AGRICULTURE INCOME TAX CREDIT

1. Enter the amount of credit against Income Tax, as certified this year by the Coordinating Council for Economic Development ..................................................

2. Enter the amount of credit against Income Tax that is carried forward from previous years ............ (Unused credits may be carried forward for five years.)

3. Add line 1 and line 2. This is your total credit available ........................................................................

4. Enter your current year tax liability ................................................................................................

5. Enter the smaller of line 3 and line 4. This is the amount of credit you can use in the current year ....

6. Subtract line 5 from line 3. This is the amount of unused credit........................................................

INSTRUCTIONS

For tax years beginning after 2017 and ending before 2028, an agribusiness operation or an agricultural packaging operation, as defined in Section 12-6-3360, may claim a nonrefundable tax credit if the operation increases its purchases of agricultural products by a minimum of 15% in a single calendar year over its base year. The agricultural products purchased must be certified as South Carolina grown by the South Carolina Department of Agriculture (SCDA). This nonrefundable credit may be claimed against either Income Tax or Withholding Tax.

The amount and type of credit is determined by the Coordinating Council for Economic Development (Council). The Council has sole discretion in allocating credits and must consider the following factors:

(a) the amount of base year purchases of certified agricultural products;
(b) the total and percentage increase in purchases; and
(c) factors related to the economic benefit of the state or other factors.

A taxpayer may not be awarded a credit of more than $100,000 in any tax year. The maximum amount of credits awarded to all taxpayers may not exceed the following for each calendar year:

* 2018 - $500,000
* 2019 - $1 million
* 2020 - $1.5 million
* After 2020 - $2 million

To claim the credit, the taxpayer must submit an application to the Council after each calendar year in which the increase in purchases of certified products occurs. Each application must include a schedule with the following information and information requested by the Council or the SCDA:

(a) a description of how the base year purchases of certified agricultural products and the increase in purchases was determined;
(b) the amount of the base year purchases of certified agricultural products;
(c) the amount of the increase in purchases of certified agricultural products for the taxable year stated both as a percentage increase and as a total increase in purchases of certified agricultural products, including information to show an increase in purchases of certified agricultural products that is greater than the minimum amount required for the tax credit;
(d) any tax credit utilized by the taxpayer in prior years; and
(e) the amount of tax credit carried over from prior years.

The Council may allocate credits on a monthly, quarterly, or annual basis.
The Department of Commerce, upon consultation with the SCDA, may establish guidelines necessary to ensure all applications, product certification record sheets, and checklists are accurately and effectively created and comply with the provisions of this section.

If a credit against Income Tax exceeds the taxpayer's Income Tax liability for the tax year, the excess amount may be carried forward for five years and used against Income Tax.

If a credit against Withholding Tax exceeds the taxpayer's Withholding Tax liability for the tax quarter, the excess amount may be carried forward for 20 quarters and used against Withholding Tax.

The Council must submit a report to the General Assembly by March 1 of each year detailing the recipients of the credits, including the credit amount of each recipient.

Definitions

**Base year:** initially means the total dollar purchases of agricultural products certified as South Carolina grown during the period from January 1 through December 31 of the same year. The base year total dollar purchases must exceed $100,000 for a taxpayer to be eligible for the agribusiness credit. If you do not have the required $100,000 of purchases in the prior calendar year, your base purchases are measured by the first full calendar year you do meet the purchasing requirement. This applies if you establish your agribusiness in South Carolina during the year. Recalculate the base year each calendar year after the initial base year.

**Agricultural packaging:** the technology of enclosing or protecting or preserving agricultural products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages used for agricultural products. Packaging can be described as a coordinated system of preparing agricultural goods for transport, warehousing, logistics, sale, and end use.

If you file by paper, attach to your Income Tax return. Include a copy of the letter you received from the Council certifying the credit. If you file electronically, keep a copy with your tax records.

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**Social Security Privacy Act Disclosure**

It is mandatory that you provide your Social Security Number on this tax form if you are an individual taxpayer. 42 U.S.C. 405(c)(2)(C)(i) permits a state to use an individual's Social Security Number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SCDOR must provide identifying numbers, as prescribed, for securing proper identification. Your Social Security Number is used for identification purposes.

**The Family Privacy Protection Act**

Under the Family Privacy Protection Act, the collection of personal information from citizens by the SCDOR is limited to the information necessary for the SCDOR to fulfill its statutory duties. In most instances, once this information is collected by the SCDOR, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.