SC REVENUE RULING #25-x [PUBLIC DRAFT 5/27/2025]

SUBJECT:	New Jobs Credit (Income Tax)
EFFECTIVE DATE:	Applies to all periods open under the statute.
SUPERSEDES:	S.C. Revenue Ruling #99-5 S.C. Revenue Ruling #05-5 S.C. Revenue Ruling #07-2 S.C. Revenue Ruling #19-11
REFERENCES:	S.C. Code Ann. § 12-6-3360 (2014 & Supp. 2024) S.C. Code Ann. § 12-6-3362 (2014)
AUTHORITY:	S.C. Code Ann. § 12-4-320 S.C. Code Ann. § 1-23-10(4) S.C. Revenue Procedure #09-3
SCOPE:	The purpose of a Revenue Ruling is to provide guidance to the public. It is an advisory opinion issued to apply principles of tax law to a set of facts or general category of taxpayers. It is the Department's position until superseded or modified by a change in statute, regulation, court decision, or another Department advisory opinion.

Section 12-6-3360 of the South Carolina Code provides a job tax credit (New Jobs Credit) for eligible taxpayers creating new jobs in South Carolina.[1] To qualify for the credit, taxpayers must operate a qualifying facility and create the required number of new jobs during a tax year. The credit amount is based on the county where the facility is located, the tax year in which the new jobs are created, and the number of new jobs created and maintained. Credits may be claimed against South Carolina corporate and individual income taxes, bank taxes, and insurance premium taxes.[2]

There are three job tax credit provisions: the "traditional" credit in Section 12-6-3360(C)(1), the "annual" small business credit in Section 12-6-3360(C)(2), and the "accelerated" small business credit in Section 12-6-3362. This document provides a general overview of the "traditional" credit requirements, with additional details on the "annual" and "accelerated" credits provided in the **Small Business Credit Provisions** section. The chart in **Appendix B** provides a comparison

[1] This document discusses the job tax credit (New Jobs Credit) found in Sections 12-6-3360 and 12-6-3362. This document does **not** discuss the Job Development Credit found in Section 12-10-80. The Job Development Credit (JDC) contains similar provisions to the New Jobs Credit, but it is a separate credit administered by the Coordinating Council for Economic Development.

[2] Insurance premium tax returns are filed with the South Carolina Department of Insurance, not the Department of Revenue.

of the three credit provisions. Although a taxpayer may meet the requirements of all three credit provisions, they may only use one credit provision for each credit period. The total amount of job tax credit taken in a tax year may not exceed 50% of the taxpayer's South Carolina income tax, bank tax, or insurance premium tax liability. Unused credits may be carried forward for 15 years.

The purpose of this ruling is to address common questions about the job tax credits. The credit's rules and requirements can be complex. Taxpayers and their tax advisors should carefully review this document, previous guidance issued by the South Carolina Department of Revenue (SCDOR), and the relevant tax credit statutes to determine if they qualify for the credit.

This document is divided into the following sections:

9. Is there recapture of the credit if the taxpayer has a decrease in the number of jobs?
10. Can taxpayers claim multiple job tax credits in one year?
11. Should a taxpayer include all employees located in the county in the job tax credit calculation, such as retail employees who are not at the qualifying facility?
12. Do leased employees qualify as a new job created for purposes of the credit?
13. Do remote workers or traveling workers qualify for the credit?
14. Are employees who leave during a year still included in the number of new jobs created during that year?
15. Do employees transferred from a facility outside of South Carolina to a South Carolina facility qualify?
16. What is a new facility qualifying for the credit?
17. Can a single physical location have multiple facilities qualifying for the credit?
18. What is an expansion that qualifies for the credit?
19. How does a short year affect the computation of the credit?
20. Is a taxpayer required to own the facility to be able to qualify for the credit?
21. Can the same facility qualify for the credit more than once?
22. How does a taxpayer who relocates its qualifying facility from one county to another county with a different tier ranking calculate the credit amount?
23. Are owners of a passthrough entity considered new employees for the credit?
24. Are passthrough entities required to pass credits through to their owners?
25. Can a partnership pass all credits through to one partner?
26. Can electing passthrough entities take the credit against the entity-level tax on active trade or business income?

XI. Examples

A. Determining the monthly average number of full-time employees
B. Methods for calculating the monthly average number of full-time employees in the first year of operation
C. Taxpayer with full-time and half-time jobs
D. Completing the TC-4 (or similar schedule) – Jobs increase and maintained
E. Completing the TC-4 (or similar schedule) – All jobs not maintained
F. Completing the TC-4SA (or similar schedule)
G. Determining annualized gross wages and the 120% threshold
H. Small business with employees not at 120% threshold
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I. Qualifying Facilities

To be eligible for the credit, new jobs must be created by taxpayers operating a qualifying facility. Qualifying facilities, as defined in Section 12-6-3360, include the following:[3]

1. Manufacturing facility: Establishment where tangible personal property is produced or assembled. Section 12-6-3360(M)(5).

2. Tourism facility: Establishment used for a theme park; amusement park; historical, educational, or trade museum; botanical garden; cultural center; theater; motion picture production studio; convention center; arena; auditorium; spectator or participatory sports facility; and similar establishments where entertainment, education, or recreation is provided to the general public. New hotel and motel construction is considered a tourism facility, but 20 or more new jobs must be created to qualify for the credit. A tourism facility does not include the portion of an establishment where retail merchandise or retail services are sold directly to retail customers. Section 12-6-3360(M)(12).

3. Processing facility: Establishment that prepares, treats, or converts tangible personal property into finished goods or another form of tangible personal property, including a business engaged in processing agricultural, aquacultural, or maricultural products, including food processing operations. A processing facility does not include an establishment in which retail sales of tangible personal property are made to retail customers. Section 12-6-3360(M)(6).

4. Agricultural packaging facility: Establishment providing a coordinated system of preparing agricultural goods for transport, warehousing, logistics, sale, and end use. This includes technology of enclosing, protecting, or preserving agricultural products for distribution, storage, sale, and use as well as the process of designing, evaluating, and producing packages used for agricultural products. Section 12-6-3360(M)(16).

[3] Professional sports teams are included in the list of qualifying taxpayers in Section 12-6-3360(A), but no professional sports team met the provisions of Section 12-6-3360(P) by July 1, 2022 as required under the statute, so no professional sports team is a qualifying taxpayer for the job tax credit.

5. Warehousing facility: Establishment where tangible personal property is stored, but not any establishment where retail sales of tangible personal property are made to retail customers. Section 12-6-3360(M)(7).

6. Distribution facility: Establishment where shipments of tangible personal property are processed for delivery to customers. A distribution facility does not include an establishment where retail sales of tangible personal property are made to retail customers on more than 12 days a year, unless the facility processes customer sales orders by mail, telephone, or electronic means and also processes shipments of tangible personal property to customers and at least 75% of the dollar amount of goods sold through the facility are to customers outside of South Carolina. Retail sales made inside the facility to employees working at the facility are not considered for the 12-day and 75% limitations. Section 12-6-3360(M)(8).

7. Research and development facility: Establishment engaged in laboratory, scientific, or experimental testing and development related to new products, new uses for existing products, or improving existing products. A research and development facility does not include an establishment engaged in efficiency surveys, management studies, consumer surveys, economic surveys, advertising, promotion, banking, or research in connection with literary, historical, or similar projects. Section 12-6-3360(M)(9).

8. Corporate office facility: Facility or portion of facility where headquarters staff employees are employed, and where the taxpayer's or a business unit of the taxpayer's financial, personnel, legal, planning, information technology, or other headquarters-related functions are handled on either a regional, national, or global basis. A headquarters must be a regional headquarters or a national headquarters to qualify, unless it is the headquarters of a general contractor licensed by the South Carolina Department of Labor, Licensing, and Regulation. A national headquarters must be the sole office or location in the nation or world for the taxpayer or business unit with multistate operations and must handle headquarters-related functions on a national or global basis. The function and purpose of the national headquarters is to plan, direct, and control all aspects of the taxpayer or business unit's operations, and it has final authority over regional offices, operating facilities, or any other office of the taxpayer or business unit. A regional headquarters must be the sole office or location in the region for the taxpayer or a business unit with multistate operations within the region and must handle headquarters-related functions on a regional basis. The regional headquarters performs a function separate from the management of operational facilities within the region, and instead performs functions similar to the national headquarters but within a more limited area. A region, or regional, means a geographic area comprised of either at least five states, including South Carolina, or two or more states including South Carolina if the entire business operations of the taxpayer or business unit are performed within fewer than five states. Sections 12-6-3360(M)(10) and 12-6-3410(J)(1).

9. Qualifying service-related facility: Establishment engaged in an activity under NAICS code sections 621 (ambulatory health care); 622 (hospitals); 623 (residential care facilities); or 488190 (support activities for air transportation); or another business not engaged in legal, accounting, banking, or investment services or retail sales that has a net increase of:
   a. 175 jobs at a single location;
   b. 150 jobs at a single location that is a building that was vacant for at least 12 consecutive months before the taxpayer's investment;
   c. 100 jobs at a single location with an average cash compensation level of more than 150% of the lower of state per capita income or the per capita income of the county where the jobs are located;
   d. 50 jobs at a single location with an average cash compensation level of more than 200% of the lower of state per capita income or the per capita income of the county where the jobs are located; or
   e. 25 jobs at a single location with an average cash compensation level of more than 250% of the lower of state per capita income or the per capita income of the county where the jobs are located.

   The per capita income is based on the most recent data available at the end of the tax year in which the jobs are filled. Information letters with per capita income data can be found at **dor.sc.gov/policy**. Section 12-6-3360(M)(13).

10. Agribusiness operation: Establishment engaged in the producing operations of a farm; the manufacture and distribution of farm equipment and supplies; or the processing, storage, and distribution of farm commodities.[4]

11. Extraordinary retail establishment: A single store located in South Carolina within two miles of an interstate highway or in a county with at least 3.5 million visitors a year that is a destination retail establishment attracting at least 2 million visitors a year, at least 35% of whom travel at least 50 miles to the establishment. The South Carolina Department of Parks, Recreation, and Tourism determines and certifies qualifying extraordinary retail establishments. Sections 12-6-3360(M)(15), 12-21-6520(14), and 12-21-6590.

12. Qualifying technology intensive facility: Facility at which a firm engages in the design, development, and introduction of new products, innovative manufacturing processes, or both, through the systemic application of scientific and technical knowledge. This includes NAICS codes 5114 (database and directory publishers); 5112 (software publishers); 54151 (computer systems design and related services); 541511 (custom

[4] Section 12-6-3360 does not provide a definition of agribusiness operations. The definition provided is from Merriam-Webster dictionary. "Agribusiness." *Merriam-Webster.com Dictionary*, Merriam-Webster, https://www.merriam-webster.com/dictionary/agribusiness. Accessed 12 Feb. 2025.

computer programming services); 541512 (computer systems design services); 2007 NAICS 541711 (research and development in biotechnology); 2007 NAICS 541712 (research and development in physical, engineering, and life sciences); 518210 (data processing, hosting, and related services); 9271 (space research and technology); or 2002 NAICS 51811 (internet service providers and web search portals). Section 12-6-3360(M)(14).

13. Bank: Establishment engaged in a banking business, whether incorporated under the laws of South Carolina, any other state, the United States, or unincorporated, except cash depositories.[5]

Retail facilities and service-related industries, including but not limited to businesses such as restaurants, gas stations, retail stores, landscaping, construction sites, law firms, and accounting firms, will qualify for the credit *only* if located in Tier IV counties. See the chart in **Appendix A** for a summary of the types of facilities and businesses that qualify in each county tier and the new job eligibility requirements.

II. Creation of New Jobs

The credit is available for taxpayers operating qualifying facilities who create and maintain the minimum level of new jobs when a new facility or expansion is initially staffed.[6] Typically, taxpayers must increase employment by 10 or more new full-time jobs at the qualifying facility. Section 12-6-3360(C)(1).

The number of new full-time jobs is determined by comparing the monthly average number of full-time employees subject to South Carolina income tax withholding in the county with the monthly average in the prior tax year. Section 12-6-3360(F)(1).

To be included in the monthly average, employees must meet all the credit requirements in Section 12-6-3360, so they must be employed in a facility type that qualifies for the credit. **Question 11** and **Example R** provide more information about which employees are included in the monthly average when a taxpayer has multiple locations in a county.

When computing the increase in full-time employees each year, the taxpayer must round the monthly average number of employees down to the lowest whole number of jobs. **Example A** demonstrates how a taxpayer calculates the average increase in full-time employees.

Exceptions to the 10 new jobs requirement are:

1. Tourism facilities consisting of hotels and motels must create 20 new jobs. Section 12-6-3360(M)(12).

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[5] Section 12-6-3360 does not provide a definition of banks. This definition is from Section 12-11-10 providing for tax on the income of banks.
[6] See **New Full-Time Job Definition** section.

2. Certain qualifying service-related facilities listed in Section 12-6-3360(M)(13) must create at least:
    a. 175 jobs in a single location;
    b. 150 jobs at a single location that is a building that was vacant for at least 12 consecutive months before the taxpayer's investment;
    c. 100 jobs at a single location with an average cash compensation level of more than 150% of the lower of state per capita income or the per capita income of the county where the jobs are located;
    d. 50 jobs at a single location with an average cash compensation level of more than 200% of the lower of state per capita income or the per capita income of the county where the jobs are located; or
    e. 25 jobs at a single location with an average cash compensation level of more than 250% of the lower of state per capita income or the per capita income of the county where the jobs are located.

3. Small business taxpayers with 99 or fewer employees worldwide qualify if they increase employment by two or more new full-time jobs. Section 12-6-3360(C)(2). See the **Small Business Credit Provisions** section for more information about the credits for taxpayers with 99 or fewer employees.

Hotels and motels, qualifying service-related facilities, and small businesses will compute the credit in the same way as taxpayers required to create 10 new full-time jobs but should substitute any references to 10 new jobs with the required job creation number based on the type of qualifying business.

III. New Full-Time Job Definition

A new job is a job created in South Carolina at the time a new facility or expansion is initially staffed. It does not include a job created when an employee is shifted from an existing location in South Carolina to a new or expanded facility whether the job is transferred to or from another facility of the taxpayer or a related person, unless the job is transferred to a county where a federal facility has reduced its permanent employment by 3,000 or more jobs after December 31, 1990. Currently, the only county with an applicable federal facility is Aiken County.

New jobs also include existing jobs at a facility that are reinstated after the employer has rebuilt the facility when:

1. More than 50% was destroyed by accidental fire, natural disaster, or act of God; or
2. Involuntary conversion took place through condemnation or exercise of eminent domain by the federal government or by South Carolina or one of its political subdivisions.

The year of reinstatement is the year a reinstated job was created. All reinstated jobs qualify for the credit. The taxpayer is not required to compare the number of full-time jobs in the tax year with the number of full-time jobs in the prior taxable year. Section 12-6-3360(M)(3).

A full-time job is one requiring a minimum of 35 hours of an employee's time a week for the entire normal year of company operations or for a year in which the employee was initially hired for or transferred to the South Carolina facility. Two half-time jobs, requiring at least 20 hours of an employee's time per week, are considered one full-time job. Section 12-6-3360(M)(4). Jobs that do not require at least 20 hours of an employee's time per week will not qualify for the credit. **Example C** shows how to determine the total number of new jobs for a taxpayer who has both full-time and half-time employees.

For agricultural packaging and agribusiness operations, seasonal workers may be considered full-time employees. Seasonal workers are counted as a fraction of a full-time worker, calculated by multiplying the number of hours worked a week by the number of weeks worked and then dividing that total by 1,820. Section 12-6-3360(M)(4).

IV. Credit Amount

The amount of credit available is based on the county where the facility is located, the tax year in which the new jobs are created, and the number of new jobs created and maintained during the tax year.

Beginning in 2019, the amount of credit for each new full-time job created is:

- $25,000 for Tier IV counties
- $20,250 for Tier III counties
- $2,750 for Tier II counties
- $1,500 for Tier I counties

For new full-time jobs created in tax years from 2011 through 2018, the amount of credit for each new job is:

- $8,000 for Tier IV counties
- $4,250 for Tier III counties
- $2,750 for Tier II counties
- $1,500 for Tier I counties

Refer to previous advisory opinions, found at **dor.sc.gov/policy**, for credit amounts for tax years before 2011.

Taxpayers can receive an additional $1,000 credit for each new full-time job located in a multi-county business or industrial park jointly established and developed by two or more counties. See Section 4-1-170 for multi-county park requirements. The additional credit is available for five years beginning in the tax year following the creation of the job. Section 12-6-3360(E)(1). The credit amount for jobs created in a multi-county park is based on the county where the new jobs are actually located, not the county rankings of other counties in the park. If a multi-county industrial park is designated during the tax year, all new jobs created during that year will receive the additional $1,000 credit. Any jobs created in a year prior to the multi-county park designation will not qualify for the additional credit amount.

Taxpayers can receive an additional $1,000 credit for each new full-time job located on a property where a response action has been completed pursuant to a non-responsible party voluntary cleanup contract under the Brownfields Voluntary Cleanup Program. The additional credit is available for five years beginning in the tax year following creation of the job. Section 12-6-3360(E)(2).

Taxpayers in Tier I and Tier II counties who claim the credit for hiring recipients of family independence payments as provided in Section 12-6-3470 in addition to the job tax credit are limited to a total credit amount of $5,500 per employee. Sections 12-6-3360(N) and 12-6-3470(A)(2). For Tier III and Tier IV counties, the job tax credit amount per employee is greater than $5,500. Therefore, taxpayers in Tier III and Tier IV counties who would qualify for both credits will be limited to the job tax credit amounts per employee.

V. County Designations

The SCDOR ranks and designates South Carolina's 46 counties by December 31 each year using data from the South Carolina Department of Employment and Workforce and the U.S. Department of Commerce. The 12 counties with a combination of the highest unemployment rate and lowest per capita income are designated as **Tier IV** counties. The 12 counties with a combination of the next highest unemployment rate and next lowest per capita income are designated as **Tier III** counties. The 11 counties with a combination of the next highest unemployment rate and the next lowest per capita income are designated as **Tier II** counties. The 11 counties with a combination of the lowest unemployment rate and the highest per capita income are designated as **Tier I** counties. Section 12-6-3360(B). The criteria for the rankings provided in the statute are mandatory, and the SCDOR has no authority to modify the county rankings in any manner.

Information Letters with the county rankings for each year are available at **dor.sc.gov/policy**. County designations are effective for tax years that begin in the following calendar year. Taxpayers operating on a fiscal year will use the county designation based on the first month of the fiscal year. For example, a taxpayer using the fiscal year of July 1, 2023 through June 30, 2024 would use the county designations for 2023.

The credit amount is based on the county designation at the time the jobs are created. If the county designation changes in a future year, the credit amount does not change for jobs that have already been created, but if additional new jobs are created in future years, the credit amount for those jobs is based on the county designation at the time the jobs are created. See **Example J** for a taxpayer with credit amount changes during the credit period.

A taxpayer planning a significant expansion can file the Notification to Lock In County Designation (SC616) with the SCDOR *before* creating the new jobs to lock in the current year Tier II, III, or IV county designation. The SC616 can be found at **dor.sc.gov/forms**. Filing the SC616 notifies the SCDOR of the county in which the new facility or expansion is planned, the number of new jobs expected to be created, and when the new facility or expansion is planned. A new facility or expansion in a county must be planned in order to lock in the tier designation.

Once locked-in at the current year designation, the taxpayer may continue using that designation when the new jobs are created, even if a county is subsequently moved to a different tier. The SC616 is valid for all new jobs created during the five-year credit period. See **Example K** for a taxpayer who files the SC616 to lock in a Tier III county designation.

If the actual county designation in the year of job creation is more favorable, the taxpayer is not required to use the designation locked in by the SC616. The examples below show that using the SC616 to lock in a county designation can be beneficial to a taxpayer when the county designation moves to a higher tier county in years of job creation, but it will not be detrimental to the taxpayer if the county designation moves to a lower tier county in years of job creation.

	Taxpayer 1	**Taxpayer 2**	**Taxpayer 3**	**Taxpayer 4**
County designation at time planning expansion in South Carolina	Tier III	Tier III	Tier II	Tier II
Credit amount per job	\$20,250	\$20,250	\$2,750	\$2,750
County designation at time of job creation	Tier II	Tier II	Tier III	Tier III
Credit amount per job	\$2,750	\$2,750	\$20,250	\$20,250
SC616 filed	Yes	No	Yes	No
County designation used to determine credit	Tier III	Tier II	Tier III	Tier III
Credit amount per job to be claimed by taxpayer	\$20,250	\$2,750	\$20,250	\$20,250

VI. Determining and Claiming the Credit

The SCDOR provides the Schedule TC-4 (New Jobs Credit) for taxpayers to use when claiming the credit on a return. Taxpayers who need more space than provided on a single TC-4, such as taxpayers with multiple locations qualifying for the credit, can use multiple TC-4s or may create a separate schedule that includes the information contained on the TC-4. Taxpayers filing a paper return should attach all TC-4s or other schedules showing the full credit calculation. Taxpayers filing electronically who are unable to attach documents to their electronic return submission should keep a copy of the TC-4 and credit calculation schedules with their return documentation. Taxpayers who filed an SC616 to lock in a county designation should continue to include a copy of the SC616 with their tax credit schedules on each return claiming the credit.

The credit is allowed beginning in Year 2 after the creation of the new jobs in Year 1.[7] Section 12-6-3360(C)(1). Additional jobs created in Year 2 through Year 6 also qualify for the credit. Section 12-6-3360(D). The credit is taken for five years following the year in which the job is created as long as the new jobs are maintained. To determine the number of new jobs created each year, the taxpayer compares the monthly average number of eligible full-time employees

[7] Small businesses may be able to take the "accelerated" credit in the year of the creation of new jobs. See the **Small Business Credit Provisions** section.

subject to income tax withholding in the county in the year the jobs are created with the monthly average in the prior tax year. For the first year of new job creation, the taxpayer compares the monthly average number of employees with the monthly average number of full-time employees in the base year, or the year preceding the year of the staffing of the new facility or expansion. The base year is not required to be the first year of operation of the facility, and the taxpayer is not required to have any employees in the base year. **Example D** shows how the TC-4 is completed to show the new jobs and additional new jobs created for each year of the credit period.

The periods used to compute the monthly average are the months corresponding to the taxpayer's tax year. A taxpayer may not choose a 12-month period other than the months corresponding to the tax year. The taxpayer may use any appropriate and justifiable day in the month to determine the monthly number of full-time employees, such as the last day of the month, the 12th day of the month as reflected on the South Carolina Unemployment tax return, or a regular pay day as reflected on the withholding tax return. Once a day of the month is determined, it must be used for all future months and years.

In the first year of operation, a taxpayer may use the actual months in operation or a full 12-month period. **Example B** provides a comparison of the two methods for calculating the number of new jobs for the first year of operation.

If a business is in operation for less than 12 months a year, the number of new full-time jobs is determined using the monthly average for the months the business is in operation. See **Example L** for a short year credit calculation.

The credit is allowed if the minimum level of new jobs (generally 10) is maintained. If the average job increase falls below the minimum level of 10 new jobs, the credit is not allowed in that year or any future year. Section 12-6-3360(C)(1). See **Example N** for a taxpayer who does not maintain the minimum level of new jobs.

The amount of credit that may be taken in a year is limited to 50% of the tax liability. Unused credits may be carried forward for 15 years.

VII. Large Investors

A taxpayer who makes a capital investment of at least $50 million at a single site within a three-year period may elect to determine the number of new jobs created by using the monthly average number of jobs created at that site, instead of the number of all employees subject to withholding in the county. A single site is defined as a stand-alone building whether or not several stand-alone buildings are located in one geographical location. New jobs do not include jobs transferred from one site to another site by the taxpayer or by a related person as defined in IRC Section 267. The calculation of new and additional jobs is allowed for a five-year period beginning in the year in which the $50 million of capital investment is completed. Section 12-6-3360(F)(2). After the five-year period expires, a taxpayer must invest an additional $50 million at a single site to take advantage of this provision again.

VIII. Passthrough Entities

A partnership, S Corporation, or Limited Liability Company (LLC) taxed as a partnership or S Corporation may pass the credit earned to each partner, shareholder, or member based on their percentage of stock ownership or interest in the partnership or LLC. An S Corporation with income tax due at the entity level, including an S Corporation that makes the election to pay tax at the entity level on active trade or business income, must use the credit against the entity-level tax first before passing any remaining credit through to the shareholders.

Passthrough entities report the amount of credit passed through to partners, shareholders, or members using the Schedule SC K-1. Credits that pass through to partners, shareholders, or members are not carried forward at the entity level. See **Example O** for credits earned by a partnership and passed through to partners. See **Example P** for credits earned by an S Corporation and taken first against the S Corporation's tax and then passed through to the shareholders.

The partners, shareholders, or members will report the credit amounts from the SC K-1s on their South Carolina returns using the TC-4. The instructions for the TC-4 provide more specific information about how partners, shareholders, or members report their portion of the New Jobs Credit received from the entity. Partners, shareholders, or members receiving credits from multiple passthrough entities should include a schedule showing the amount of credit received from each entity and the total credit received for the tax year, along with a copy of the SC K-1s showing the tax credit. See **Example Q** for a schedule the partner, shareholder, or member might prepare to include with their return. Taxpayers who file electronically and are unable to attach schedules to their return should include copies with their tax records to provide if requested by the SCDOR as part of an audit or review of the return.

The credit is limited to 50% of the partner, shareholder, or member's tax liability. If the partner, shareholder, or member files a joint income tax return, the credit is limited to 50% of the entire income tax liability, even if only one spouse is a partner, shareholder, or member. Any unused credit is carried forward by the partner, shareholder, or member for up to 15 years from the close of the tax year in which the entity earned the credit. Section 12-6-3360(K).

IX. Small Business Credit Provisions

Taxpayers with 99 or fewer employees worldwide can qualify for the credit if they increase employment by two or more full-time jobs with gross wages of at least 120% of the county's or state's average per capita income, whichever is lower. If the gross wages are less than 120% of both the county and state per capita income, the initial amount of the credit is reduced by 50%. No credit is allowed if the net employment increase falls below two jobs. Section 12-6-3360(C)(2).

Gross wages are net wages subject to income tax withholding. To determine if the 120% threshold is met, gross wages are annualized by dividing the gross wages by the number of months worked, then multiplying the result by 12. To annualize gross wages for a half-time job, then divide by the number of hours the half-time employee works in a week and multiply by 40. See **Example G** for more information about annualization of wages and the 120% threshold.

Taxpayers must use the most recent per capita income figures published by the SCDOR as of the end of the tax year in which the new jobs are created. The South Carolina Revenue and Fiscal Affairs Office provides the county and state per capita income figures. Typically, the SCDOR publishes an Information Letter in November of each year with the county per capita income figures for the year and publishes two Information Letters, in April and November of each year, with the most recent state per capita income figures for the year. These Information Letters can be found at **dor.sc.gov/policy**.

The taxpayer has the option to determine whether it has 99 or fewer total employees at all locations worldwide at either the beginning or the end of the tax year in which the new full-time jobs are created (Year 1). The determination is made in the first year of the credit period and is not changed for the subsequent years of the same credit period (Year 2 through Year 5), even if the number of employees exceeds 99 worldwide during a subsequent year.

Taxpayers with 99 or fewer employees may elect to claim the credit beginning in the year the new full-time jobs are created (Year 1) instead of in the year following the year of job creation ("accelerated credit"). The credit for a job is still claimed for no more than five years and is not allowed if the total of new jobs falls below two. Section 12-6-3362. The "accelerated" credit is taken using the Sch. TC-4SA (Accelerated Small Business Jobs Tax Credit). **Example F** and **Example H** show how to complete the TC-4SA.

Taxpayers with 99 or fewer employees who do not choose to take the "accelerated" credit use the Sch. TC-4SB (Small Business Jobs Credit) to claim the "annual" small business credit beginning in the year after the year of job creation (Year 2).

A taxpayer with 99 or fewer employees that creates at least 10 new full-time jobs may qualify for the "traditional" job tax credit under Section 12-6-3360(C)(1). Although a taxpayer may meet the requirements of multiple different credit provisions, only one may be used for each credit period. The determination of the credit provision a taxpayer will use is made when the credit period begins.

See the chart in **Appendix B** for a comparison of the credit provisions.

X. Frequently Asked Questions

Unless stated otherwise, the Frequently Asked Questions refer to the "traditional" credit provisions. The answers to these questions will generally apply to the "annual" or "accelerated" small business credits as well, but taxpayers not using the "traditional" credit provisions should consider how the answers may change based on differences in the credit provisions.

1. **Is the credit computed on a statewide basis?**

Qualifying new jobs are those created with the initial staffing of a new facility or an expansion, and the taxpayer must create at least 10 new full-time jobs at a facility to qualify for the credit. Under the statute, taxpayers must calculate the number of new jobs qualifying for the credit based on the county where the qualifying facility is located. Taxpayers may have South Carolina facilities in different tiered counties. The credit amount is based on the county tier for each facility where the required number of new jobs are created. Taxpayers qualifying in multiple counties may complete a separate TC-4 for each county, or may create a schedule with the information included on the TC-4.

The following example shows how taxpayers determine if they qualify for the credit based on the number of new jobs created when they have qualifying facilities in different South Carolina counties.

	Taxpayer 1		**Taxpayer 2**		**Taxpayer 3**	
Counties in Operation	Tier I County	Tier IV County	Tier I County	Tier IV County	Tier I County	Tier IV County
Average Increase or (Decrease) in Full-Time Employees	5	5	20	5	20	(50)
Qualify for Credit?	No	No	Yes	No	Yes	No

Taxpayer 1 does not qualify for the credit, because neither facility has the minimum level of 10 new full-time jobs required to qualify for the credit, even though statewide the taxpayer created 10 new full-time jobs.

Taxpayer 2 qualifies for the credit for the 20 new jobs created at the facility in the Tier I county, but not for the 5 new jobs created at the facility in the Tier IV county.

Taxpayer 3 qualifies for the credit for the 20 new jobs created at the facility in the Tier I county, even though the taxpayer reduced employment in the other county and had a statewide aggregate job decrease. However, the new jobs at the facility in the Tier I county will not qualify for the credit if they were transferred from the Tier IV facility or from any other facility in South Carolina.

2. **Does the taxpayer use the county designation for the year the jobs are created or the year the credit is taken?**

   The credit is taken on a return in the year following the year of job creation (Year 2). If the county designation changes from Year 1 to Year 2, taxpayers will use the county designation in the year the jobs are created (Year 1) instead of the county designation in the year the credit is taken (Year 2). Taxpayers can use the SC616 to lock in a county designation before the new jobs are created. See the **County Designations** section for more information about filing the SC616.

3. **Does the credit need to be approved in advance?**

No, the job tax credit is not approved in advance. It is claimed on the taxpayer's tax return beginning in the year after the creation of the new jobs (or the year of new job creation for the "accelerated" credit).

4. Can credits be sold or transferred to another taxpayer?

Unused credits may be transferred and continued by the succeeding taxpayer in the case of a merger, consolidation, or reorganization of a taxpayer where tax attributes survive. Additionally, a taxpayer may assign its rights to job tax credits to another taxpayer if it transfers all, or substantially all, of its assets, or the assets of a trade or business or operating division related to the generation of the job tax credits, to that taxpayer. The number of new jobs must be maintained for the credit amount being claimed. Section 12-6-3360(I). See **Example M** for a taxpayer transferring credits as part of a merger. An S Corporation, partnership, or limited liability company taxed as an S Corporation or partnership may pass the credit through to its shareholders, partners, or members as described in the **Passthrough Entities** section.

There are no other provisions in Section 12-6-3360 allowing for the transfer or sale of the job tax credits in any other situation.

5. Can taxpayers claim the credit if they do not have a tax liability?

The job tax credit is a nonrefundable credit. Therefore, taxpayers will not be able to use the credit in a year in which they do not have a tax liability. However, a taxpayer with zero tax liability who earns the credit should still claim it on a South Carolina tax return to establish credit carryforwards that may be available in future years when the taxpayer does have a tax liability.

6. Can unused credits be carried forward?

Yes, unused credits may be carried forward for 15 years from the tax year in which the credit was earned by the taxpayer. The credit is considered earned in the first year the taxpayer is able to claim the credit on a South Carolina tax return (Year 2 for the "traditional" or "annual" credit or Year 1 for the "accelerated" credit). Credits carried forward are used in the order earned and before jobs credits first claimed in the current year. Taxpayers with credit carryforwards should create a schedule to keep with their tax records showing the amounts earned, used, carried forward, and lost due to the 15-year limit each year. **Example I** provides a sample of the type of schedule a taxpayer may create.

A taxpayer eligible for the tax moratorium in Section 12-6-3367 may claim the job tax credit and may carry forward unused credits beginning after the moratorium expires.[8] Section 12-6-3360(H).

[8] The moratorium may be for either 10 or 15 years, depending on the qualifying project.

7. **Can taxpayers amend returns to claim credits they failed to claim on original returns?**

Yes. A taxpayer may file amended returns and claim credits to reduce tax or request a refund for tax periods open under the statute of limitations. If credits were not claimed in a year that is closed under the statute of limitations, the taxpayer can determine the credit that should have been claimed in the closed years. The taxpayer will be treated as if the credit had been properly claimed in the closed years. Only the amount of credit that would have been available for a carryforward if the credit had been properly claimed in the closed years is eligible for carryforward to the years open under the statute of limitations.

For example, Taxpayer is a calendar year corporation that files all returns timely on the original due date. As part of a facility expansion, Taxpayer created 10 qualifying new full-time jobs in a Tier I county in 2017 and maintained those new jobs, but did not claim a New Jobs Credit on any of the original returns. On April 15, 2024, Taxpayer filed the 2023 return and amended the 2022, 2021, and 2020 returns to claim the credit and unused credit carryforward.

Taxpayer provides the following information:

Tax Year	Original Credit Earned	Original Return Date Filed	Statute of Limitations Date	Tax Liability	Credit Limited to 50% of Tax	Total Credit Carryforward Available
2018	$15,000	4/15/2019	4/15/2022	$20,000	$10,000	$5,000
2019	$15,000	4/15/2020	4/15/2023	$20,000	$10,000	$10,000
2020	$15,000	4/15/2021	4/15/2024	$20,000	$10,000	$15,000
2021	$15,000	4/15/2022	4/15/2025	$20,000	$10,000	$20,000
2022	$15,000	4/15/2023	4/15/2026	$20,000	$10,000	$25,000
2023	$0	4/15/2024	4/15/2027	$20,000	$10,000	$15,000

Taxpayer became eligible to take the credit in 2018 for the jobs created in 2017. Because the jobs were maintained throughout, Taxpayer earned a credit for each year of the five-year credit period.

Tax years 2018 and 2019 are closed due to the statute of limitations, so Taxpayer cannot file amended returns claiming the credit (and requesting a refund of taxes paid) for those years. The $10,000 of credit that should have been claimed in each of those years is lost and not available for carryforward. However, the remaining credits can be carried forward and taken in the years that are still open. Taxpayer can claim a $10,000 credit on the amended returns for 2020, 2021, and 2022; a $10,000 credit on the 2023 return (attributable to the carryforwards from earlier years); and has a $15,000 carryforward available for future years.

When filing the returns, Taxpayer should use the TC-4, or a schedule with the same information as the TC-4, to show the number of new full-time jobs created during each year of the credit period.

8. How long should taxpayers keep records for the credit, and which records should they keep?

Taxpayers are required to keep books and records as the SCDOR prescribes. Section 12-54-210. The SCDOR is authorized to examine a taxpayer's books and records to determine the correctness of the tax liability. Section 12-54-100. Taxpayers claiming a tax credit should keep records that are sufficient to establish the credit amount. This may include copies of the TC-4 schedules, a listing of the employees claimed for the monthly averages used in the new job calculations, and the employees' number of hours worked and salary or wages earned during the year.

Records should be retained for at least four years after the return claiming the credit was filed or due to be filed. Regulation 117-200.1. Since this credit has a 15-year carryforward period, records for the credit should be retained during the carryforward period and for four years after the credit is claimed on a return.

9. Is there recapture of the credit if the taxpayer has a decrease in the number of jobs?

No. After credits have been earned and claimed on the return, there is no provision requiring a recapture of the credits if the number of jobs decreases in a future year. However, credits are only allowed if the job level is maintained in the tax year the credit is claimed. Therefore, if the taxpayer had an increase in jobs in Year 1, but then did not maintain all of those jobs in Year 2, the taxpayer will only consider the jobs that were maintained when calculating the credit on the Year 2 return. See **Example D** and **Example E** for taxpayers who do not maintain all jobs created.

10. Can taxpayers claim multiple job tax credits in one year?

Yes. There are several scenarios in which a taxpayer may have multiple job tax credits available in one year. For example, taxpayers may have multiple facilities in different counties that each qualify for job tax credits. The credit is calculated separately for each county in which the taxpayer is creating new jobs at a qualifying facility.

Additionally, the taxpayer may calculate the credit for different facilities using different credit provisions. For instance, the taxpayer may have one credit period at a facility using the "accelerated" small business provisions and a second credit period at a different facility using the "traditional" provisions. Finally, taxpayers may receive credits passed through from one or more partnerships or S Corporations.

Taxpayers who have more than one facility claiming the credit or who receive credits from multiple passthrough entities should combine the credits to arrive at one total "New

Jobs Credit" amount for the tax year and use this amount when determining credit limitations and carryforwards. Taxpayers may need to use multiple TC-4s, or similar schedules, to arrive at the credit amounts for qualifying facilities, but the totals should be combined into one credit amount claimed on the tax return. The total "New Jobs Credit" taken cannot exceed 50% of the tax liability in a tax year.

11. Should a taxpayer include all employees located in the county in the job tax credit calculation, such as retail employees who are not at the qualifying facility?

Taxpayers use the monthly average number of full-time employees subject to South Carolina withholding in the county to determine the number of new full-time jobs for the credit. Section 12-6-3360(F)(1). To qualify for the credit, employees must meet all the requirements found in Section 12-6-3360. Therefore, the employees must be employed at a qualifying facility in the county. Employees who are subject to withholding in the county but are not at a qualifying facility, such as retail employees at a separate retail location in the county, will not be included in the monthly average number of full-time employees used to determine the credit. Taxpayers who create new jobs at a qualifying facility in the county, such as a distribution facility, and who also create new jobs at a separate qualifying facility in the same county, such as a separate manufacturing facility in the county, will aggregate all of the jobs at the qualifying facilities for purposes of determining the monthly average. See **Example R**.

12. Do leased employees qualify as a new job created for purposes of the credit?

No. Only employees of the taxpayer operating the eligible facility qualify for the credit, and the number of new jobs is based on the number of employees the taxpayer has who are subject to South Carolina withholding. Leased employees or other employees of another company who are working for the taxpayer will not qualify for the credit, since they are not the taxpayer's employees for South Carolina withholding purposes. If the taxpayer hires full-time employees who were previously leased or temporary employees at the business, those employees are considered new employees eligible for the credit, if all other statutory requirements are met.

A leasing company or temporary agency is considered to be a service facility, so it can only qualify for the credit itself if it is located in a Tier IV county and creates and maintains a minimum of 10 new full-time jobs at the time a new facility or expansion is initially staffed. Only employees working exclusively for and at the facility of the leasing company or temporary agency would qualify as new jobs for the credit. Employees leased to other taxpayers would not qualify.

13. Do remote workers or traveling workers qualify for the credit?

Section 12-6-3360 does not address remote employees directly. However, new jobs are those created in South Carolina at the time a new facility or expansion is initially staffed,[9]

[9] Section 12-6-3360(M)(3)

and the number of new full-time jobs is determined using the monthly average number of full-time employees subject to South Carolina income tax withholding in the applicable county.[10] Therefore, remote workers who are hired as part of the initial staffing of a new facility or expansion and who are included in the number of employees subject to withholding in the county of the facility can qualify as new jobs for the credit. Similarly, workers who are based out of an eligible facility but travel during their workday can qualify as new jobs for the credit if they are hired as part of the initial staffing of the new facility or expansion and are included in the employees subject to withholding in the county where the facility is located.

A taxpayer must have a qualifying facility in South Carolina to be eligible for the credit. Taxpayers who only have remote workers or traveling workers in South Carolina but do not have a qualifying facility in the state will not be able to qualify for the credit.

14. Are employees who leave during a year still included in the number of new jobs created during that year?

The number of new full-time jobs is determined based on the monthly average number of full-time employees subject to South Carolina withholding in the county. Section 12-6-3360(F)(1). Employees who are only employed for a portion of the year will be included in the monthly average calculation for the months during which they are full-time employees subject to South Carolina withholding.

Taxpayers may choose any appropriate and justifiable day in the month to determine the monthly number of full-time employees, such as the last day of the month, the 12th day of the month as reflected on the South Carolina Unemployment tax return, or a regular pay day as reflected on the withholding tax return. However, once a day of the month is determined, it must be used for all future months and years. Employees who leave employment mid-month will be included in the monthly average calculation for the months during which they are full-time employees subject to South Carolina withholding, but they must be employed on the day used to determine the monthly average of employees to be included in the number of employees for that month.

15. Do employees transferred from a facility outside of South Carolina to a South Carolina facility qualify?

Yes. Jobs transferred from one location in South Carolina to another generally do not qualify as new jobs for the purposes of the credit, but jobs transferred from a location outside of South Carolina to this state will qualify as new jobs for the credit.

16. What is a new facility qualifying for the credit?

A new job is one created at the time a new facility or an expansion is initially staffed. Section 12-6-3360(M)(3). A new facility is a new physical location where a taxpayer's

[10] Section 12-6-3360(F)(1)

business is conducted or where its services or industrial operations are performed. Regulation 117-750.1. To qualify for the credit, the new facility must be for a qualifying business type as listed in Section 12-6-3360(A) or found in the summary chart in **Appendix A**.

17. Can a single physical location have multiple facilities qualifying for the credit?

Regulation 117-750.1 provides that if multiple distinct and separate economic activities are performed at a single physical location, each separate economic activity will be treated as a separate facility when:

1. each activity has its own separate and dedicated personnel;
2. separate reports can be prepared on the numbers of employees, their wages and salaries, sales, or receipts and expenses; and
3. employment and output are significant as to the activity.

18. What is an expansion that qualifies for the credit?

A new job is one created at the time a new facility or an expansion is initially staffed. Section 12-6-3360(M)(3). Section 12-6-3360 does not provide a definition of "expansion," but the SCDOR has interpreted "expansion" to include a physical expansion, a capital expansion, or a labor force expansion.

A physical expansion is a physical enlargement by increasing square footage of an existing building or facility or by constructing, leasing, or acquiring a new building. A capital expansion involves capital expenditures, such as purchases of equipment and machinery, that necessitates the hiring of new employees. A labor expansion is an increase in the labor force at an existing facility of at least the minimum monthly average number of new, full-time jobs required to qualify for the credit.

19. How does a short year affect the computation of the credit?

A short year counts as one of the five credit years. To determine the monthly average for a short tax year, the taxpayer should divide the total employees by the number of months in the short year. See **Example L**.

20. Is a taxpayer required to own the facility to be able to qualify for the credit?

No. To qualify a taxpayer must *operate* a qualifying type of facility[11] but is not required to own the facility or the machinery and equipment used in the facility. The entity who hires and controls the employees will be considered the employer for South Carolina withholding and employment tax purposes and will be considered the taxpayer operating

[11] Section 12-6-3360(A)

the qualifying facility, even if the facility and the machinery and equipment are owned by another company.

If the taxpayer uses leased employees in its operations, the employee leasing company will be considered the employer of record for South Carolina withholding tax purposes while the taxpayer will be considered as operating the facility. In this example neither the employee leasing company nor the taxpayer will qualify for the job tax credit.

21. Can the same facility qualify for the credit more than once?

Yes. A taxpayer operating a facility could have additional expansions that qualify for another jobs credit, and begin a new five-year credit period, after the original credit period has ended. If expansions overlap, the taxpayer can choose to end the original credit period and begin a new credit period, provided the taxpayer creates the required number of qualifying new jobs to begin a new credit period. The same new jobs cannot be included in multiple credit periods.

22. How does a taxpayer who relocates its qualifying facility from one county to another county with a different tier ranking calculate the credit amount?

A taxpayer who relocates during the five-year credit period will claim the job tax credit for existing jobs created at the former location based on the county designation of the new location. For the year of relocation, the credit is based on the county designation for that year, not the year the jobs were created. Additional new jobs created at the new location during the credit period are based on the county designation of the new county for the year the new jobs are created. An SC616 previously filed for the former county is disregarded upon permanent relocation to a new county. See **Example S**.

23. Are owners of a passthrough entity considered new employees for the credit?

Shareholders of an S Corporation who are employees of the S Corporation and included in the South Carolina withholding may be included in the count of employees if they are employed at the qualifying facility. Partners in a partnership are not employees of the partnership and so cannot be included in the number of new employees for the credit.

24. Are passthrough entities required to pass credits through to their owners?

No. Section 12-6-3360(K)(1) provides that a passthrough entity *may* pass the credit through to its shareholders, partners, or members, but does not *require* the credit to be passed through.

Entities that pass the credit through to their owner must pass credits to each shareholder, partner, or member in an amount equal to the percentage of the stock ownership of the S Corporation or interest in the partnership or LLC. See **Question 25.**

Credits that are not passed through to shareholders, partners, or members in the year earned are retained by the entity. They may be used or carried forward at the entity level. Credits carried forward at the entity level in one year may be passed through to owners in a future year. Once a credit is passed through to shareholders, partners, or members, it is no longer available to be used or carried forward at the entity level. The 15-year carryforward period is based on the year the credit is *earned* by the passthrough entity.

25. Can a partnership pass all credits through to one partner?

No. Section 12-6-3360(K)(2) provides that the amount of credit allowed a partner is equal to the partner's interest in the partnership. The partner's interest in the partnership is his share of the partnership's profits and surplus, as based on the partnership agreement.[12]

26. Can electing passthrough entities take the credit against the entity-level tax on active trade or business income?

Yes. The credit can be taken against income taxes imposed by Section 12-6-510 or 12-6-350. Section 12-6-3360(A). Section 12-6-545(F) provides that income tax credits available to offset taxes due pursuant to Section 12-6-510 also apply against the 3% tax on active trade or business income found in Section 12-6-545. Therefore, passthrough entities who make the election to pay tax on active trade or business income at the entity level can take the job tax credit against the entity-level tax. Credits taken at the entity level are not passed through to the partners, shareholders, or members of the passthrough entity.

XI. Examples

Unless stated otherwise, examples assume the taxpayer is a qualifying taxpayer required to create 10 new full-time jobs, all new jobs are created at the time a new facility or expansion is initially staffed, and the taxpayer maintains all jobs in future years.

Example A: Determining the monthly average number of full-time employees
Each taxpayer is a manufacturer with one location in South Carolina; is a calendar year taxpayer; is initially staffing a new facility in South Carolina; begins Year 1 with zero employees; and maintains all jobs in Year 2. Total employees refers to the cumulative total of full-time employees in the county each month.

	Number of Full-Time Employees		
Months in Year 1	**Taxpayer 1**	**Taxpayer 2**	**Taxpayer 3**
January	10	2	25
February	10	3	25
March	10	4	25
April	10	4	30

[12] Section 33-41-730 and IRC Section 704

May	10	5	35
June	10	5	50
July	10	6	50
August	10	8	15
September	10	9	10
October	10	10	9
November	10	20	8
December	10	30	8
Year 1 Total Employees	120	106	290
Divide by Months in Operation	12	12	12
Monthly Average of Full-Time Employees	10	8.83	24.17
Subtract Prior Year Monthly Average	0	0	0
Average Increase in Full-Time Employees	10	8	24
Qualify for Credit?	Yes	No	Yes

Taxpayer 1 increased employment by the monthly average of 10 new full-time jobs required to qualify for the credit.

Taxpayer 2 created more than 10 new full-time jobs in the end of the year but did not have a monthly average of 10 new jobs for the tax year as required to qualify for the credit. The taxpayer must round down to the lowest whole number of jobs when computing the increase in full-time employees for the year.

Taxpayer 3 had a monthly average of more than 10 new jobs for the tax year so may qualify for the credit, even though there are fewer than 10 new jobs at the end of the tax year. However, for the credit to be claimed in Year 2[13] and later years, the monthly average of total employees must continue to be 10 or more.

Example B: Methods for calculating the monthly average number of full-time employees in the first year of operation

The taxpayer is a calendar year taxpayer who began operations at a new manufacturing facility on July 1, Year 1 so was in operation for six months during the year.

Months in Year 1	Method 1 Divide by 12 Months	Method 2 Divide by Months in Operation
January	0	0
February	0	0
March	0	0

[13] The credit is not claimed in the year the jobs are created (Year 1) but is first claimed in the year after the year in which jobs are created (Year 2).

April	0	0
May	0	0
June	0	0
July	8	8
August	8	8
September	9	9
October	9	9
November	19	19
December	19	19
Year 1 Total Employees	72	72
Divide by 12 Months or Months in Operation	12	6
Monthly Average of Full-Time Employees	6	12
Subtract Prior Year Monthly Average	0	0
Average Increase in Full-Time Employees	6	12
Qualify for Credit?	No	Yes

Months in Year 2	**Method 1**	**Method 2**
January	19	19
February	19	19
March	19	19
April	19	19
May	19	19
June	19	19
July	19	19
August	19	19
September	19	19
October	19	19
November	19	19
December	19	19
Year 2 Total Employees	228	228
Divide by Months in Operation	12	12
Monthly Average of Full-Time Employees	19	19
Subtract Prior Year Monthly Average	6	12
Average Increase in Full-Time Employees	13	7
Qualify for Credit?	Yes	Yes

Method 1 computes the monthly average increase for Year 1 using 12 months of operation instead of the actual months in the first year of operation. The taxpayer does not qualify for the credit in Year 1, because they did not create the minimum of 10 new jobs. In Year 2, the taxpayer has an increase of more than 10 jobs over the prior year so is eligible to claim the credit for a five-year period (Years 3-7) if the jobs are maintained.

Method 2 computes the monthly average increase for Year 1 using the six months of actual operation. The taxpayer would qualify for the credit in Year 1, because they created more than the minimum of 10 new jobs during the year. The taxpayer will be able to claim the credit in Years 2-6 for the 12 jobs created in Year 1, provided the jobs are maintained. The taxpayer will also be able to claim the credit for the 7 additional jobs created in Year 2 during the period of Years 3-7 provided the jobs are maintained during the five-year period.

In this example, Method 2 enables the taxpayer to take the credit beginning in Year 2 (for the jobs created in Year 1) and seems more advantageous, but the timing and number of new jobs created in Year 1 could result in advantages to using Method 1 instead.

Example C: Taxpayer with full-time and half-time jobs

The taxpayer is a calendar-year corporation who began operations at a new manufacturing facility in South Carolina in Year 1. During Year 1, the taxpayer employs 20 full-time employees and 25 half-time employees each month.

Months in Year 1	**Number of Full-time Jobs**	**Number of Half-time Jobs**	**Total New Jobs for Credit**
January	20	25	32.5
February	20	25	32.5
March	20	25	32.5
April	20	25	32.5
May	20	25	32.5
June	20	25	32.5
July	20	25	32.5
August	20	25	32.5
September	20	25	32.5
October	20	25	32.5
November	20	25	32.5
December	20	25	32.5
Year 1 Total Employees			390
Divide by 12 Months			12
Monthly Average of Full-Time and Equivalent Employees			32
Subtract Prior Year Monthly Average			0
Average Increase in Full-Time Employees			32

The taxpayer has 32 new full-time jobs created in Year 1 that will qualify for the credit in Year 2 through Year 6 if the jobs are maintained. The taxpayer must round down to the lowest whole number of full-time jobs when computing the monthly average number of full-time employees.

In Year 2, the taxpayer hires 10 of the half-time employees as full-time employees. The other 15 continue as half-time employees.

Months in Year 2	**Number of Full-time Jobs**	**Number of Half-time Jobs**	**Total New Jobs for Credit**
January	30	15	37.5
February	30	15	37.5
March	30	15	37.5
April	30	15	37.5
May	30	15	37.5
June	30	15	37.5
July	30	15	37.5
August	30	15	37.5
September	30	15	37.5
October	30	15	37.5
November	30	15	37.5
December	30	15	37.5
Year 2 Total Employees			450
Divide by 12 Months			12
Monthly Average of Full-Time and Equivalent Employees			37
Subtract Prior Year Monthly Average			32
Average Increase in Full-Time Employees			5

The taxpayer has 5 new full-time jobs created in Year 2 that will qualify for the credit in Year 3 through Year 7 if the jobs are maintained. The taxpayer must round down to the lowest whole number of full-time jobs when computing the monthly average number of full-time employees.

Example D: Completing the TC-4 (or similar schedule) – Jobs increase and maintained

The taxpayer is a calendar-year corporation who began operations at a new manufacturing facility in South Carolina in 2014.

Number of full-time employees subject to withholding during each month:												
Month	**Base Year**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Year 11**
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1. January	0	3	30	25	20	25	30	30	48	50	50	52
2. February	0	3	30	24	20	25	30	32	48	50	50	52
3. March	0	12	30	24	20	25	30	34	50	50	50	52
4. April	0	12	30	23	20	25	30	36	50	50	50	52
5. May	0	15	25	23	22	26	30	38	52	50	50	52
6. June	0	15	25	22	22	26	30	40	52	50	50	52
7. July	0	20	25	22	22	26	30	42	50	50	50	52
8. August	0	20	25	22	24	26	30	44	50	50	52	52
9. September	0	25	25	20	25	26	30	46	50	50	52	52
10. October	0	25	25	20	25	30	30	48	50	50	52	52

11. November	0	30	25	20	25	30	30	50	50	50	52	52
12. December	0	30	25	20	25	30	30	50	50	50	52	52
Total employees	0	210	320	265	270	320	360	490	600	600	610	624
Number of months in operation	12	12	12	12	12	12	12	12	12	12	12	12
Monthly average of full-time employees[14]	0	17	26	22	22	26	30	40	50	50	50	52
Previous year average		0	17	26	22	22	26	30	40	50	50	50
Average increase in full-time employees		17	9	(4)	0	4	4	10	10	0	0	2

Employees eligible for credit:										
	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Year 1 increase	17	17	17	17	17					
Year 2 increase[15]		5	5	5	5	5				
Year 3 increase			0	0	0	0	0			
Year 4 increase				0	0	0	0	0		
Year 5 increase					4	4	4	4	4	
Year 6 increase						4	4	4	4	4
Number of new jobs for credit	17	22	22	22	26	13	8	8	8	4

The new jobs added in Year 7 will not qualify for the credit since the 5-year credit period for the initial job increase from the opening of the facility in Year 1 has expired. However, the increase of 10 new jobs in Year 7 is the result of a new expansion and creates a new credit period. The taxpayer will begin a new 5-year credit period using 2022 as Year 1 and will compute the new credit on a separate TC-4.

Example E: Completing the TC-4 (or similar schedule) – All jobs not maintained

The taxpayer is a calendar-year corporation who began operations at a new manufacturing facility in South Carolina in 2014.

Number of full-time employees subject to withholding during each month:												
Month	**Base Year**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Year 11**
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1. January	0	3	30	25	20	15	20	20	15	15	22	20
2. February	0	3	30	24	20	15	20	20	15	15	22	20

[14] The monthly average number of full-time employees is rounded down to the lowest whole number of full-time employees.
[15] The decrease in Year 3 must be considered in determining the Year 2 amount. The increase of 9 jobs from Year 2 is combined with the decrease of 4 jobs from Year 3 to arrive at the total of 5 new jobs for Year 2.

3. March	0	12	30	24	20	15	20	20	15	15	22	20
4. April	0	12	30	23	17	15	20	18	15	15	22	20
5. May	0	15	25	23	17	16	20	18	15	15	22	20
6. June	0	15	25	22	13	16	20	18	15	15	20	22
7. July	0	20	25	22	13	16	20	16	15	15	20	22
8. August	0	20	25	22	15	16	20	15	15	15	20	22
9. September	0	25	25	20	15	16	20	15	15	16	20	22
10. October	0	25	25	20	15	20	20	15	15	16	20	22
11. November	0	30	25	20	15	20	20	15	15	16	20	20
12. December	0	30	25	20	15	20	20	15	15	22	20	20
Total employees	0	210	320	265	195	200	240	205	180	190	250	250
Number of months in operation	12	12	12	12	12	12	12	12	12	12	12	12
Monthly average of full-time employees[16]	0	17	26	22	16	16	20	17	15	15	20	20
Previous year average		0	17	26	22	16	16	20	17	15	15	20
Average increase in full-time employees		17	9	(4)	(6)	0	4	(3)	(2)	0	5	0

Employees eligible for credit:										
	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Year 1 increase	17	17	17	17	17					
Year 2 increase		5	5	5	5	5				
Year 3 increase			(6)	(6)	(6)	(6)	(6)			
Year 4 increase				0	0	0	0	0		
Year 5 increase					0	0	0	0	0	
Year 6 increase						1	(2)	(2)	0	0
Number of new jobs for credit	17	22	16	16	16	0	0	0	0	0

Jobs that are not maintained do not qualify for the credit. The increase of nine jobs in Year 2 is reduced by the four jobs that were not maintained in Year 3. The number of jobs for the credit is then further reduced by the six job decrease in Year 3.

Of the four new jobs created in Year 6, only one was still maintained in Year 7, and this job was not maintained in Year 8. For the returns filed in Year 8 and Year 9, the "number of new jobs for credit" will not be a negative number. Taxpayers are not required to amend returns or recapture credits if jobs are not maintained in years after the credit is claimed.

The new jobs created in Year 10 are created outside of the original five-year credit period so will not qualify for the credit.

[16] The monthly average number of full-time employees is rounded down to the lowest whole number of full-time employees.

Example F: Completing the TC-4SA (or similar schedule)

The taxpayer is a calendar-year corporation with fewer than 99 employees worldwide who began operations at a new manufacturing facility in South Carolina in 2016. All employees are hired with gross wages greater than 120% of the state per capita income.

Number of full-time employees subject to withholding during each month:												
Month	**Base Year**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Year 11**
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
1. January	0	3	30	25	25	20	25	30	30	30	30	30
2. February	0	3	30	25	24	20	25	30	30	30	30	30
3. March	0	12	30	25	24	20	25	30	30	30	30	30
4. April	0	12	30	25	23	20	25	30	30	30	30	30
5. May	0	15	25	25	23	22	26	30	30	30	30	30
6. June	0	15	25	25	22	22	26	30	30	30	30	30
7. July	0	20	25	25	22	22	26	30	30	30	30	30
8. August	0	20	25	25	22	24	26	30	30	30	30	30
9. September	0	25	25	25	20	25	26	30	30	30	30	30
10. October	0	25	25	25	20	25	30	30	30	30	30	30
11. November	0	30	25	25	20	25	30	30	30	30	30	30
12. December	0	30	25	25	20	25	30	30	30	30	30	30
Total employees	0	210	320	300	265	270	320	360	360	360	360	360
Number of months in operation	12	12	12	12	12	12	12	12	12	12	12	12
Monthly average of full-time employees[17]	0	17	26	25	22	22	26	30	30	30	30	30
Previous year average		0	17	26	25	22	22	26	30	30	30	30
Average increase in full-time employees		17	9	(1)	(3)	0	4	4	0	0	0	0

The four new jobs created in Year 7 will not qualify for the credit since the 5-year credit period for the initial job increase due to the opening of the facility in Year 1 has expired.

Example G: Determining annualized gross wages and the 120% threshold

Taxpayer is a calendar year corporation with fewer than 99 employees who begins operations at a new manufacturing facility in Florence County, a Tier II County, in 2022. The state per capita income for 2022 is $52,467 and the county per capita income is $51,554.[18] The 120% of the lower of state or county per capita income threshold for 2022 is $61,865. Taxpayer has the following employees who qualify as new jobs for the credit:

[17] The monthly average number of full-time employees is rounded down to the lowest whole number of full-time employees.
[18] See SC Information Letter #22-24 for the 2022 state and county per capita income amounts.

- Employee A was employed for the entire year. She was paid an annual salary of $55,000 and had pre-tax medical coverage of $100 per week ($5,200 total) and a $4,000 pre-tax contribution to a 401(k) plan for the year. Employee A's gross wages subject to withholding for the year are $45,800, which is less than 120% of the county or state per capita income for the year. The new job created by Employee A would only be eligible for the 50% credit amount.

- Employee B was hired March 1. He was paid $42 per hour and worked 40 hours each week for 44 weeks, for a total of $73,920. He had pre-tax medical coverage of $100 per week ($4,400 total) and a $7,000 pre-tax contribution to a 401(k) plan for the year. Employee B's gross wages subject to withholding are $62,520. The annualized gross wages for the 120% threshold test are $75,024 ($62,520 ÷ 10 months worked x 12 months in the year). This is greater than 120% of the county per capita income for the year, so the new job created by Employee B would be eligible for the full 100% credit amount.

- Employee C was employed for the entire year as a part-time employee[19] who worked 25 hours each week with no benefits and was paid $30 per hour, for a total of $39,000 gross wages. The annualized gross wages for the 120% threshold test are $62,400 ($39,000 ÷ 25 hours worked per week x 40 full-time hours). This is greater than 120% of the county per capita income for the year, so the new job created by Employee C would be eligible for the 100% credit amount.

- Employee D was hired January 1 as a part-time employee with no benefits and was paid $27 per hour. Employee D worked 20 hours a week for 12 weeks as a part-time employee and earned gross wages of $6,480. The annualized gross wages for this part-time position are $51,840 ($6,480 ÷ 3 months worked x 12 months in the year ÷ 20 hours worked per week x 40 full-time hours). This is less than 120% of the county per capita income for the year, so the new part-time job would only be eligible for the 50% credit amount.

  Beginning April 1, Employee D moved to full-time employment and was paid $6,000 per month, or $54,000. Employee D had $4,000 in pre-tax medical contributions and $2,500 in pre-tax contributions to a 401(k) plan for the year, for $47,500 in gross wages. The annualized gross wages for this position are $63,333 ($47,500 ÷ 9 months worked x 12 months in the year). This is greater than 120% of the county per capita income for the year ($61,865) so this new job would be eligible for the 100% credit amount beginning in April.

[19] Two part-time/half-time jobs equal one full-time job. If a taxpayer has only one half-time job, that job does not qualify for the job tax credit.

Example H: Small business with employees not at 120% threshold

Taxpayer is a calendar year corporation with fewer than 99 employees who begins operations at a new manufacturing facility in Florence County, a Tier II County, in 2022 (see **Example G**). The jobs are created in a multi-county industrial park so qualify for an additional $1,000 credit per job. Taxpayer is electing to take the "accelerated" credit using the TC-4SA. Taxpayer's income tax liability for 2022 is $12,000.

Number of full-time employees subject to withholding during each month:[20]		
Month	**Base Year 2021**	**Year 1 2022**
1. January	0	2
2. February	0	2
3. March	0	3
4. April	0	3.5
5. May	0	3.5
6. June	0	3.5
7. July	0	3.5
8. August	0	3.5
9. September	0	3.5
10. October	0	3.5
11. November	0	3.5
12. December	0	3.5
Total employees	0	38.5
Number of months in operation	12	12
Monthly average of full-time employees	0	3
Previous year average		0
Average increase in full-time employees		3

Employees eligible for credit:	
	Year 1
	2022
Year 1 increase	3
Year 2 increase	
Year 3 increase	
Year 4 increase	
Year 5 increase	
Year 6 increase	
Number of new jobs for credit	3

[20] See **Example G**. The 2 employees in January and February include Employee A (full-time employee) and Employees C and D (half-time employees). Beginning in March, Employee B is included as a full-time employee. Beginning in April, Employee D changes from a half-time employee to a full-time employee.

Number of full-time employees over the 120% threshold in each month:		
Month	Base Year	Year 1
	2021	2022
1. January	0	0.5
2. February	0	0.5
3. March	0	1.5
4. April	0	2.5
5. May	0	2.5
6. June	0	2.5
7. July	0	2.5
8. August	0	2.5
9. September	0	2.5
10. October	0	2.5
11. November	0	2.5
12. December	0	2.5
Total employees over the 120% threshold	0	25
Number of months in operation	12	12
Monthly average of employees over threshold[21]	0	2
Previous year average		0
Average increase in employees over threshold		2

Employees eligible for 100% credit:	
	Year 1
	2022
Year 1 increase	2
Year 2 increase	
Year 3 increase	
Year 4 increase	
Year 5 increase	
Year 6 increase	
Jobs qualifying for 100% credit	2

Determining the allowable credit

100% allowable credit	
100% credit amount for each job	$2,750
Additional credit amounts	$1,000
Total credit for each job	$3,750
Number of qualifying jobs	2
Allowable 100% credit	$7,500

[21] The monthly average number of full-time employees is rounded down to the lowest whole number of full-time employees.

50% allowable credit	
50% credit amount for each job	$1,375
Additional credit amounts	$1,000[22]
Total credit for each job	$2,375
Total qualifying jobs	3
Jobs eligible for 50% credit	1
Allowable 50% credit	$2,375
Total allowable credit	
Total current year credit	$9,875
Credit carryover from prior year	$0
Total credit available	$9,875
Tax liability	$12,000
Credit limit	$6,000
Allowable credit	$6,000
Credit carryforward	$3,875

Taxpayer earned a total credit of $9,875 in 2022. The credit was limited to 50% of the tax liability, or $6,000. Taxpayer has $3,875 of credit available to carry forward to the next tax year.

Example I: Taxpayer schedule showing available credit carryforward

Taxpayer is a calendar-year corporation who began operations at a manufacturing facility in a Tier I county in 2018. The taxpayer created 10 qualifying new full-time jobs in 2018, and maintained those jobs throughout the credit period so earns a $15,000 credit in each year of the five-year credit period. The taxpayer has a $10,000 tax liability each year, so the amount of credit the taxpayer can take is limited to $5,000. The taxpayer provides the following schedule with the 2023 return showing the amounts of credit earned, taken, and available for carryforward for each tax year during the credit period.

Tax Year	**2019**	**2020**	**2021**	**2022**	**2023**
Credit Carryforward Available	0	10,000	20,000	30,000	40,000
Credit Earned	15,000	15,000	15,000	15,000	15,000
Amount Used:					
2019	(5,000)				
2020	(5,000)				
2021	(5,000)				
2022		(5,000)			
2023		(5,000)			
Carryforward Available for 2024	0	5,000	15,000	15,000	15,000
Carryforward Expiration Date	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038

[22] The additional $1,000 credit for jobs in a multi-county park is not reduced even if the associated job is at the 50% threshold.

A total of $50,000 credit carryforward is available for the 2024 tax year.

Taxpayers are not required to create this schedule or provide it with their return, but they should have a copy of this schedule, or a similar schedule, included with their records for each tax year to show the amounts of credits earned, taken, and carried forward.

Example J: County designation changes during credit period

Taxpayer is a calendar year corporation who begins operations at a manufacturing facility in South Carolina in 2017. The facility is located in a county designated as a Tier III county in 2017. In 2020, the county designation is changed to Tier II. Taxpayer creates 10 new jobs in 2018 and creates 5 additional new jobs in each year of the five-year credit period.

	Year 1 2017	**Year 2 2018**	**Year 3 2019**	**Year 4 2020**	**Year 5 2021**	**Year 6 2022**	**Year 7 2023**
New Jobs Created	10	5	5	5	5	5	0[23]
Credit Claimed[24]							
2017: 10 jobs at Tier III $4,250		$42,500	$42,500	$42,500	$42,500	$42,500	
2018: 5 jobs at Tier III $4,250			$21,250	$21,250	$21,250	$21,250	$21,250
2019: 5 jobs at Tier III $20,250[25]				$101,250	$101,250	$101,250	$101,250
2020: 5 jobs at Tier II $2,750[26]					$13,750	$13,750	$13,750
2021: 5 jobs at Tier II $2,750						$13,750	$13,750
Total Credit Available		$42,500	$63,750	$165,000	$178,750	$192,500	$150,000

Because the taxpayer did not file the SC616 to lock in the county designation, the credit amount is based on the county designation for the year in which the new jobs are originally created.

[23] Jobs created in Year 7 are outside of the five-year credit period and do not qualify.
[24] Credits are first claimed in the year after the year in which the jobs are created.
[25] New jobs created in 2019 use the new 2019 credit amount for Tier III counties. The credit for jobs created in 2017 and 2018 will continue to be calculated using the "old" amounts.
[26] New jobs created in 2020 will use the credit amount for Tier II counties, since the county designation changed in 2020. The credit for jobs created in 2018 through 2019 will continue to be calculated using the amount for the county designation in the year the jobs were originally created.

Example K: SC616 filed to lock in county designation

Taxpayer is a calendar year corporation who begins operations at a manufacturing facility in South Carolina in 2017. The facility is located in a county designated as a Tier III county in 2017. Before beginning the facility, the taxpayer filed a SC616 with the SCDOR to lock in the Tier III county designation. In 2020, the county designation is changed to Tier II. Taxpayer creates 10 new jobs in 2018 and creates 5 additional new jobs in each year of the five-year credit period.

	Year 1 2017	Year 2 2018	Year 3 2019	Year 4 2020	Year 5 2021	Year 6 2022	Year 7 2023
New Jobs Created	10	5	5	5	5	5	10[27]
Credit Claimed[28]							
2017: 10 jobs at Tier III $4,250		$42,500	$42,500	$42,500	$42,500	$42,500	
2018: 5 jobs at Tier III $4,250			$21,250	$21,250	$21,250	$21,250	$21,250
2019: 5 jobs at Tier III $20,250[29]				$101,250	$101,250	$101,250	$101,250
2020: 5 jobs at Tier III $20,250[30]					$101,250	$101,250	$101,250
2021: 5 jobs at Tier III $20,250						$101,250	$101,250
Total Credit Available		$42,500	$63,750	$165,000	$266,250	$367,500	$325,000

Since the taxpayer filed the SC616 to lock in the county designation, the credit amount is based on the Tier III designation for each year in which new jobs are created.

[27] Jobs created in Year 7 are outside of the five-year credit period and do not qualify. If the taxpayer has a new facility or expansion in Year 7 that qualifies for a new credit, the taxpayer would be required to file a new SC616 if they wanted to lock in the county designation for the new credit period.
[28] Credits are first claimed in the year after the year in which the jobs are created.
[29] New jobs created in 2019 use the new 2019 credit amount for Tier III counties. The SC616 locks in the county designation but does not lock in the credit amount if it changes during the credit period. The credit for jobs created in 2017 and 2018 will continue to be calculated using the "old" amounts.
[30] New jobs created in 2020 and 2021 will continue to use the credit amount for Tier III counties, since the county designation was locked-in by the SC616. The credit for jobs created in 2018 through 2019 will continue to be calculated using the amount for the county designation in the year the jobs were originally created.

Example L: Calculating the credit for a short year

Taxpayer A is a calendar-year corporation who began operations at a new manufacturing facility in South Carolina in June 2018. On June 30, 2021, Taxpayer A merges with another corporate taxpayer, Taxpayer B, to create Corporation AB. Corporation AB maintains all the new jobs created by Taxpayer A (see **Example M**).

Month	Base Year	Year 1	Year 2	Year 3	Year 4
	2017	**2018**	**2019**	**2020**	**2021**
1. January	0		20	30	30
2. February	0		20	30	32
3. March	0		20	30	32
4. April	0		25	30	32
5. May	0		25	30	32
6. June	0	5	30	30	32
7. July	0	10	30	30	
8. August	0	10	30	30	
9. September	0	15	30	30	
10. October	0	15	30	30	
11. November	0	20	30	30	
12. December	0	20	30	30	
Line 1: Total employees (add months 1 through 12)	0	120	320	360	190
Line 2: Number of months in operation	12	7	12	12	6
Line 3: Monthly average of full-time employees (divide line 1 by line 2)[31]	0	17	26	30	31
Line 4: Previous year average		0	17	26	30
Line 5: Average increase in full-time employees (subtract line 4 from line 3)		17	9	4	1

Employees eligible for credit:			
	Year 2	Year 3	Year 4
	2019	2020	2021
Year 1 increase	17	17	17
Year 2 increase		9	9
Year 3 increase			4
Number of new jobs for credit	17	26	30

[31] The monthly average number of full-time employees is rounded down to the lowest whole number of full-time employees.

In Year 4 (the short period) Taxpayer A can take the full amount of the available credit, including the new jobs created and maintained in Years 1 through 3. Taxpayer A is not required to prorate the credit amount for a short period.

Taxpayer A calculates the increase in full-time employees for the 2021 short year using only the six months in operation. Any new jobs created in the short period ended June 30, 2021 and maintained would be available to be claimed on a tax return for the following year. See **Example M**.

Example M: Credit transfer on business reorganization

On July 30, 2021, Taxpayer A merged with Taxpayer B and created new corporation AB (see **Example L**). The new job credits earned by Taxpayer A are transferred to Corporation AB, which maintains the jobs and continues to create jobs at the qualifying manufacturing facility.

Month	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
	2017	2018	2019	2020	2021	2021	2022	2023
1. January	0		20	30	30		32	35
2. February	0		20	30	32		32	35
3. March	0		20	30	32		32	35
4. April	0		25	30	32		32	35
5. May	0		25	30	32		32	35
6. June	0	5	30	30	32		33	35
7. July	0	10	30	30		32	33	35
8. August	0	10	30	30		32	34	35
9. September	0	15	30	30		32	35	35
10. October	0	15	30	30		32	35	35
11. November	0	20	30	30		32	35	35
12. December	0	20	30	30		32	35	35
Line 1: Total employees (add months 1 through 12)	0	120	320	360	190	192	400	420
Line 2: Number of months in operation	12	7	12	12	6	6	12	12
Line 3: Monthly average of full-time employees (divide line 1 by line 2)[32]	0	17	26	30	31	32	33	35
Line 4: Previous year average		0	17	26	30	31	32	33

[32] The monthly average number of full-time employees is rounded down to the lowest whole number of full-time employees.

Line 5: Average increase in full-time employees (subtract line 4 from line 3)	17	9	4	1	1	1	2

Employees eligible for credit:							
	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
	2019	2020	2021	2021	2022	2023	2024
Year 1 increase	17	17	17	17	17		
Year 2 increase		9	9	9	9	9	
Year 3 increase			4	4	4	4	4
Year 4 increase				1	1	1	1
Year 5 increase					1	1	1
Year 6 increase						1	1
Number of new jobs for credit	17	26	30	31	32	16	7

Subject to IRC Section 383, if applicable,[33] Corporation AB can claim the credit beginning with the Year 5 return for the jobs created by Taxpayer A in Year 1 through Year 4 and maintained by Corporation AB. Corporation AB can also continue to use any credit carryforwards transferred by Taxpayer A.

The two new jobs created in 2023 (Year 7) will not qualify for the credit because they are outside of the five-year credit period. The two short period returns each count as tax years for the five-year credit period.

Example N: Employment increase falls below minimum new job requirement

The taxpayer is a calendar-year corporation who began operations at a new manufacturing facility in South Carolina in 2019.

Month	**Base Year**	**Year 1**	**Year 2**	**Year 3**	**Year 4**
	2018	**2019**	**2020**	**2021**	**2022**
1. January	0	3	30	12	12
2. February	0	3	25	11	12
3. March	0	12	20	11	13
4. April	0	12	20	10	13
5. May	0	15	20	10	15
6. June	0	15	15	9	15
7. July	0	20	15	9	15
8. August	0	20	15	8	15
9. September	0	25	12	8	15
10. October	0	25	12	8	15
11. November	0	30	12	8	15

[33] Section 12-6-3320

12. December	0	30	12	8	15
Line 1: Total employees (add months 1 through 12)	0	210	208	112	170
Line 2: Number of months in operation	12	12	12	12	12
Line 3: Monthly average of full-time employees (divide line 1 by line 2)[34]	0	17	17	9	14
Line 4: Previous year average		0	17	17	12
Line 5: Average increase in full-time employees (subtract line 4 from line 3)		17	0	(8)	0

Employees eligible for credit:				
	Year 2	**Year 3**	**Year 4**	**Year 5**
	2020	**2021**	**2022**	**2023**
Line 6: Year 1 increase	17			
Line 7: Year 2 increase				
Line 8: Year 3 increase				
Line 9: Year 4 increase				
Line 10: Year 5 increase				
Line 11: Year 6 increase				
Line 12: Number of new jobs for credit (add line 6 through line 11)	17	0	0	0

In Year 3 (2021) the increase in full-time employment fell below the required minimum of 10 new jobs created, so the credit is not allowed for 2021 or subsequent tax years.
If the taxpayer was unable to use the full amount of the credit earned in the 2020 tax year, they can continue to carry the unused credits forward to future tax years. There is no requirement to recapture credits earned in previous tax years when the employment level falls below the required amount of new jobs. See **Question 9**.

Example O: Partnership passes credit through to partners

The taxpayer is a calendar year partnership who began operations at a new manufacturing facility in a Tier I county in 2021. The partnership has two equal partners, Individual A and Individual B, and passes the entire amount of the credit earned each year on to each partner in proportion to their ownership percentage (50% to each partner).

For tax year 2022, the partnership fills out the TC-4 as follows:

[34] The monthly average number of full-time employees is rounded down to the lowest whole number of full-time employees.

Number of full-time employees subject to withholding during each month:			
Month	**Base Year**	**Year 1**	**Year 2**
	2020	**2021**	**2022**
1. January	0	5	30
2. February	0	5	30
3. March	0	10	30
4. April	0	10	30
5. May	0	10	30
6. June	0	10	30
7. July	0	15	30
8. August	0	15	30
9. September	0	15	30
10. October	0	15	30
11. November	0	20	30
12. December	0	26	30
Line 1: Total employees (add months 1 through 12)	0	156	360
Line 2: Number of months in operation	12	12	12
Line 3: Monthly average of full-time employees (divide line 1 by line 2)	0	13	30
Line 4: Previous year average		0	13
Line 5: Average increase in full-time employees (subtract line 4 from line 3)		13	17

Employees eligible for credit:	
	Year 2
	2022
Line 6: Year 1 increase	13
Line 7: Year 2 increase	
Line 8: Year 3 increase	
Line 9: Year 4 increase	
Line 10: Year 5 increase	
Line 11: Year 6 increase	
Line 12: Number of new jobs for credit (add line 6 through line 11)	13

Credit calculation:	
	Year 2
	2022
Line 13: Amount of credit per employee	**$1,500**

Line 14: Eligible credit (multiply line 12 by line 13)	**$19,500**
Line 15: Credit carryover from prior year	**$0**
Line 16: Total credit available (add line 14 and line 15)	**$19,500**
Line 17: Tax liability	
Line 18: Credit limit (multiply line 17 by 50%)	
Line 19: Allowable credit (lesser of line 16 or line 18)	
Line 20: Credit carryforward (subtract line 19 from line 16)	

The partnership does not have a tax liability, so does not complete line 17 through line 20 of the TC-4. The partnership provides each partner with a SC1065 K-1 showing a New Jobs Credit in the amount of $9,750.

Individual A has a 2022 South Carolina individual income tax liability before credits of $5,000. Individual A provides a TC-4 with the partnership's name and FEIN entered at the top, and with the following credit calculation:

Credit calculation:	
	Year 2
	2022
Line 13: Amount of credit per employee	
Line 14: Eligible credit (multiply line 12 by line 13)	**$9,750**
Line 15: Credit carryover from prior year	**$0**
Line 16: Total credit available (add line 14 and line 15)	**$9,750**
Line 17: Tax liability	**$5,000**
Line 18: Credit limit (multiply line 17 by 50%)	**$2,500**
Line 19: Allowable credit (lesser of line 16 or line 18)	**$2,500**
Line 20: Credit carryforward (subtract line 19 from line 16)	**$7,250**

Individual A is not required to complete the employee information (line 1 through line 13) on the TC-4 since the credit is being passed through by a partnership. Individual A should include a copy of the SC1065 K-1 showing the amount of credit received from the partnership.

Example P: S Corporation uses portion of credit and passes remainder through to shareholders

The taxpayer is a calendar year S Corporation who began operations at a new manufacturing facility in a Tier II county in 2021. The S Corporation has two equal shareholders, Individual B and Individual C. In 2022, the S Corporation makes the election to pay tax at the entity level and owes a corporate-level tax of $4,000. The S Corporation passes all credits not used at the corporate level through to its shareholders based on their ownership percentage (50% to each shareholder).

For tax year 2022, the S Corporation fills out the TC-4 as follows:

Number of full-time employees subject to withholding during each month:			
Month	**Base Year**	**Year 1**	**Year 2**
	2020	**2021**	**2022**
1. January	0	5	30
2. February	0	5	30
3. March	0	10	30
4. April	0	10	30
5. May	0	10	30
6. June	0	10	30
7. July	0	15	30
8. August	0	15	30
9. September	0	15	30
10. October	0	15	30
11. November	0	20	30
12. December	0	26	30
Line 1: Total employees (add months 1 through 12)	0	156	360
Line 2: Number of months in operation	12	12	12
Line 3: Monthly average of full-time employees (divide line 1 by line 2)	0	13	30
Line 4: Previous year average		0	13
Line 5: Average increase in full-time employees (subtract line 4 from line 3)		13	17

Employees eligible for credit:	
	Year 2
	2022
Line 6: Year 1 increase	13
Line 7: Year 2 increase	
Line 8: Year 3 increase	
Line 9: Year 4 increase	
Line 10: Year 5 increase	
Line 11: Year 6 increase	
Line 12: Number of new jobs for credit (add line 6 through line 11)	13

Credit calculation:	
	Year 2
	2022
Line 13: Amount of credit per employee	**$2,750**
Line 14: Eligible credit (multiply line 12 by line 13)	**$35,750**

Line 15: Credit carryover from prior year	**$0**
Line 16: Total credit available (add line 14 and line 15)	**$35,750**
Line 17: Tax liability	**$4,000**
Line 18: Credit limit (multiply line 17 by 50%)	**$2,000**
Line 19: Allowable credit (lesser of line 16 or line 18)	**$2,000**
Line 20: Credit carryforward (subtract line 19 from line 16)	**$33,750**

The S Corporation provides the following information on the SC1120TC included with its corporate income tax return:

Corporate Income Tax Credits						
Credit Description	**Code**	**Column A Previously Accrued**	**Column B Earned This Year**	**Column C Taken This Year**	**Column D Lost Due To Statute**	**Column E Carried Forward**
New Jobs	004	0	35,750	35,750	0	0
Total Income Tax Credits		0	35,750	35,750	0	0

The S Corporation includes the entire amount of credit taken on the S Corporation return ($2,000) and passed through to its shareholders ($33,750) in Column C of the SC1120TC. The S Corporation provides each shareholder with a SC1120S K-1 showing a New Jobs Credit in the amount of $16,875.

Individual C has a 2022 South Carolina individual income tax liability before credits of $6,000. Individual C provides a TC-4 with the S Corporation's name and FEIN entered at the top, and with the following credit calculation:

Credit calculation:	
	Year 2
	2022
Line 13: Amount of credit per employee	
Line 14: Eligible credit (multiply line 12 by line 13)	**$16,875**
Line 15: Credit carryover from prior year	**$0**
Line 16: Total credit available (add line 14 and line 15)	**$16,875**
Line 17: Tax liability	**$6,000**
Line 18: Credit limit (multiply line 17 by 50%)	**$3,000**
Line 19: Allowable credit (lesser of line 16 or line 18)	**$3,000**
Line 20: Credit carryforward (subtract line 19 from line 16)	**$13,875**

Individual C is not required to complete the employee information (line 1 through line 13) on the TC-4 since the credit is being passed through by an S Corporation. Individual C should include a copy of the SC1120S K-1 showing the amount of credit received from the S Corporation.

Example Q: Individual with credits from multiple passthrough entities

In tax year 2022, Individual B received New Jobs Credits of $9,750 from a partnership (see **Example O**) and $16,875 from an S Corporation (See **Example P**). Individual B has a 2022 South Carolina individual income tax liability before credits of $16,000. Individual B provides a TC-4 with the following credit calculation:

Credit calculation:	
	Year 2
	2022
Line 13: Amount of credit per employee	
Line 14: Eligible credit (multiply line 12 by line 13)	**$26,625**
Line 15: Credit carryover from prior year	**$0**
Line 16: Total credit available (add line 14 and line 15)	**$26,625**
Line 17: Tax liability	**$16,000**
Line 18: Credit limit (multiply line 17 by 50%)	**$8,000**
Line 19: Allowable credit (lesser of line 16 or line 18)	**$8,000**
Line 20: Credit carryforward (subtract line 19 from line 16)	**$18,625**

Individual B also provides the following supporting schedule with his individual income tax return:

Name of Entity Generating Credit (from SC K-1)	Partnership	S Corporation
FEIN of Entity Generating Credit	Partnership FEIN	S Corporation FEIN
Amount of Credit Allocated in 2022 (from SC K-1)	$9,750	$16,875

Individual B combines the two credits onto one TC-4 and is not required to complete the employee information (line 1 through line 13) since the credit is being passed through. Individual B should include copies of the SC K-1s showing the amount of credit received from passthrough entities.

If Individual B sells his interest in the partnership or his S Corporation stock to another taxpayer (Individual D), he will retain any credit carryforwards remaining from credits passed through to him by the partnership or S Corporation. Individual B cannot sell jobs tax credit carryforwards to Individual D. The partnership or the S Corporation will pass future credits earned through to Individual D based on her interest in the partnership or her percentage of stock ownership of the S Corporation.

Example R: Taxpayers with multiple locations

Taxpayer A has two retail locations in a Tier I county and opens a new warehousing facility in the county during the tax year. During the year, Taxpayer A increases their total monthly average of full-time employees in the county as follows:

- 25 employees working in person at the new warehouse facility in the Tier I county
- 3 employees working 100% remotely from their homes in another state, not subject to South Carolina withholding in the Tier I county, in support of operations at the warehouse facility
- 2 employees working 100% remotely from their homes in the Tier I county, subject to South Carolina withholding in the county, in support of operations at the warehouse facility
- 10 employees working in person at the existing retail locations in the Tier I county
- 5 employees working at an existing distribution facility in a separate Tier II county

When calculating the monthly average of employees, Taxpayer A will include the 25 employees at the qualifying warehouse facility and the 2 remote employees subject to withholding in the Tier I county. Taxpayer A will not include the 3 remote employees who are not subject to South Carolina withholding in the Tier I county; the 10 employees working in the retail locations in the county (because the retail facilities are not qualifying facilities for the purpose of the credit); or the 5 employees working at a facility in a different county.

Taxpayer B has a warehouse facility in a Tier I county, and opens a new distribution facility in the same county. During the year, Taxpayer B increases their total monthly average of full-time employees in the county as follows:

- 25 employees working in person at the new distribution facility in the Tier I county
- 2 employees working 100% remotely from their homes in the Tier I county, subject to South Carolina withholding in the county, in support of operations at the distribution facility
- 2 employees working 100% remotely from their homes in the Tier I county, subject to South Carolina withholding in the county, in support of operations at the warehouse facility
- 10 employees working in person at the existing warehouse facility in the Tier I county
- 5 employees working at an existing distribution facility in a separate Tier II county

When calculating the monthly average of employees, Taxpayer B will include the 25 employees at the qualifying new distribution facility, the 4 remote employees subject to withholding in the Tier I county, and the 10 employees working at the existing warehouse facility. Jobs located at the warehouse facility and subject to withholding in the county are included in the monthly average job calculation because a warehouse facility is a qualifying facility type for the job tax credit. Taxpayer B will not include the 5 employees working at a facility in a different county.

Example S: Relocation to different South Carolina county

The taxpayer is a calendar year corporation who begins operations at a new manufacturing facility in a Tier II county (County A) and creates 10 new jobs in Year 1. In Year 4, they relocate the facility to a new county. They maintain all 10 jobs from the original location and create 5 additional new jobs in the facility in the new county.

	Relocation to County B	Relocation to County C
County A designation at time of job creation (Year 1)	Tier II	Tier II
Credit per job in County A	$2,750	$2,750
New jobs created Year 1	10	10
Credit claimed in Years 2 and 3	$27,500	$27,500
County designation of new location in Year 4	Tier I	Tier III
Credit per job in new location	$1,500	$20,250
New jobs created in Year 4	5	5
Credit claimed in Years 4, 5, and 6 for jobs created in Year 1	$15,000	$202,500
Credit claimed in Years 5-9 for jobs created in Year 4	$7,500	$101,250

The taxpayer will claim the credit amount based on the Tier designation of the new location for the year of the relocation and for the remaining years of the five-year credit period for jobs created at the original location.

Appendix A: Qualifying Businesses

Qualifying Businesses and Definitions	County Ranking		Monthly Average Increase for Tax Year Requirement
	Tier IV County	Tier III, II, or I County	
Manufacturing Code Section 12-6-3360(M)(5)	Yes	Yes	10 - traditional credit 2 - small business credit
Processing Code Section 12-6-3360(M)(6)	Yes	Yes	10 - traditional credit 2 - small business credit
Warehousing Code Section 12-6-3360(M)(7)	Yes	Yes	10 - traditional credit 2 - small business credit
Distribution Code Section 12-6-3360(M)(8)	Yes	Yes	10 - traditional credit 2 - small business credit
Research and Development Code Section 12-6-3360(M)(9)	Yes	Yes	10 - traditional credit 2 - small business credit
Corporate Office Code Section 12-6-3360(A) and (M)(10	Yes	Yes	10 - traditional credit 2 - small business credit
Technology Intensive Code Section 12-6-3360(M)(14)	Yes	Yes	10 - traditional credit 2 - small business credit
Banks Code Sections 12-6-3360(A) and 12-11-10	Yes	Yes	10 - traditional credit 2 - small business credit
Agribusiness Operations Code Section 12-6-3360(A)	Yes	Yes	10 - traditional credit 2 - small business credit
Agricultural Packaging Code Section 12-6-3360(M)(16)	Yes	Yes	10 - traditional credit 2 - small business credit
Extraordinary Retail Establishment Code Section 12-6-3360(M)(15)	Yes	Yes	10 - traditional credit 2 - small business credit
Qualifying Service Related Facility (a) health care (e.g., hospital, health related services) (b) air transportation support Code Section 12-6-3360(M)(13)(a)	Yes	Yes	10 - traditional credit 2 - small business credit
Qualifying Service Related Facility – Other (e.g., call centers, mortgage processing centers) Note: Legal, accounting, banking, investment services, or retail sales do not qualify as a "qualifying service related facility." Code Section 12-6-3360(M)(13)(b)	Yes	Yes	25 - 175 in a single location based on specified average cash compensation amounts or other criteria. Code Section 12-6-3360(M)(13)(b)
Service Related Industry (e.g., seamstress, hair stylist, lawn care, child care, construction contractor, painter, repair services, trucking or hauling, roofer, janitorial services, courier services, security services, accounting, legal, investment services, call center, mortgage processing) Code Section 12-6-3360(A)	Yes	**No**	10 - traditional credit 2 - small business credit
Retail Facility (e.g., convenience store, restaurant, florist, photographer, machine shop, interior design, repair shop selling tangible personal property) Code Section 12-6-3360(A)	Yes	**No**	10 - traditional credit 2 - small business credit
Tourism Code Section 12-6-3360(M)(12)	Yes	Yes	10 - traditional credit 2 - small business credit Exception: 20 if a new hotel or motel

Appendix B: Comparison of Credit Provisions

CAVEAT: This comparison is written in general terms and should not be relied on as a substitute for researching original sources of authority.

	"Traditional" Job Tax Credit	"Small Business" Job Tax Credit	
		"Annual"	"Accelerated"
Code Section	12-6-3360(C)(1)	12-6-3360(C)(2)	12-6-3362
Qualifying Business Types	Manufacturing, processing, warehousing, distribution, research and development, corporate office, technology intensive, banking, agribusiness operations, agricultural packaging, qualifying health care related facilities, air transportation support, qualifying service related facility, tourism A retail facility in a Tier IV county or a service related industry in a Tier IV county See Code Section 12-63360(M)(5) through (17)	Same	Same
Size Requirement	None	99 or fewer employees worldwide	99 or fewer employees worldwide
Taxes Credit Used Against	Corporate, individual, or trust income tax; bank franchise tax; or insurance premium tax	Same	Same
Entities Qualifying	C Corporation, S Corporation, Partnership, Sole Proprietorship, or Limited Liability Company	Same	Same
Credit Amount – Basic	$1,500 - $25,000 per year for each new, full time job created, depending on county designation	$1,500 - $25,000 (100% credit amount) or $750 - $12,500 (50% credit amount), depending on county designation and annualized compensation	$1,500 - $25,000 (100% credit amount) or $750 - $12,500 (50% credit amount), depending on county designation and annualized compensation
Credit Amount – Additional	$1,000 multicounty park $1,000 Brownfields Voluntary Cleanup Program	Same	Same
"Monthly Average" Increase for Tax Year Requirement	10 Exception: 25-175 for qualifying service related facilities; 20 for new hotels or motels	2 Exception: Same	2 Exception: Same
Compensation/Gross Wage Requirement	No, except for certain qualifying service related facilities Exception: A qualifying service related facility's job and pay requirement at a single location is: 100 jobs paying 1.5 times the county or State average; 50 jobs paying 2 times the county or State average; or 25 jobs paying 2.5 times the county or State average	Yes (determines if jobs qualify for 100% or 50% credit amount) Based on ≥ 120% or < 120% per capita income for State or county (whichever is lower)	Yes (determines if jobs qualify for 100% or 50% credit amount) Based on ≥ 120% or < 120% per capita income for State or county (whichever is lower)
Tax Limitation	50% of tax liability	Same	Same
Carryforward	15 years	Same	Same
Credit Duration	5 years	Same	Same
Period to Claim	Years 2 – 6 after job creation in Year 1, if jobs are maintained	Years 2 – 6 after job creation in Year 1, if jobs are maintained	Years 1 – 5, if jobs are maintained
Base Year	Year preceding first year a taxpayer creates the number of new jobs to qualify, regardless of whether it is the first year of operation	Same	Same