

PART B: JOB OR EMPLOYEE CREDITS AND INCENTIVES

9. JOB TAX CREDIT AND COMPARISON CHART

South Carolina Code Title 12, Chapter 6 contains three job tax credit provisions. The provisions are contained in South Carolina Code §12-6-3360(C)(1), the “traditional” annual job tax credit, South Carolina Code §12-6-3360(C)(2), the “annual” small business job tax credit, and South Carolina Code §12-6-3362, the “accelerated” small business job tax credit. Since the qualifying requirements, the credit amount and computation, and the time in which the credit may first be claimed may differ depending on the specific credit provision, the applicable South Carolina job tax credit statute should be carefully reviewed. Careful consideration should be given to which specific credit the taxpayer will claim since a taxpayer may meet the requirements of all three of the credit provisions, but only one credit provision may be used for each credit period.

The job tax credit statute rules and requirements can be complex. An overview of the three job tax credit provisions is provided below. Also, a general comparison of the three job tax credits is provided for use as a quick reference tool; it is a simplification and may be misleading if not used in conjunction with researching the law.

For additional guidance on more complex principles and exceptions to the general rules discussed below, see South Carolina Code §§12-6-3360 and 12-6-3362, the job tax credit statutes, SC Revenue Ruling #07-2, a comprehensive question and answer advisory opinion addressing the small business job tax credits, SC Revenue Ruling #99-5, a comprehensive question and answer advisory opinion regarding the traditional job tax credit as the statute existed after a substantial amendment in 1996, and consult your tax advisor.

COMPARISON OF JOB TAX CREDIT OPTIONS

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

	“Traditional” Annual Job Tax Credit	“Annual” Small Business Job Tax Credit	“Accelerated” Small Business Job Tax Credit
Code Section	12-6-3360(C)(1)	12-6-3360(C)(2)	12-6-3362
Form	TC-4	TC-4SB	TC-4SA
Qualifying Type Business	Manufacturing, tourism, processing, warehousing, distribution, research & development, corporate office, technology intensive, banking, qualifying service related facility, agribusiness operations, qualifying health care related facilities, and retail facilities and service related industries in a Tier IV County.	same	same
Size Requirement	None	99 or fewer employees worldwide	99 or fewer employees worldwide
Taxes Credit Used Against	Corporate, individual, bank, insurance	same	same
Entities Qualifying	C corporation, S corporation, LLC, Partnership, or Sole Proprietorship	same	same
Credit Amount – Basic	\$1,500 - \$8,000 per year for each new, full time job created, depending on county designation	\$1,500 - \$8,000 (100% credit amount) or \$750 - \$4,000 (50% credit amount) depending on county designation and compensation amount	\$1,500 - \$8,000 (100% credit amount) or \$750 - \$4,000 (50% credit amount) depending on county designation and compensation amount
Credit Amount – Additional	\$1,000 multicounty park \$1,000 Brownfields Voluntary Cleanup Program	same	same
Monthly Average Increase for Tax Year Requirement	10* (* Exceptions: 20 for new hotels, and 25-175 for qualifying service related facilities) A cumulative total of qualifying employees in each county for each month divided by 12 months or actual number of months in operation during current tax year	2 *See exceptions A cumulative total of qualifying employees in each county for each month divided by 12 months or actual number of months in operation during current tax year for each wage threshold, then combined.	2 *See exceptions A cumulative total of qualifying employees in each county for each month divided by 12 months or actual number of months in operation during current tax year for each wage threshold, then combined.
Compensation/Gross Wage Requirement	Generally, no. Qualifying Service Related Facilities are an exception unless 175 jobs are created at one location or 150 jobs are created at a vacant building meeting certain requirements. No, for other qualifying businesses	Yes (affects whether jobs qualify for 100% or 50% credit amount) Based on ≥ 120% or < 120% per capita income for state or county (whichever per capita is lower) Annualize pay for year	Yes (affects whether jobs qualify for 100% or 50% credit amount) Based on ≥ 120% or <120% per capita income for state or county, (whichever per capita is lower) Annualize pay for year
Tax Limitation	50% of tax liability	same	same
Carry Forward	15 years	same	same
Period 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, with job creation in Year 1 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 (jobs classified by wage category)	Same (jobs classified by wage category)

**See Section 9.B.a. below for an explanation of the use of the term “maintained” in this credit summary.