
State of South Carolina
Department of Revenue
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214
Website Address: <http://www.sctax.org>

SC INFORMATION LETTER #03-17

SUBJECT: Bonus Depreciation
(Income and Property Taxes)

DATE: July 24, 2003

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2000)
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.**

Internal Revenue Code Conformity

South Carolina's income tax laws have been amended to conform to the Internal Revenue Code of 1986 as amended through December 31, 2002.

South Carolina Code Section 12-6-50 provides a list of Internal Revenue Code Sections specifically not adopted by South Carolina. Included in the list of Internal Revenue Code Sections not adopted is Internal Revenue Code Section 168(k), bonus depreciation.

Bonus Depreciation Disallowed

Code Section 168(k) provides for a 30% additional first year depreciation allowance for qualifying property as provided in the Job Creation and Worker Assistance Act of 2002, and a 50% additional first year depreciation allowance for qualifying property as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003. South Carolina has not adopted these 2002 and 2003 federal bonus depreciation allowances.

Amended Returns

Some taxpayers erroneously claimed the additional federal depreciation on their 2002 South Carolina Business Personal Property tax return, Form PT-100, or their 2002 South Carolina income tax return. Taxpayers who claimed the additional depreciation on any 2002 South Carolina tax return should file an amended return with the Department before July 1, 2004, to adjust for the bonus depreciation claimed. Following that date, the Department will begin to audit returns for this issue.

For additional information, call the Department 803-898-5000