



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214-0575

SC INFORMATION LETTER # 19-24

SUBJECT: \$50 Tax Refund (Rebate) for Eligible 2018 Tax Returns
(Individual Income Tax)

DATE: October 8, 2019

REFERENCE: S.C. Act No. 91, Proviso 118.15 (2019)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (2014)
SC Revenue Procedure #90-3

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

During the 2019 legislative session, the General Assembly enacted proviso 118.15 (Act No. 91) to provide a \$50 rebate to individual taxpayers due to increased income tax revenue for fiscal year 2018. The purpose of this Information Letter is to provide taxpayers with information regarding the rebate, including eligibility for the rebate, issuance of rebate check, and related tax issues.

LAW

The proviso provides, in part:

To the extent sufficient funds are available, the Department of Revenue shall provide a fifty dollar refund to each individual income tax return filed for tax year 2018 that has at least a state individual income tax liability of fifty dollars, after credits, for returns filed on or before October 15, 2019. The Department of Revenue may prorate this amount based upon actual funds and eligible returns and is directed to issue these checks on December 2, 2019.

REBATE INFORMATION

Qualifying Taxpayers. South Carolina residents, part-year residents, and nonresidents who meet the following requirements qualify for the rebate:

1. The taxpayer filed a 2018 South Carolina individual income tax return on or before October 15, 2019; and
2. The 2018 individual income tax return reported a South Carolina income tax liability of at least \$50, after refundable and nonrefundable credits are applied.

Rebate Check. All rebates will be issued by paper check no later than December 2, 2019. The mailing of rebate checks will begin in early November.

Married Taxpayers. The rebate is allowed on a “per return” basis. Accordingly, a married couple filing jointly for 2018 is eligible to receive one \$50 rebate. A married couple filing separate returns for 2018 is eligible to receive a \$50 rebate for each return, provided each return meets the eligibility requirements for the rebate.

Special Filing Situations.

Original Return Filed After October 15, 2019. Taxpayers who file an original 2018 return after October 15, 2019 are not eligible for the rebate, even if the return reports a liability of \$50 or more after credits.

Amended Return Filed On or Before October 15, 2019. Taxpayers who file an amended 2018 return on or before October 15, 2019 are eligible for the rebate, provided the amended return reports a South Carolina income tax liability of at least \$50 after credits. In order to determine whether the \$50 tax liability requirement has been met, the Department will use the latest 2018 amended return filed by the taxpayer on or before October 15, 2019.

Amended Return Filed After October 15, 2019. No rebate will be allowed for an amended return filed after October 15, 2019, even if the amended return reports a liability of \$50 or more after credits.

Composite Return.¹ A composite return filed by a partnership or S corporation on behalf of its nonresident partners or shareholders on or before October 15, 2019, that reports an aggregate South Carolina income tax liability of at least \$50 after credits is eligible to receive one \$50 rebate.

¹ S.C. Code Section 12-6-5030.

RELATED TAX ISSUES

Form 1099-G/INT. For taxpayers who receive a 2019 Form 1099-G/INT, “Certain Government Payments,” from the Department, the \$50 rebate will be included in the total amount of state income tax refunds, credits, and offsets reported. The statement is for informational purposes and should be retained with the taxpayer’s records.

South Carolina Income Tax Consequences. For South Carolina income tax purposes, state tax refunds are not subject to South Carolina income tax.² Accordingly, the \$50 rebate will not be included in the taxpayer’s South Carolina taxable income in 2019.

Federal Income Tax Consequences.

Taxpayers Who Claimed the Standard Deduction in 2018. A taxpayer who claimed the standard deduction in 2018 will not include a state income tax refund (including any \$50 rebate received) in gross income in 2019.

Taxpayers Who Itemized Deductions in 2018. A taxpayer who claimed an itemized deduction for state income taxes in 2018 will include a state income tax refund received in 2019 in the taxpayer’s 2019 gross income to the extent a federal “tax benefit” is received from the 2018 deduction.³ The federal tax benefit received, if any, depends on each taxpayer’s specific tax situation. For additional information on determining the federal income tax consequences of a state tax refund (including any \$50 rebate received), see [irs.gov](https://www.irs.gov), Federal Form 1040, Schedule 1 instructions, or Internal Revenue Service Publication 525.

² S.C. Code Section 12-6-1120(2). South Carolina gross income does not include any state income tax refund included in federal gross income.

³ See IRC Section 111. Internal Revenue Code Section 164(b)(6), added by the Tax Cuts and Jobs Act, Pub. L. No. 115-97, (Dec. 22, 2017), limits an individual’s deduction for state and local taxes paid during the calendar year to \$10,000. See also, IRS Revenue Ruling 2019-11, for guidance on the amount of a state tax refund that is required to be included in federal taxable income based on the tax benefit received.