



STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE  
300A Outlet Pointe Blvd., Columbia, South Carolina 29210  
P.O. Box 12265, Columbia, South Carolina 29211

SC INFORMATION LETTER #15-22

**SUBJECT:** Angel Investor Credit – December 31<sup>st</sup> Application Deadline (Income Tax)

**DATE:** December 16, 2015

**REFERENCE:** S. C. Code Ann. Section 11-44-70(A) (Supp. 2014)

**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:** An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

**Purpose:**

The purpose of this information letter is to remind taxpayers applying for the Angel Investor Credit that the deadline for submitting applications to the Department for investments made during 2015 is December 31, 2015. In addition, applications submitted for investments made in future years must be made by December 31<sup>st</sup> of the year the investment is made.

**Explanation:**

The “High Growth Small Business Job Creation Act of 2013” was enacted in Title 11, Chapter 44 to improve the availability of early stage capital for emerging high-growth enterprises in South Carolina. To further this goal, the Act encourages individual angel investors to invest in early stage, high-growth, job-creating businesses by providing an angel investor an income tax credit of 35% of its qualified investment. The total credit an individual is allowed for all investments in one tax year is \$100,000. Only 50% of the allowed credit can be used against the individual’s net income tax liability in the tax year the qualified investment is made. The credit has a 10 year carry forward.

Since the total credit allowed to all taxpayers is limited to \$5 million in any year<sup>1</sup>, an angel investor seeking to claim the credit must submit an application to the Department for approval by December 31<sup>st</sup> of the year the investment is made. Applications submitted after December 31<sup>st</sup> will not be considered for credit approval. See Code Section 11-44-70(A) and SC Revenue Ruling #14-6, Question #18.

For more information concerning the provisions and requirements of the Angel Investor Credit, see SC Revenue Ruling #14-6. This revenue ruling can be found on the Department's website ([www.dor.sc.gov](http://www.dor.sc.gov)) under the "Resources" link. (Under the "Resources" link, click on "Law and Policy" and use the "Calendar Year Index" to find the revenue ruling.)

Note: To assist taxpayers during the first year of the Angel Investor Credit and its application process for investments made in 2014, the General Assembly enacted a temporary budget proviso in Act No. 91 of 2015 (Part 1B, Section 109, Proviso 109.13) to extend the application deadline to July 31, 2015, or the date the aggregate credit cap is reached, whichever is earlier. This temporary proviso is only effective for investments made in 2014. If the General Assembly reenacts this proviso for the next fiscal year or any future fiscal year, then the application deadline for the Angel Investor Credit will be extended in accordance with the provisions of that proviso. To ensure eligibility for the Angel Investor Credit, taxpayers should submit their application to the Department for approval by December 31<sup>st</sup> of the year the investment is made.

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<sup>1</sup> If the credit amounts on all of the applications received by the Department exceed \$5 million, then the Department must allocate the credit on a pro rata basis among the angel investors who filed a timely application.