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

SC INFORMATION LETTER #95-19 (TAX)

SUBJECT: ADMINISTRATIVE PRONOUNCEMENT
Credit for Hiring Recipients of AFDC Payments
(Income Tax)

DATE: September 13, 1995

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

REFERENCE: S. C. Code Ann. Section 12-7-1280 (Enacted 1995)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 1994)
SC Revenue Procedure #94-1

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

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

The Family Independence Act of 1995 establishes a new tax credit for employers hiring a person who within twelve months of being employed received Aid to Families with Dependent Children ("AFDC") assistance.

Newly enacted Code Section 12-7-1280, effective for tax years beginning after 1994, provides, in part:

A taxpayer, who employs a person who within twelve months of becoming employed received Aid to Families with Dependent Children and who continuously has remained employed for twelve months is allowed a credit against taxes due under this chapter for wages paid to the employee in an amount equal to:

(1) twenty percent of wages up to five thousand dollars paid for the first year of employment;

(2) fifteen percent of wages up to five thousand dollars paid for the second year of employment;

(3) ten percent of wages up to five thousand dollars paid for the third year of employment.

The question has arisen as to whether the credit is computed as a percentage of wages (not to exceed \$5000 in wages) paid to the qualified employee or is the credit an amount that cannot exceed \$5000.

After consulting with the Department of Social Services, the Department of Revenue has concluded that the legislative intent of Code Section 12-7-1280 is to allow a credit up to \$5000 for wages paid to each qualified employee per year.