
State of South Carolina
Department of Revenue
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #97-23

SUBJECT: ADMINISTRATIVE PRONOUNCEMENT
Revisions in Computation of Age 65 and Older Deduction

DATE: December 1, 1997

SUPERSEDES: All previous documents and any oral directives in conflict herewith.

REFERENCE: S. C. Code Ann. Section 12-6-1140(9) (Enacted in 1997)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 1996)
SC Revenue Procedure #97-8

SCOPE: An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements are official advisory opinions of the Department.

Code Section 12-6-1140(9) provides a maximum \$11,500 income tax deduction for resident taxpayers age 65 and older. The law further provides that if a married taxpayer eligible for this deduction files a joint federal income tax return with a spouse who is not eligible for this deduction, then their joint income must be allocated between them on a pro-rata basis in the manner the department shall provide.

The general instructions to the SC1040 (Individual Income Tax Return) and SC1040NR (Individual Income Tax Return Nonresident) contain Worksheet C to allocate the joint income of taxpayers who are married and filing jointly where one taxpayer is a resident and age 65 or over.

After further review, the Department has **replaced** the allocation method contained as **Worksheet C** in the instructions with a simpler method. Revised Worksheet C is attached.

REVISED WORKSHEET C for SC1040 Instructions

Married taxpayers filing a joint return must allocate joint income if one spouse qualifies for the deduction and the other spouse is under 65 years of age or is not otherwise eligible for the deduction.

Total federal income should be allocated as follows: Allocate separate income to the spouse who earned it, such as wages, business income/loss, or taxable social security. Allocate joint income, such as interest earned on a joint bank account or state tax refund, half to each taxpayer.

Total SC additions should be allocated as follows: Allocate the total additions shown on your state return to the spouse to whom they belong. Allocate additions, such as interest income on jointly held obligations of states other than South Carolina, half to each taxpayer.

	Column A Amount Shown on Federal or State Return	Column B Amount Allocated to Taxpayer Age 65 or Over
Line 1: Enter Total Income from your Federal Return, 1040, line 22 or 1040A, line 14 in Column A. Enter the amount of total income allocated to resident taxpayer age 65 or over in Column B.		
Line 2: Enter Total Additions from your State Return, SC1040, line 37 in Column A. Enter the amount of total additions allocated to resident taxpayer age 65 or over in Column B.		
Line 3: Enter total of lines 1 and 2 of Column B.		
Line 4: Maximum Deduction		\$11, 500
Line 5: Enter the amount of retirement deduction claimed on line 42a or 42b for the taxpayer age 65 or over. Include any retirement deduction claimed by this taxpayer as a surviving spouse.		
Line 6: Subtract line 5 from line 4. Do not enter less than zero.		
Line 7: Enter the smaller of line 3 or line 6. Enter amount on line 43a or 43b of your state return. Do not enter less than zero.		

REVISED WORKSHEET C for SC1040NR Instructions

Married taxpayers filing a joint return must allocate joint income if one spouse is age 65 or older and is a resident for part of the year and the other spouse is under 65 years of age or has not been a resident for any part of the year.

South Carolina income and exclusions should be allocated as follows: Allocate separate income to the spouse who earned it, such as wages, business income/loss, or taxable social security. Allocate joint income, such as interest earned on a joint bank account or SC income tax refund, half to each taxpayer.

	Column A Amount Shown on State Return	Column B Amount Allocated to SC Resident Age 65 or Over
Line 1: Add lines 28-34, 36-38, and 41-45 of your SC1040NR , Column B and enter total in Column A. Enter the amount allocated to resident taxpayer age 65 or over in Column B.		
Line 2: Add lines 35, 39a, and 39b from your SC1040NR, Column B and enter total in Column A as a positive number. Enter the amount allocated to resident taxpayer age 65 or over in Column B.		
Line 3: Add any South Carolina income tax refund included in line 31 or taxable social security included in line 44 of your SC1040NR, Column A. Enter the amount allocated to taxpayer 65 or over in Column B.		
Line 4: Enter total of lines 1, 2, and 3 of Column B.		
Line 5: Maximum Deduction		\$11, 500
Line 6: Enter the amount of retirement deduction claimed on line 39a or 39b for the resident taxpayer age 65 or over. Include any retirement deduction claimed by this taxpayer as a surviving spouse.		
Line 7: Subtract line 6 from line 5. Do not enter less than zero.		
Line 8: Enter the smaller of line 4 or line 7. Enter amount on line 40a or 40b of your state return. Do not enter less than zero.		