed in 2025 reduces his income tax owed to \$6,000. The value of this tax credit to the preceptor in 2025 is \$4,000 – the face value of the credit.

Preceptor Deduction Taken Each Year. The deduction amounts that the physician may claim each year for tax years 2020 – 2026 are listed below (See Table 3B). The deduction is taken each year for qualifying rotations in equal amounts over two tax years (i.e., 50% of the deduction is taken in the tax year the rotation is served and the remaining 50% is taken in the following tax year).

	2020	2021	2022	2023	2024	2025	2026
Year Deduction Earned							
2020 (Take 50% in 2020 and 50% in 2021)	\$600	\$ 600					
2021		\$1,200	\$1,200				
2022			\$1,800	\$1,800			
2023				\$2,400	\$2,400		
2024					\$3,000	\$3,000	
2025						\$3,000	\$3,000
Jan. 2026 – Deduction Repealed							
Maximum Deduction Taken Each Year (6 rotations)	\$600	\$1,800	\$3,000	\$4,200	\$5,400	\$6,000	\$3,000

The preceptor deduction reduces the amount of income on which the individual is taxed. For example, if the preceptor’s 2025 South Carolina taxable income before deductions is \$106,000, a \$6,000 tax deduction taken in 2025 would reduce his South Carolina taxable income to \$100,000. This would lower the preceptor’s South Carolina income tax liability from \$7,420 (\$106,000 x 7% tax rate) to \$7,000 (\$100,000 x 7%). The value of this tax deduction in 2025 to the preceptor is \$420.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/W. Hartley Powell

 W. Hartley Powell, Director

June 11, _____, 2020
 Columbia, South Carolina

EXHIBIT A - QUALIFYING INSTITUTIONS

Medical school-required clinical rotations, physician assistant program-required clinical rotations, or advanced practice nursing program-required clinical rotations for a public teaching institution or independent institution of higher learning that is established for a student who is enrolled in a South Carolina public teaching institution or an independent institution of higher learning, including: (a) medical school; (b) a physician assistant program; and (c) an advanced practice nursing program qualify for the credit.

An independent institution of higher learning, as defined in Code Section 59-113-50, is an independent eleemosynary junior or senior college in South Carolina whose major campus and headquarters are located within South Carolina and which is accredited by the Southern Association of Colleges and Secondary Schools; or (2) independent bachelor’s level institution chartered before 1962 whose major campus and headquarters are located within South Carolina.

The following list is derived from the above statutory criteria for a South Carolina public teaching institution or independent institution of higher learning. Since academic curriculum may change each year, any subsequent changes to this list will be published in an Information Letter, form instruction, or on the Department’s website.

Medical Schools	Physician Assistant Programs	Nurse Practitioner Programs
Medical University of South Carolina College of Medicine	Charleston Southern University	Anderson University
University of South Carolina School of Medicine (Columbia)	Francis Marion University	Charleston Southern University
University of South Carolina School of Medicine (Greenville)	Medical University of South Carolina – College of Health Professions	Clemson University
	North Greenville University	Francis Marion University
	Presbyterian College	Medical University of South Carolina – College of Nursing
	University of South Carolina School of Medicine (Columbia)	University of South Carolina – College of Nursing (Columbia)