SC INFORMATION LETTER #03-11

SUBJECT: Per Capita Income Figures for the State of South Carolina
         (Income Tax)

DATE: May 7, 2003

SUPERSEDES: SC Informational Bulletin #02-20 and all previous documents and any oral
directives in conflict herewith.


            S.C. Code Ann. Section 1-23-10(4) (Supp. 2001)
            SC Revenue Procedure #03-1

SCOPE: An Information Letter is a written statement issued to the public by the
Department to announce general information useful in complying with the
laws administered by the Department. An Information Letter has no
precedential value, and is not binding on the public or the Department.

Code Section 12-6-3410 allows a tax credit for taxpayers that establish a corporate
headquarters in South Carolina. The credit consists of two components: (1) a credit equal to
20% of the real property costs of the facility and (2) an additional credit equal to 20% of the
tangible personal property costs of the facility.

In order to qualify for the real property component of the credit, a taxpayer must have
qualifying real property costs (as defined by the statute) of at least $50,000 at a new
headquarters or at an expansion of an existing headquarters and the taxpayer must create at
least 40 new jobs performing headquarters related functions and services (as defined by the
statute) or research and development related functions and services at the headquarters. At
least 20 of the above mentioned jobs must qualify as “headquarters staff employees” as that
term is defined in Code Section 12-6-3410(J)(5).

In order to qualify for the personal property component of the credit, a taxpayer must: (1)
meet all the requirements necessary to claim the real property component of the
headquarters credit; (2) meet certain requirements as to the personal property that is
qualifying for the credit; (3) create at least 75 new full-time jobs performing either
headquarters related functions and services, or research and development related functions
and services; and (4) the 75 new full-time jobs must have an average cash compensation
level of more than one and one-half times the per capita income of the State and all
employees of the taxpayer in the State must have a cash compensation level of more than
twice the South Carolina per capita income.
A taxpayer uses the most recent per capita income data available as of the end of the taxpayer’s taxable year in which the jobs are filled in determining if the per capita income requirements are met. Generally, the information concerning per capita income for the State of South Carolina is updated twice a year, usually in May and October. The Department publishes the figure when it receives it from the South Carolina Board of Economic Advisors. They usually obtain the information from the United States Department of Commerce’s Bureau of Economic Analysis website at [www.bea.doc.gov](http://www.bea.doc.gov). The most recently available South Carolina per capita figure that is to be used in determining if a taxpayer may claim the personal property component of the headquarters credit is as follows:

State of South Carolina $25,400

South Carolina Revenue Ruling #99-11 discusses the appropriate method for determining how the per capita income is applied to all jobs in determining if the per capita income requirements of Code Section 12-6-3410 have been met.