

# PUBLIC DRAFT

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Comments Due by: **June 20, 2024**

SC REVENUE RULING #24-x [DRAFT – 5/30/2024}

SUBJECT: Tuition Tax Credit  
(Income Tax)

EFFECTIVE DATE: Applies to all periods open under the statute.

SUPERSEDES: S.C. Revenue Ruling #09-3

REFERENCES: S.C. Code Ann. § 12-6-3385

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 It is the Department’s position until superseded or modified by a change in statute, regulation, court decision, or another Department advisory opinion.

S.C. Code Ann. § 12-6-3385 provides for a refundable individual income tax credit for tuition paid to an institution of higher learning, or other designated institution, during the tax year. To qualify for the credit, students must meet the requirements found in the credit statute.

This advisory opinion provides answers to common questions about the Tuition Tax Credit.

## **I. General Credit Questions**

### **1. Is the Tuition Tax Credit a refundable tax credit?**

Yes, the Tuition Tax Credit is a refundable tax credit. A refundable tax credit directly reduces income tax liability, and if the amount of the credit is greater than the amount of tax owed, the difference is refunded to the taxpayer. Taxpayers with zero South Carolina tax liability may take a refundable tax credit and receive a refund equal to the credit amount.

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

## 2. What is the credit amount?

The credit is 50% of the qualifying tuition<sup>1</sup> paid during the tax year, up to a maximum credit amount of \$1,500 per year. The maximum credit amount is the same for both two-year and four-year institutions<sup>2</sup>.

Tuition paid in a tax year may include amounts paid for the spring and fall semesters, summer and interim terms, and pre-payments for the spring semester of the next tax year.

## 3. How is the credit claimed?

Use Form I-319 to claim the credit. This form must be attached to the South Carolina individual income tax return (SC1040). The I-319 is a year-specific form, so taxpayers must use the correct version for the tax year in which the credit is claimed.

## 4. Can the credit be claimed for more than one qualifying student<sup>3</sup> on a single income tax return?

Yes. In some situations, tuition is paid for more than one qualifying individual included on a single income tax return. For example, a person may have multiple dependents who are qualifying students, or spouses filing jointly may both be qualifying students. The Tuition Tax Credit can be claimed for each qualifying student. A separate Form I-319 should be completed and attached for each student claiming the credit.

## II. Qualifying Institutions

### 5. Which institutions (or schools) qualify for the credit?

Qualifying institutions are institutions of higher learning or designated institutions, including:

1. Any South Carolina state-supported post-secondary educational institution, including technical and comprehensive educational institutions;<sup>4</sup>

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<sup>1</sup> Qualifying tuition is discussed in Section IV, Tuition and Limits.

<sup>2</sup> 2017 Act No. 40, Section 18.A increased the credit amount for two-year and four-year institutions. Prior to this increase, the maximum credit was \$350 for two-year institutions and \$850 for four-year institutions.

<sup>3</sup> Qualifying student is discussed in Section III, Qualifying Students.

<sup>4</sup> S.C. Code Ann. § 59-103-5

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

2. An independent eleemosynary junior or senior college in South Carolina whose major campus and headquarters are located within South Carolina and which is accredited by the Southern Association of Colleges and Secondary Schools;<sup>5</sup>
3. A public or independent bachelor’s level institution chartered before 1962 whose major campus and headquarters are located in South Carolina;<sup>6</sup>
4. An independent bachelor’s level institution which has I.R.C. § 501(c)(3) tax status and is accredited by the Southern Association of Colleges and Secondary Schools; and
5. A public or independent two-year institution which has I.R.C. § 501(c)(3) tax status.

The following chart lists the South Carolina schools that currently qualify for the credit. The Form I-319 instructions for a specific tax year will also list the schools that qualify in that tax year.

<b>4-year Public Institutions</b>	<b>Independent Institutions</b>	<b>2-year Public Institutions</b>
Citadel	Allen University	Aiken Technical College
Clemson University	Anderson University	Central Carolina Technical College
Coastal Carolina University	Benedict College	Denmark Technical College
College of Charleston	Bob Jones University	Florence-Darlington Technical College
Francis Marion University	Charleston Southern University	Greenville Technical College
Lander University	Clafflin University	Horry-Georgetown Technical College
Medical University of SC	Clinton College	Midlands Technical College
SC State University	Coker College	Northeastern Technical College
University of South Carolina	Columbia College	Orangeburg-Calhoun Technical College
USC Aiken	Columbia International University	Piedmont Technical College
USC Beaufort	Converse College	Spartanburg Community College
USC Upstate	Erskine College	Technical College of the Lowcountry
Winthrop University	Furman University	Tri-County Technical College
	Limestone College	Trident Technical College
	Morris College	USC Lancaster
	Newberry College	USC Salkehatchie
	North Greenville University	USC Sumter
	Presbyterian College	USC Union
	Southern Wesleyan University	Williamsburg Technical College
	Spartanburg Methodist College	York Technical College
	Voorhees University	
	Wofford College	

<sup>5</sup> S.C. Code Ann. § 59-113-50(1)

<sup>6</sup> S.C. Code Ann. § 59-113-50(2)

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

## 6. Which institutions do not qualify for the credit?

Institutions whose sole purpose is religious or theological training or granting professional degrees, or whose main campus or headquarters is not in South Carolina, are not qualifying institutions for purposes of the credit.

### III. Qualifying Students

## 7. Who is a qualifying student?

To qualify for the Tuition Tax Credit, a student must meet all of the following requirements:

1. Be admitted, enrolled, and classified as a degree seeking undergraduate or enrolled in a certificate or diploma program of at least one year;
2. Be eligible for in-state tuition;
3. Be in good standing at the institution;<sup>7</sup>
4. Have completed at least 30 credit hours, or its equivalent, during the tax year<sup>8</sup>; and
5. Enroll within 12 months of graduating from a South Carolina high school, completing a home school program in South Carolina, or graduating from a preparatory high school outside of South Carolina while a dependent of a parent or guardian who is a legal resident of South Carolina and has custody of the dependent student.

## 8. Who is not a qualifying student?

The credit is not available to a student who:

1. Obtained a GED rather than a high school diploma;
2. Is a Palmetto Fellowship (Palmetto Fellows Scholarship) recipient;
3. Is a LIFE Scholarship recipient<sup>9</sup>;

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<sup>7</sup> For more information about the requirements to be in good standing at the institution, see Question 10.

<sup>8</sup> Credit hours and equivalents are discussed in Section V, Credit Hour Requirements.

<sup>9</sup> The SC HOPE Scholarship is a merit-based scholarship for eligible freshmen who did not qualify for the LIFE or Palmetto Fellows Scholarship. Students who receive the HOPE Scholarship are able to qualify for the Tuition Tax Credit if they meet the other requirements to be a qualifying student.

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

4. Is in default of a federal Title IV or South Carolina educational loan or owes a refund on a federal Title IV or South Carolina student financial aid program; or
5. Has been adjudicated delinquent, or convicted, pled guilty, or pled nolo contendere to any felonies or any alcohol or drug related offenses.

Note: A student who has been adjudicated delinquent, or convicted, or pled guilty or nolo contendere to an alcohol or drug related misdemeanor offense is only ineligible for the tax year in which the adjudication, conviction, or plea occurred.

## **9. Can a student who is not currently a qualifying student later qualify for the credit?**

Yes. For example, a student who is currently a Palmetto Fellows or LIFE scholarship recipient but later loses the scholarship may qualify for the credit in semesters the student does not receive the scholarship.<sup>10</sup> A student who is in default on a student loan or owes a refund on a student financial aid program may qualify for the credit after the loan or refund has been repaid. A student who was adjudicated delinquent, convicted, or pled guilty or nolo contendere to an offense may qualify for the credit once the student's record is expunged.

## **10. What does it mean to be in good standing at the institution? Are there minimum grade requirements?**

Students must be in good standing at the institution attended to be able to qualify for the credit. Each institution establishes minimum grade requirements and other criteria for evaluating whether a student is considered to be in good standing.

Additionally, students must complete at least 30 credit hours, or its equivalent, during the tax year to qualify for the credit. There is no minimum grade required for a course to count toward these hours for purposes of the credit, but if the student withdraws from a course or otherwise does not complete it, the hours related to that course will not count toward the total credit hour requirement.

## **11. Do students enrolled in graduate degree programs qualify for the credit?**

No. Qualifying students must be degree-seeking undergraduates or in a certificate or diploma program of at least one year. This includes students enrolled in programs at qualified institutions<sup>11</sup> that lead to associates degrees or bachelor's degrees (degree-seeking undergraduates) as well as those in other approved non-degree programs at qualified institutions which prepare students for gainful employment in recognized occupations and lead to recognized credentials (certificate or diploma programs). Students

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<sup>10</sup> Students who are Palmetto Fellows or LIFE Scholarship recipients for both the Spring and Fall semesters in a tax year do not qualify for the Tuition Tax Credit during the summer term of that tax year.

<sup>11</sup> Qualifying institutions are discussed in Section II, [Qualifying Institutions](#).

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

enrolled in a program for a masters or doctoral degree are not qualifying students for the Tuition Tax Credit.

## **12. Can a student who did not graduate from a South Carolina high school or home school claim the credit?**

Yes, provided the student graduates from a preparatory high school outside of South Carolina while a dependent of a parent or guardian who is a legal resident of South Carolina and has custody of the dependent.

‘Preparatory high school’ is not defined in S.C. Code Ann. § 12-6-3385, but regulations providing program definitions for purposes of the LIFE and Palmetto Fellows Scholarships define a ‘preparatory high school’ as “a (public or private) school recognized by the state in which the school is located to offer curricula through the twelfth grade and prepares students for college entrance.”<sup>12</sup>

Based on these definitions, a student who graduates from a public or private school<sup>13</sup> in another state will qualify for the Tuition Tax Credit if:

1. The school is recognized by the state in which it is located to offer curricula through twelfth grade;
2. The school prepares students for college entrance; and
3. At graduation, the student was the dependent of a parent or guardian who was a legal resident of South Carolina and had custody of the student.

## **13. Can a student who takes a “gap year” after high school graduation qualify for the credit?**

Students must enroll in a qualifying institution within 12 months of graduating from high school or completing a home school program. Students may take a break between high school graduation and college enrollment, but college enrollment must be within 12 months of high school graduation for the student to qualify for the credit.

For example, a student who graduates from high school on May 21, 2021 must be enrolled in a qualifying South Carolina institution by May 20, 2022 to be able to qualify for the credit. A student is considered enrolled on the date the student begins attending classes – not the date the student is accepted into the institution or pays tuition or a deposit.

## **14. Can a student who begins at a non-qualifying institution claim the credit after transferring to a qualifying South Carolina institution?**

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<sup>12</sup> S.C. Regulation §§ 62-1200.5 and 62-310

<sup>13</sup> A home school program in another state will also qualify if it meets these requirements.

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

Students must enroll in a qualifying institution within 12 months of graduating from high school or completing a home school program. Students who first attend a non-qualifying institution must transfer and be enrolled full-time at a qualifying institution within 12 months of high school graduation to qualify for the credit.

For example, a student who graduates from high school on May 21, 2021 and enrolls at a college in another state in the Fall 2021 semester must be enrolled full-time in a qualifying South Carolina institution by May 20, 2022 to be able to qualify for the credit. A student is considered enrolled on the date the student begins attending classes – not the date the student is accepted into the institution or pays tuition or a deposit.

## 15. How many years can a student qualify for the credit?

Generally, credits may only be claimed for four consecutive years beginning when the student first enrolls in a qualifying institution.

A student first enrolls in a qualifying institution on the date the student begins attending classes at the institution - not the date the student is accepted into the institution or pays the tuition or deposit.

There are two exceptions to the general rule.

1. Medical Exception: The credit period may be extended due to medical necessity as defined by the Commission on Higher Education. Students with questions concerning medical necessity should contact their institution's Office of Disability Services. A student claiming a medical exception to the four-year rule must provide a completed CHE-400, found at [dor.sc.gov/forms](http://dor.sc.gov/forms), or other supporting documentation for the medical necessity.
2. Military Exception: The credit period may be suspended if a student is required to withdraw to serve on active military duty and subsequently re-enrolls in an eligible institution within 12 months upon demobilization. The student must provide official documentation from the Armed Forces to verify the dates of active duty military service.

### Examples

The following chart of examples shows the tax years the credit may be claimed based on when tuition was paid<sup>14</sup> and the semesters attended at a qualifying school. Unless otherwise stated, the examples assume the students are qualifying students who graduated from a South Carolina high school in May 2021 and accumulated 30 credit hours (or the

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<sup>14</sup> The credit amount is based tuition paid during the tax year. See Section IV, Tuition and Limits.

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

equivalent) during the tax year. Fall semester classes run from August 18 through December 15, and Spring semester classes run from January 7 through May 12.

Tax Year	School Semester	Tax Years Tuition Paid			
		Student A	Student B	Student C	Student D
2021	Fall 2021	2021	2021	2021	Did not attend
2022	Spring 2022	2022	2021	Withdraws	Did not attend
	Fall 2022	2022	2022	Did not attend	2022
2023	Spring 2023	2023	2022	2023	2023
	Fall 2023	2023	2023	2023	2023
2024	Spring 2024	2024	2023	2024	2024
	Fall 2024	2024	2024	2024	2024
2025	Spring 2025	2025	2024	2025	2025
	Fall 2025	N/A	N/A	2025	2025
2026	Spring 2026	N/A	N/A	2026	2026
	Fall 2026	N/A	N/A	2026	2026

**Student A** enrolled in Fall 2021 (within one year of graduating from high school) and may claim the credit for four consecutive years after enrolling. Based on the initial enrollment date, Student A’s eligible four-year credit period runs from August 18, 2021 through August 17, 2025. Student A may claim the credit for tuition payments made in tax years 2021, 2022, 2023, 2024, and 2025.

**Student B** enrolled in Fall 2021 (within one year of graduating from high school) and may claim the credit for four consecutive years after enrolling. Based on the initial enrollment date, Student B’s eligible four-year credit period runs from August 18, 2021 through August 17, 2025. Student B may claim the credit for tuition payments made in tax years 2021, 2022, 2023, and 2024. Student B attended college in 2025, but cannot claim the credit in the 2025 tax year because no tuition payments were made during the year.

**Student C** enrolled in Fall 2021 (within one year of graduating from high school). Based on the initial enrollment date, the eligible four-year credit period runs from August 18, 2021 through August 17, 2025. After attending for one semester, Student C withdrew from



# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

school for all of 2022, and did not have a medical necessity or active duty military exception. Student C resumed school attendance in 2023 and continued as a student through 2026. Student C may claim the credit for all tuition payments made in 2021, 2023, and 2024. For 2025, Student C may only claim the credit for tuition payments made for semesters ending before August 17, 2025 (i.e., the Spring 2025 semester). The payment for the Fall 2025 semester will not count for the credit. Student C cannot claim the credit in 2022 because no tuition payments were made during the year. In addition, the four-year credit period is not suspended or extended for the two 2022 semesters that Student C did not attend school; they are still counted toward the four consecutive years after enrolling.

**Student D** enrolled in Fall 2022 (August 18, 2022), so Student D did not enroll at a qualifying school within twelve months of graduating from high school. A student who graduates from high school in May 2021 would need to enroll in a qualifying school by May 2022 in order to be able to take the credit in any future year. Student D is not a qualifying student and cannot take the credit for any year.

## **IV. Tuition and Limits**

### **16. What qualifies as tuition for purposes of calculating the credit?**

Tuition means the amount charged, including required fees, necessary for enrollment. Required fees are fixed sums charged to students for items not covered by tuition and are required of such a large proportion of all students that the student who does not pay is an exception. Examples of required fees include technology fees and general fees.

Examples of fees that are not required fees and are not included in the tuition amount used to calculate the credit include nonmandatory fees for athletics, books, specific courses, housing, meal plans, and parking.

Scholarship grants received towards tuition are not considered to be tuition paid by the student and must be deducted from tuition before calculating the credit.<sup>15</sup>

#### *Independent Institutions*

For purposes of calculating the credit, tuition at an independent institution is limited to the lesser of the average tuition at the four-year public institutions of higher learning<sup>16</sup> or the actual tuition charged.

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<sup>15</sup> See Question 17 for more information on determining which scholarship grants reduce eligible tuition for purposes of the credit.

<sup>16</sup> Refer to the I-319 instructions each year for the average tuition at the four-year public institutions.

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

Students attending nontraditional semester schools (Converse College or Wofford College) must prorate the tuition limit using the following full-time equivalent hours:

Institution	Fall and Spring	Interim/Other
Converse	12 hours	6 hours
Wofford	12 hours	4 hours

Students attending both the Fall and Spring semesters at Converse or Wofford must earn 30 hours total during the tax year to qualify for the Tuition Tax Credit.

For students attending the summer session at an independent institution, the amount of tuition allowed is determined by multiplying the average tuition of the four-year public institutions of higher learning by a fraction. The numerator of this fraction is the actual number of summer school hours completed, and the denominator is the 30 hours required to qualify for the credit. See Example 3 below.

### Examples

The following examples illustrate how students attending public institutions or independent institutions determine tuition for the purpose of calculating the credit. These examples assume tuition was paid by the qualifying student during the tax year.

Example 1. Assume tuition is paid for one semester during the 2021 tax year.

Credit Computation	Student A - Public Institution		Student B - Independent Institution*	
Tuition charged for semester during tax year	\$5,500		\$14,000	
Required enrollment fees	\$200		\$200	
Total qualified tuition and fees (*not to exceed \$12,268 per year or \$6,134 per semester for independent institutions in 2021 – tuition limits can be found in the Form I-319 instructions for the tax year)		\$5,700		\$6,134*

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

Scholarship (applied toward tuition payment)	\$2,000		\$3,000	
SC Tuition and Pell Grants (applied toward tuition payment)	\$500		\$500	
Less: Total scholarship grants received during the tax year		(\$2,500)		(\$3,500)
Tuition qualifying for the credit		\$3,200		\$2,634
Tuition Tax Credit (50% of qualifying tuition paid, not to exceed \$1,500 per tax year)		\$1,500		\$1,317

**Student A** attends a public institution and is charged tuition and required fees totaling \$5,700. For purposes of the credit, tuition is reduced by \$2,500 in scholarships and grants received towards tuition.

The total qualifying tuition is \$3,200. However, since the credit is limited to 50% of the qualifying tuition, up to a maximum of \$1,500, Student A's Tuition Tax Credit amount is \$1,500.

**Student B** attends an independent institution and is charged tuition and required fees totaling \$14,200. For independent institutions, qualifying tuition is limited to the lesser of the average tuition at the four-year public institutions (\$6,134 per semester in 2021) or the actual tuition charged (\$14,200). For purposes of the credit, Student B's tuition is further reduced by \$3,500 in scholarships and grants received towards tuition.

The total qualifying tuition is \$2,634. However, since the credit amount is limited to 50% of the qualifying tuition, up to a maximum of \$1,500, Student B's Tuition Tax Credit amount is \$1,317.

**Example 2.** Assume the qualifying student attends Converse College (an independent institution) for the required equivalent hours (6 hours in the January term and 12 hours in the Spring semester) and paid tuition during the 2021 tax year for the January term and the Spring semester.

Credit Computation	January 2021	Spring 2021	Total
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# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

Tuition charged for term during tax year	\$5,400	\$11,000	\$16,400
Required enrollment fees	\$50	\$150	\$200
Total qualified tuition and fees (*not to exceed \$12,268 tuition limit for independent institutions prorated based on equivalent hours attended divided by 30 total hours)	\$2,454*	\$4,907*	\$7,361
Less: Total scholarship grants received during the tax year	(\$0)	(\$0)	(\$0)
Tuition qualifying for the credit	\$2,454	\$4,907	\$7,361
Tuition Tax Credit (50% of qualifying tuition paid, not to exceed \$1,500 per tax year)			\$1,500

The qualified student attends an independent institution and is charged tuition and required fees totaling \$16,400 during the tax year. For independent institutions, qualifying tuition is limited to the lesser of the average tuition at the four-year public institutions (\$7,361 in 2021 based on a pro-ration for equivalent hours attended) or the actual tuition charged (\$16,400). The student did not receive any scholarships and grants towards tuition.

The total qualifying tuition is \$7,361. However, since the credit amount is limited to 50% of the qualifying tuition, up to a maximum of \$1,500, the student’s tuition tax credit amount is \$1,500.

Example 3. Assume tuition is paid for 6 credit hours of summer school tuition during the 2021 tax year. The students also attended the Spring and Fall semesters at qualifying institutions, for a total of 30 credit hours during the tax year. The credit in this example is computed assuming the students did not pay additional tuition during the 2021 tax year for the Spring or Fall semesters.

Credit Computation	Student A - Public Institution		Student B - Independent Institution*	
Tuition charged for summer session during tax year	\$2,000		\$5,000	
Required enrollment fees	\$100		\$100	

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

Total qualified tuition and fees (*not to exceed \$12,268 tuition limit for independent institutions multiplied by fraction equal to 6 summer hours divided by 30 total hours)		\$2,100		\$2,454*
Less: Total scholarship grants received during the summer session		(\$0)		(\$0)
Tuition qualifying for the credit		\$2,100		\$2,454
Tuition Tax Credit (50% of qualifying tuition paid, not to exceed \$1,500 per tax year)		\$1,050		\$1,227

**Student A** attends a public institution and is charged tuition and required fees totaling \$2,100. The student did not receive any scholarships and grants towards tuition.

The total qualifying tuition is \$2,100. However, since the credit is limited to 50% of the qualifying tuition, up to a maximum of \$1,500, Student A's Tuition Tax Credit amount is \$1,050.

**Student B** attends an independent institution and is charged tuition and required fees totaling \$5,100. For independent institutions, qualifying tuition is limited to the lesser of the average tuition at the four-year public institutions for the total equivalent hours, or the actual tuition charged. The student did not receive any scholarships and grants towards tuition.

The total qualifying tuition is \$2,454. However, since the credit amount is limited to 50% of the qualifying tuition, up to a maximum of \$1,500, Student B's Tuition Tax Credit amount is \$1,227.

## 17. Which scholarship grants reduce tuition?

Before calculating the credit, reduce tuition by all scholarships and grants that were received toward paying tuition. This includes athletic scholarships, academic scholarships, need-based scholarships, Pell Grants, and South Carolina tuition grants. *See Question 16, Example 1 above for an illustration of the tuition calculation reduced by scholarships and grants.*

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

Scholarships and grants that were not received and paid toward tuition, such as scholarships that were exclusively awarded for room and board, are not required to be deducted from tuition.

## 18. Do other external funds, such as student loans, reduce tuition?

No. Do not reduce tuition by amounts received from student loans, employer-provided educational assistance programs, or I.R.C. § 529 plans. These amounts are considered tuition paid by the student.

## 19. Who claims the credit, the parent or the student?

The credit is claimed by the individual who actually paid the tuition during the tax year. This may be the student, or a parent or other individual eligible to claim the student as a dependent on his or her federal income tax return.

If tuition was paid in part by both the student and another person who claims the student as a dependent, the credit amount is allocated between the two individuals based on the percentage of tuition paid by each. The total yearly credit claimed for a student cannot exceed 50% of qualified tuition, up to a maximum credit amount of \$1,500.

### Examples

The following chart of examples shows who can claim the credit, and in what amounts, in certain situations. Assume each student is a qualifying student attending a four-year public institution during the 2021 tax year and meeting all credit hour requirements. Tuition is paid during the 2021 tax year.

Credit Calculation	Student A	Student B	Student C
Total Tuition	\$11,000	\$11,000	\$11,000
Tuition Payments	\$11,000 (paid directly to school by check from Parent A)	\$11,000 (paid by student loans taken out by Student B)	\$7,000 (paid using funds from Student C's 529 plan) \$4,000 (paid directly to school by Parent C)
Tuition Tax Credit (50% of qualifying tuition paid, not to exceed \$1,500 per tax year)	\$1,500 Claimed by Parent A	\$1,500 Claimed by Student B	\$955 Claimed by Student C <sup>17</sup>

<sup>17</sup> \$1,500 maximum credit multiplied by percentage of tuition paid by the student (\$7,000/\$11,000).

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

			\$545 Claimed by Parent C <sup>18</sup>
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## 20. When must tuition be paid to qualify for the credit in a particular tax year?

The credit is based on tuition paid during the tax year. This includes tuition amounts paid during a tax year for the spring and fall semesters, summer and interim terms, and pre-payments for another tax year.

## V. Credit Hour Requirements

### 21. What credit hours are used to qualify for the Tuition Tax Credit?

Students must complete at least 30 credit hours, or its equivalent, during the tax year to qualify for the credit. The Commission on Higher Education (CHE) determines equivalent semester hours in accordance with S.C. Code Ann. § 12-6-3385.

Students who attend school for both the Spring **and** Fall semesters in a tax year must complete at least 30 credit hours. The CHE has authorized that the semester hour equivalent for a student who is only attending one semester (Fall **or** Spring) during the tax year is 15 credit hours, with the exception of students attending Converse or Wofford, where the semester hour equivalent for one semester is 12 credit hours.<sup>19</sup>

Note: Students with disabilities may have different semester hour equivalents as determined by the Commission on Higher Education. Contact the disability services provider at the institution of attendance. Complete the CHE-400, available at [dor.sc.gov/forms](http://dor.sc.gov/forms), to certify the semester hour equivalent for the student.

The CHE has determined that credits taken during summer and interim terms count toward the 30 credit hours during the tax year if the student attends school for both the Fall **and** Spring semesters. If the student only attends school for one semester (Fall **or** Spring), the CHE has determined that the summer or interim hours do not count toward the equivalent hours total.

Credit hours do not include hours earned before high school graduation, including dual enrollment hours, Advanced Placement (AP) credit hours, or International Baccalaureate (IB) credit hours. Credit hours also do not include hours earned in the summer term

<sup>18</sup> \$1,500 maximum credit multiplied by percentage of tuition paid by the parent (\$4,000/\$11,000).

<sup>19</sup> See the chart in Question 16 with equivalent hours for Converse and Wofford.

# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

immediately following high school graduation. Summer term enrollment is not a full-time semester of enrollment, so does not start the four-year period for claiming the credit. Only those credit hours earned after the qualifying student is enrolled in a qualifying program will be counted for the Tuition Tax Credit<sup>20</sup>.

## Examples

The following chart of examples shows the hours each student completed during the tax years and how those hours are determined to meet the credit requirements.

Assume the following facts (unless stated otherwise in the chart). The students are qualifying students who graduated from high school in May 2021 and enrolled at a qualifying school within one year of graduating from high school. Fall semester classes run August 18 through December 15, and spring semester classes run January 7 through May 12. Tuition is paid in the same year as the semester attended (not pre-paid).

Semesters Enrolled	Student A	Student B	Student C
Fall 2021	15 hrs	(completes 6 hrs at 2yr school in summer 2021) 12 hrs	(enters with 9 hours from high school AP courses) 12 hrs
Spring 2022	15 hrs	12 hrs	12 hrs
Summer 2022	0 hrs	3 hrs	3 hrs
Fall 2022	15 hrs	12 hrs	N/A (student withdraws)
Spring 2023	15 hrs	12 hrs	N/A (student withdrawn)
Summer 2023	0 hrs	6 hrs	6 hrs
Fall 2023	15 hrs	12 hrs	15 hrs
Spring 2024	15 hrs	15 hrs	12 hrs
Summer 2024	0 hrs	0 hrs	0 hrs (student participates in internship requiring 25 hours work per week)
Fall 2024	15 hrs	12 hrs	12 hrs

<sup>20</sup> Qualifying students and programs are discussed in Section III, Qualifying Students.



# PUBLIC DRAFT

Circulated for Public Comments

Comments Due by: **June 20, 2024**

Spring 2025	15 hrs	15 hrs	12 hrs
Summer 2025	N/A	0 hrs	3 hrs
Fall 2025	N/A	3 hrs	15 hrs

**Student A** attends school for 30 credit hours in 2022, 2023, and 2024. In 2021 and 2025, Student A attends for only one semester and earns the 15 equivalent hours required for one semester. **Student A qualifies for the credit for tax years 2021, 2022, 2023, 2024, and 2025.**

**Student B** attends school for only the Fall semester in 2021 and does not take the 15 equivalent hours required for one semester. The summer hours do not count toward the hours requirement. If the student was not enrolled full-time as a degree seeking student, the summer school enrollment does not start the four consecutive year period for claiming the credit.

In 2022, Student B is enrolled in both semesters and in the summer session, but only takes 27 hours total.

In 2023, Student B is enrolled in both semesters and in the summer session, and takes 30 hours. In 2024, Student B is enrolled in both semesters, but only takes 27 hours total.

In 2025, Student B is enrolled for the 15 hour equivalent in the spring semester. The credit can only be taken for four consecutive years, from August 18, 2021 through August 17, 2025. Semesters after August 17, 2025, including the Fall 2025 semester, do not count toward the credit. **Student B qualifies for the credit in 2023, and for the Spring semester of 2025.**

**Student C** attends school in 2021 for one semester and does not take the 15 equivalent hours required for one semester. The AP hours from high school do not count toward the first semester hours.

In 2022, Student C is enrolled for one semester and only takes 12 hours, not the 15 equivalent hours required for one semester. The summer session hours do not count toward the equivalent hours when the student only attends for one semester.

In 2023, Student C is enrolled for one semester and takes the 15 equivalent hours required when only enrolled for one semester.

In 2024, Student C is enrolled for both semesters but only for 24 total hours. The summer internship does not receive college credit, and so does not count toward the hours requirement.

# PUBLIC DRAFT

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Comments Due by: **June 20, 2024**

In 2025, Student C is enrolled for both semesters and for the summer session for a total of 30 hours. Since the student is enrolled for 30 hours in the year, he or she can qualify for the credit, *but will not receive the credit for tuition paid for the Fall 2025 semester*. The credit can only be taken for four consecutive years, from August 18, 2021 through August 17, 2025. The two semesters in which the student was withdrawn do not extend this four year period. Semesters after August 17, 2025, including the Fall 2025 semester, do not count toward the credit. **Student C qualifies for the credit in 2023 and 2025 (but only for the Spring semester and summer session).**

## **22. Do online courses count toward the hours requirement?**

Online courses taken through the qualifying school and counting toward degree requirements will be counted toward the hours requirement.

## **23. Do study abroad classes count toward the hours requirement?**

Study abroad classes will count toward the hours requirement if the qualifying South Carolina institution has approved the program and accepts the credit hours.

## **24. Do internships or co-op programs count toward the hours requirement?**

Internship or co-op program hours will count toward the hours requirement if the qualifying South Carolina institution has approved the internship and accepts the credit hours. Internship and co-op program hours allowed toward the 30 hour requirement will be the number of credit hours accepted by the institution, which may be different from the number of hours the student is required to work as part of the internship or co-op program.

## **25. Can a student drop a class?**

Classes that a student drops, withdraws from, or otherwise does not complete will not count toward the hours requirement. There is no minimum grade requirement for a student to meet in order for a class to count toward the hours requirement.