



Moving to South Carolina Tax Guide

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Moving to South Carolina

Tax Guide for New Residents

South Carolina Department of Revenue

If you are considering a move to South Carolina or have been a resident here for years, you may have many questions about the tax structure in your state. This handout explains the major state and local taxes, such as income, property and sales taxes, and a few other taxes with which you should be aware. For more specific information, call or visit one of the South Carolina Department of Revenue offices listed in this publication.

Income Tax

South Carolina has a simplified income tax structure which follows the federal income tax laws. South Carolina accepts the adjustments, exemptions and deductions allowed on your federal return with few modifications. Your federal taxable income is the starting point in determining your state income tax liability.

Deductions

There is no intangibles tax in South Carolina.

You do not pay a capital gains tax in this state on property sold in another state. Federal rules governing the exclusion of capital gains realized on the sale of a personal residence also apply in South Carolina.

A deduction is allowed for net capital gains held for two years or longer. The deduction is 44%, making the effective tax rate 3.9% as compared to the top rate of 7% on all other income.

Beginning with the first year you receive retirement income and until you turn 65, you may take an annual deduction of up to \$3,000 from retirement income. The retirement deduction increases to \$10,000 at age 65. You may take this deduction for income received from any qualified retirement plan, such as IRAs, government pension plans, Keough plans and private sector pensions. If both spouses receive retirement income, each spouse is entitled to an individual deduction. At age 65, all residents are eligible for a deduction of up to \$15,000 from income, regardless of the source. This deduction must be offset by any deduction claimed for retirement income.

Income received from National Guard or armed forces reserve pay for the annual training period and weekend drill is exempt from tax.

Disability income for a permanent and total disability is deductible.

Social Security benefits are not taxed in South Carolina.

A deduction is allowed for each child under the age of 6. The deduction is 100% of the federal personal exemption, which is adjusted each year for inflation.

A deduction is allowed for the care of a special needs child.

Interest you receive from federal obligations is deductible.

Credits

Income tax credits which may lower your South Carolina tax liability are:

A tuition tax credit allows students or parents to take a 25% credit of tuition paid to South Carolina public and private colleges. The maximum credit is \$850 per year for four-year schools and \$350 per year for two-year schools. The person who pays the tuition may take the credit.

A two-wage earner credit allows married couples to take a maximum credit of \$210 if both spouses work.

You are allowed a maximum credit of \$300 for payments made for nursing home care or intermediate nursing care provided in the home for yourself or another individual.

A credit is allowed for income taxes paid to another state on income which is taxable in both states.

A child and dependent care credit allows you to claim 7% of your federal allowable expenses for the care of a child or elderly person.

Additions to Income

Certain items of income must be added back to your federal taxable income for South Carolina purposes.

Any out-of-state losses and interest income from obligations other than those in South Carolina, if these items were subtracted on your federal return, must be added back to your taxable income on the state return.

The deduction on your federal return for state income tax paid must be added back to your taxable income on your state income tax return, but it is offset by your state refund amount if you claimed it as income on your federal return.

Tax Rates

The individual income tax rates graduate from 2.5% on taxable income up to \$2,340 to a top rate of 7% on taxable income exceeding \$11,700 for 1999. To offset the effects of inflation, individual income tax brackets are adjusted annually.

Part-Year Residents

If you moved into South Carolina during the year, you are a part-year resident. As a part-year resident, you may consider yourself a full-year resident or a nonresident. If you choose to be a full-year resident, you claim all your income as though you were a resident for the entire year and take a credit for taxes you paid in another state. If you choose to be a nonresident, report only the income you earned in South Carolina. Your deductions and exemptions will be prorated by the same percentage as your South Carolina income compares to your total income. You may choose the method which benefits you best. You may need to complete the return both ways to determine this.

Estimated Tax

Estimated tax is the method you use to pay tax on income that is not subject to withholding. This includes income from self-employment, interest, dividends, alimony, rent, capital gains and prizes. You also may have to pay estimated tax if enough tax is not being withheld from your salary, pension or other income. Estimated tax is paid in quarterly installments on April 15, June 15, September 15 and January 15.

Filing Returns

You are required to file a South Carolina income tax return if you are required to file a federal return or if you have South Carolina tax withheld from your wages. Individual income tax returns are due April 15 of each year.

You may file your South Carolina tax return in several ways: (1) electronic filing; (2) Telefile, using your telephone; (3) on-line filing over the Internet; and (4) traditional paper returns.

Property Tax

Counties, cities and school districts are authorized to impose ad valorem taxes on real and personal property. The local government assesses and collects the property tax under the direction and assistance of the Department of Revenue. Property tax dollars support public schools and the services local governments provide.

Residential Property

The market value of a legal residence and up to five acres of surrounding land is assessed at 4%. The millage rate of the local government is then applied to the assessed value resulting in the tax liability. The millage rate is set by local governments and varies widely throughout the state.

The first \$100,000 in fair market value of a primary residence is exempt from school operating costs.

Some examples of how this property tax relief benefits taxpayers: Based most recent property tax rates, a \$100,000 home in the city of Greenville would be taxed at \$1,186. With the exemption, the homeowner would see a savings of \$581, for a lower tax bill of \$605. In the city of Columbia, without property tax relief, the tax on a \$100,000 home would be \$1,418. After tax relief, the property tax is reduced to \$867, a savings of \$551. The property

tax relief will vary among school districts depending upon the millage for school operating costs.

If you have established one-year residency and you are 65 or older, you are eligible for a homestead exemption of \$20,000. For the same home in the city of Columbia calculated previously, the homestead exemption would offer an additional savings of \$173, for a total tax of \$694 on a \$100,000 home.

The assessment ratio on a second home or vacation home is 6%. The property tax relief does not apply to a second home.

To find out more about the tax on real estate, call the assessor in the county where you live or plan to relocate.

Vehicle Property Taxes

Personal property tax is collected annually on cars, trucks, motorcycles, recreational vehicles, boats and airplanes, based on their fair market value. If you own a \$10,000 car, based on the average millage rate, your personal property tax would be \$268.

For information about personal property tax on motor vehicles, call the auditor's office in the county where you plan to live.

Sales and Use Tax

South Carolina's sales and use tax rate is 5%. In certain counties, a local option sales and use tax of 1% is imposed in addition to the 5% state rate. Counties and cities also may impose local sales taxes for road improvements, capital projects, schools and other purposes. Most local taxes require voter approval.

Prescriptions, dental prosthetics and hearing aids are exempt from the sales tax. Those over 85 years of age are exempt from 1% of the sales tax.

A maximum sales tax of \$300 is imposed on the purchase of motor vehicles, including recreational vehicles, boats, motorcycles and airplanes.

The Department of Revenue strongly enforces the use tax on purchases made out-of-state when no sales tax has been paid. If you purchase goods from mail-order catalogs, television shopping networks or other out-of-state businesses and did not pay sales tax, you must report and pay 5% use tax (plus any local taxes, if applicable) in South Carolina. All 45 states which have a sales tax also have and enforce the use tax in much the same way.

Motor Fuel Tax

Each gallon of gasoline and diesel fuel purchased in South Carolina is taxed at 16 cents. This tax is included in the price per gallon of gasoline at the pump.

Vehicle Registration

You have 45 days after moving to South Carolina to register your vehicle in this state. If you live in this state only part of the year and consider another

state your home residence, you are still required to register your car in this state if you will be living in South Carolina for 180 days or more. The title fee is \$5 and the registration fee is \$24 every two years for a passenger vehicle. Persons 65 or older pay a reduced registration fee of \$20 every two years. The fee is \$22 every two years for 64-year-olds. Contact the nearest office of the Division of Motor Vehicles of the Department of Public Safety.

Driver's License

If you move to South Carolina, your driver's license from your former state is valid in South Carolina for 90 days. Before the 90-day period expires, new residents should visit one of the Division of Motor Vehicles branch offices to obtain a South Carolina driver's license.

A driver's license is \$12.50 and is renewable every five years on your birthday. A beginner's permit may be obtained at age 15. Applicants must pass a vision test and a written test on driving skills. The fee is \$2 for the written test. The beginner's permit is \$2.50 and is good for one year.

Estate Tax

South Carolina follows federal rules regarding the taxation of estates. The tax due is the amount claimed as a state credit on the federal estate return. An estate left to the deceased person's spouse is not subject to tax.

Information

Internet

Visit us on the Internet for information on all major South Carolina taxes, policy rulings and other helpful tax information. Our address is:

www.sctax.org

Important Telephone Numbers

Business Registration
(803) 898-5872

Estimated Tax
(803) 898-5709

Estate Tax
(803) 898-5756

Forms
(800) 768-3676
Columbia area
(803) 898-5599

Individual Income Tax
(803) 898-5709

Motor Vehicles
(803) 737-1767

Publications
(803) 898-5419

Sales Tax
(803) 898-5788

Tax Helpline
(800) 763-1295
Columbia area
(803) 898-5280

TDD
(803) 898-5656

Withholding
(803) 898-5752

Department of Revenue Taxpayer Service Centers

Aiken
410 Barnwell Street
(803) 641-7685

Beaufort
Carolina Cove Executive Center
(843) 524-2852

Charleston
3 Southpark Circle, Suite 202
(843) 852-3600

Columbia
301 Gervais Street
(803) 896-5700

Florence
1452 W. Evans Street
(843) 661-4850

Greenville
211 Century Drive, Suite 210-B
(864) 241-1200

Myrtle Beach
141 McDonalds Court
(843) 293-6550

Rock Hill
Business and Technology Center
454 S. Anderson Rd., Suite 202
(803) 324-7641

Spartanburg
Hillcrest Offices

1845 E. Main St., Suite 475
(864) 594-4900

Let us hear from you. Send your comments and suggestions to:

**Public Affairs Office
SC Department of Revenue
P.O. Box 125
Columbia SC 29214**

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