MANUFACTURING INCENTIVES

JANUARY 2023

South Carolina
Department of Commerce

TABLE OF CONTENTS

South Carolina
Department of Commerce

WHY INVEST IN SOUTH CAROLINA?

South Carolina continues to experience significant growth in economic development. Since 2011, the Palmetto State has outpaced bordering states in manufacturing job growth. Companies - large and small, new or existing - are finding the Palmetto State has unparalleled value, and it is just right for business.

Growth incentives are an investment in our economic future. As a result, they must make good sense for all parties involved and be designed to target the needs of companies and local development plans. Successful businesses require growth, and South Carolina offers an array of grants and incentives to help businesses make a smart investment.

EXECUTIVE SUMMARY

Incentives to Reward Manufacturing Industries for Growth

South Carolina has a reputation as a superior business location, largely due to an exceptional economic climate that helps companies hold down operating costs and increase their return on investment. In addition, South Carolina's performance-based tax incentives reward companies for job creation and investment. The state's pro-business policies are demonstrated by the following:

- Numerous ways to potentially eliminate your entire corporate income taxes;
- A wide range of sales tax exemptions that will reduce start-up costs and annual operating costs;
- Property tax incentives that can be tailored to meet your company's needs; and
- Special discretionary incentives at the local and state level that may be used to meet specific needs of individual companies on a case-by-case basis.

The following pages describe incentives available to qualified manufacturing companies. Please note that state incentives are contingent upon submission of all required documentation, staff review, fulfillment of eligibility requirements and the conditions of each program. The relevant statutory provisions and agency guidelines must be reviewed for a full understanding of the terms and conditions of each incentive. The South Carolina Department of Commerce is not authorized to offer definitive commitments. Only the South Carolina Department of Revenue (Department of Revenue), local city and county councils and the South Carolina Coordinating Council for Economic Development (Coordinating Council) have the authority to offer definitive tax commitments under South Carolina law.

This booklet is provided to illustrate South Carolina's pro-business environment and to assist a company in its evaluation of South Carolina taxes and incentives.

SOUTH CAROLINA'S TAX ADVANTAGE

South Carolina's positive business environment starts with its corporate income tax structure.

Businesses locating in South Carolina will benefit from:

- One of the lowest corporate income tax rates in the Southeast.
- A business-friendly method to determine income, subject to the state's corporate income tax rate.
- Numerous credits and methods to reduce and eliminate corporate income tax liability.

CORPORATE INCOME TAX & INCENTIVES

Corporate Income Tax

In South Carolina, a corporation that transacts business partly within and partly outside of South Carolina is only taxed on the portion of its income that represents the proportion of its trade or business conducted in South Carolina. South Carolina starts with federal taxable income from which certain South Carolina additions and deductions are applied to determine the corporation's net income.

Allocated Income: Certain items of income are then allocated to South Carolina or to another state. Allocable items include interest, dividend, royalties and rents not connected with the business, and gains and losses on the sale of real property.

Apportioned Income: After allocation, the corporation determines the amount of remaining net income apportioned to South Carolina. For corporations engaged in manufacturing, selling, distributing or dealing in tangible personal property in South Carolina, a single sales factor is used to apportion the remaining net income by multiplying the remaining net income by a fraction, the numerator of which is the corporation's total sales in South Carolina and the denominator is the sales everywhere.

South Carolina's 5% corporate tax rate is then applied to the sum of the income allocated and apportioned to South Carolina to determine the corporate income tax liability of the corporation.

The following shows the South Carolina corporate income tax liability for a corporation based on the following assumptions:

Federal taxable income:	$10,000,000
South Carolina income after additions and subtractions:	$10,000,000
Amount of income allocated to South Carolina:	$200,000
Net income remaining after allocation*:	$9,800,000
Total sales everywhere:	$9,000,000
Sales in South Carolina:	$500,000

Based on these assumptions, the corporation's apportionment ratio is .0556 ($500,000/$9,000,000).

The amount of income apportioned to South Carolina is $544,880 ($9,800,000 x .0556). The amount of South Carolina income to which the 5% corporate tax rate will be applied is $744,880 ($544,880 (apportioned) + $200,000 (allocated)). The total tax due is $37,244 ($744,880 x .05).

*Assumes no other income is allocated to another state.

Corporate License Fee (Franchise Tax)

All corporations must pay an annual fee to the Department of Revenue. The rate is one mill per dollar ($0.001) of a proportion of total paid-in-capital and paid-in-surplus, plus $15. Earned surplus (retained earnings) is not included in the base when calculating this tax. For corporations doing business outside the state, the license fee is determined by apportionment—the same way South Carolina corporate income tax is computed. The minimum corporate license fee is $25.

Corporate Income Tax Credits

In addition to a low corporate income tax rate and a favorable formula for determining the income subject to that rate, South Carolina provides credits that, in some cases, can completely eliminate a company's corporate income tax liability for up to 10, or in some cases 15 years.

Jobs Tax Credits

The Jobs Tax Credit is a valuable financial incentive that rewards new and expanding companies for creating jobs in South Carolina. In order to qualify, companies must create and maintain a certain number of net new jobs in a taxable year. The number of new jobs is calculated as the increase in the average monthly employment from one year to the next.

A manufacturing facility may qualify for the Jobs Tax Credit by creating a monthly average of 10 net new jobs. The value of the credit depends on the county's development tier as set forth below:

COUNTY'S DEVELOPMENT TIER	
Tier I	$1,500
Tier II	$2,750
Tier III	$20,250
Tier IV	$25,000

A county may also join with another county to form a "multi-county industrial park." Under this arrangement, a county agrees to share the property taxes with a "partner" county. This partnership raises the value of the credits by $1,000 per job, meaning credits from $2,500 to $26,000 per job may be available for qualifying companies.

If the company is a manufacturing facility that has fewer than 99 employees worldwide, the company could qualify for the Small Business Jobs Tax Credit by creating a monthly average of two net new jobs, instead of 10. Under the Small Business Jobs Tax Credit, the company may only get the full credit amount for net new jobs that pay 120% of the county's average hourly rate.

For jobs that pay less than 120% of the county's average hourly wage rate, credits from $750 to $12,500 per job (or $1,750 to $13,000 in a multi-county industrial park) may be available for qualifying companies.

For both the Jobs Tax Credit and the Small Business Jobs Tax Credit, the credit is available for a five-year period beginning with Year 2 (Year 1 is used to establish the created job levels.) The credit can be applied against corporate income tax or premium tax, but cannot exceed 50% of the year's tax liability. Unused credits may be carried forward for 15 years from the year earned.

The following map identifies South Carolina's counties, their 2023 development designations, and the credit amount available per new job for Jobs Tax Credits. Counties are re-ranked every year based on unemployment rates and per capita income, and the ranking of a county may change from year to year.

Investment Tax Credit

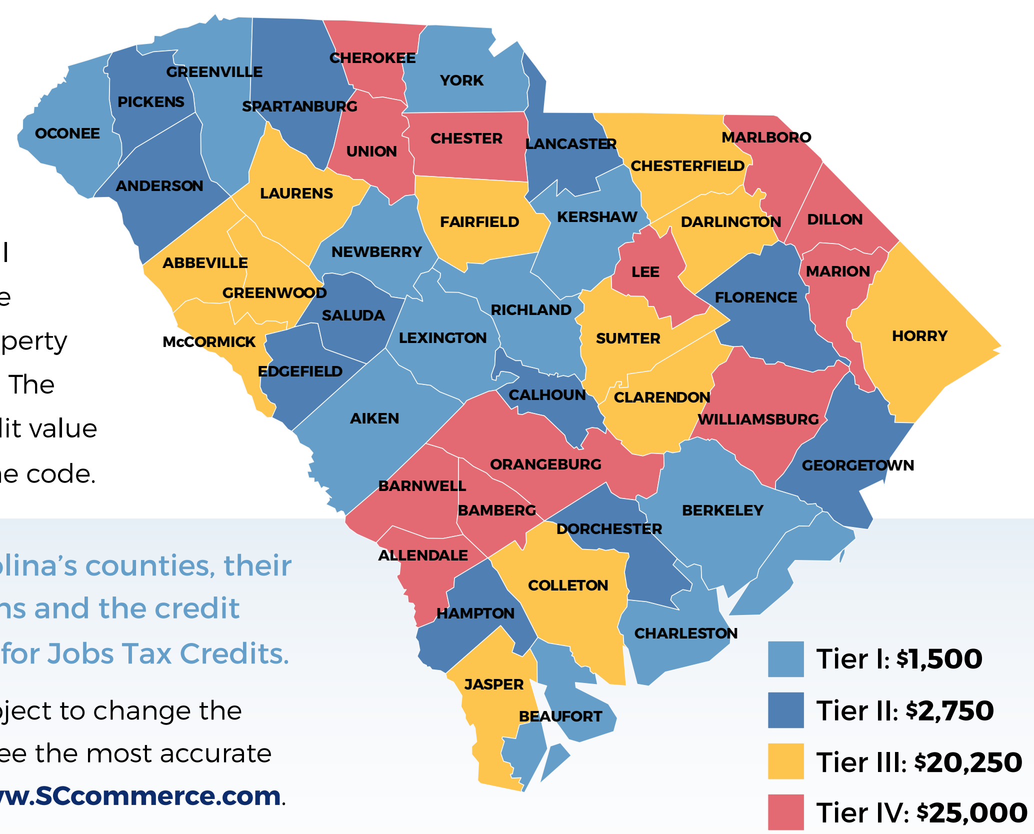
South Carolina allows manufacturers locating or expanding in South Carolina a one-time credit against a company's corporate income tax of up to 2.5% of a company's investment in new production equipment. The actual value of the credit depends on the applicable recovery period for property under the Internal Revenue Code. The following table illustrates the credit value for the various years outlined in the code.

RECOVERY PERIOD	CREDIT VALUE
3 years	0.5%
5 years	1%
7 years	1.5%
10 years	2%
15 years or more	2.5%

Unused credits may be carried forward for up to 10 years.

Research & Development Tax Credit

In order to reward companies for increasing research and development activities in a taxable year, South Carolina offers a credit equal to 5% of the taxpayer's qualified research expenses as defined in Section 41 of the Internal Revenue Code. The credit taken in any one taxable year may not exceed 50% of the company's remaining tax liability after all other credits have been applied. Any unused portion of the credit can be carried forward for 10 years from the date of the qualified expenditure.



This map identifies South Carolina's counties, their 2023 development designations and the credit amount available per new job for Jobs Tax Credits.

January 2023 | County map is subject to change the first quarter of every year. Please see the most accurate information on our website at **www.SCcommerce.com**.

Corporate Income Tax Moratorium

Companies creating net new jobs in some of South Carolina's economically distressed counties will benefit from a corporate income tax moratorium. Companies that qualify for the moratorium will be able to entirely eliminate their state corporate income tax liability for a period of either 10 or 15 years. In order to qualify, at least 90% of the company's total investment in South Carolina must be in a county where the unemployment rate is twice the state average. The length of the moratorium depends on the number of net new full-time jobs created. Companies creating at least 100 net new full-time jobs in a five-year period qualify for a 10-year moratorium, and companies creating at least 200 net new full-time jobs in a five-year period qualify for a 15-year moratorium. The moratorium period begins once a company meets the required job target.

In order to qualify for the moratorium, a company must also obtain certification through an application process from the Coordinating Council that the project will have a significant beneficial effect on the region for which it is planned, and that the benefits of the project to the public exceed its costs. If a company is approved for the moratorium, it must enter into a contract with the Department of Revenue.

For 2023, only Chesterfield, Dillon, and Jasper Counties have been designated as moratorium counties.

Credit for Alternative Fuels

South Carolina provides allows a company a credit against income taxes equal to 25% of the cost of purchasing, constructing and installing eligible property that is used for distribution, dispensing, or storing alternative fuel at a new or existing commercial fuel distribution or dispensing facility in South Carolina. The credit must be taken in three equal annual installments beginning with the tax year the property is placed in service. If in one of the years the credit installment accrues the property used for distributing, dispensing, or storing renewable fuel is disposed of or taken out of service and is not replaced, the credit expires and the taxpayer may not take any remaining installment of the credit. "Eligible property" includes pumps, compressors, storage tanks, and related equipment that is used, directly and exclusively, for distribution, dispensing, or storing alternative fuel. The equipment must be labeled for this purpose and clearly identified as associated with alternative fuel. "Alternative fuel" means compressed natural gas, liquefied natural gas, or liquefied petroleum gas, dispensed for use in motor vehicles and compressed natural gas, liquefied natural gas, or liquefied petroleum gas, dispensed by a distributor or facility. Any unused portion of the unexpired credit may be carried forward for 10 tax years. A taxpayer who claims any other credit for the cost of purchasing, constructing and installing property at the facility, may not claim this credit for the same costs.

DID YOU KNOW?

South Carolina supports new and expanding industry with a wide range of valuable exemptions to the state and local sales tax.

One of these exemptions includes machinery and equipment, and applicable repair parts, used in the production of tangible goods.

SALES AND USE TAX & INCENTIVES

Sales and Use Tax

The sales and use tax rate in South Carolina is 6%. Some counties assess a local option sales tax and/or a capital project sales tax, which currently range from 1 to 3%. Proceeds of such local taxes go toward infrastructure improvements or a rollback of property taxes.

The sales tax applies to all retail sales, leases and rentals of tangible personal property, including the value of property purchased at wholesale and then used or consumed by the purchaser. The use tax is based on the sales price of such property.

Out-of-State Sales

South Carolina exempts sales tax on the gross proceeds of the sales of tangible personal property where the seller, by contract of sale, is obligated to deliver to the buyer, an agent of the buyer, or a donee of the buyer, at a point outside of South Carolina or to deliver it to a carrier or to the mail for transportation to a point outside of South Carolina.

Out-of-State Purchases

South Carolina provides a use tax credit for purchases of tangible personal property paid in another state, if the state in which the property is purchased and the sales and use taxes are paid allows substantially similar tax credits on tangible personal property purchased in this state. If the amount of the sales or use tax paid in the other state is less than the amount of use tax imposed in South Carolina, the user is required to pay the difference to this state.

Sales Tax Incentives

Sales Tax Exemptions

South Carolina supports new and expanding industry with a wide range of valuable exemptions to the sales tax (state and local). These exemptions include the following:

- Machinery and equipment, and applicable repair parts, used in the production of tangible goods;
- Materials that will become an integral part of the finished product;
- Coal, coke or other fuel for manufacturers, transportation companies, electric power companies and processors;
- Industrial electricity and other fuels used in manufacturing tangible personal property;
- Research and development machinery and equipment;
- Air, water and noise pollution control equipment;
- Material handling equipment for manufacturing or distribution projects investing $35 million or more in the state;
- Packaging materials; and
- Long distance telephone calls and access charges, including 800 services.

In addition, construction materials used in the construction of a single manufacturing or distribution facility with a capital investment of at least $100 million in an 18-month period will be exempt from sales tax.

SALES TAX CAPS

South Carolina provides a max cap of $500 for sales tax or infrastructure maintenance fee, as applicable, on the sale or lease of aircraft, motor vehicles, motorcycles, boats, recreational vehicles and other items.

PROPERTY TAXES IN SOUTH CAROLINA

In South Carolina, only local governments levy property taxes. There is no state tax on real or personal property. In addition, there is no tax, state or local, on inventories or intangibles in South Carolina.

A company's property tax liability is a function of:

Property Value (less depreciation) x Assessment Ratio x Millage.

LOCAL PROPERTY TAXES & INCENTIVES

Property Tax

Valuation and Assessment

The Department of Revenue determines the fair market value of a business' real property (land and building) and personal property (machinery and equipment) to assure equitable local treatment. The fair market value is then assessed at rates established in the state constitution. For manufacturers, real and personal property are both assessed at 10.5%. The assessment ratio for all other businesses is 6% for real property and 10.5% for personal property. (For homeowners, primary residences are assessed at 4%.)

Depreciation

Depreciation rates are determined by the Department of Revenue based on the type of personal property.

For manufacturers, personal property is allowed to depreciate annually at a rate set in law according to the company's primary function (the most common depreciation rate is 11% per year). For all other businesses, the personal property is allowed to depreciate annually (once it is placed in service) at the rate claimed by the company for income-tax purposes. The company will be allowed to depreciate its personal property to a level of 10% of the original property value. Please note that the Department of Revenue makes the final determination of the allowable depreciation.

Millage

The local millage rate is applied to the assessed depreciated value to determine taxes. Millage rates in South Carolina are site specific and set annually by local government. A mill is equal to $0.001.

Property Tax Exemptions

In support of business, South Carolina exempts three classes of property from local property taxation:

- All inventories (raw materials, work-in-progress and finished goods);
- All intangible property; and
- All pollution control equipment.

Pursuant to legislation, 42.8571% of the property tax value of manufacturing property assessed for property tax purposes will be exempt from property taxation provided, however, that the total amount of the exemption for all entities in the State for that fiscal year will not exceed $170 million. For any year in which the amount is projected to exceed $170 million, the exemption amount shall be proportionally reduced. Please note that this exemption does not apply to property under a Fee-in-Lieu agreement as discussed below.

Property Tax Incentives

Five-Year Property Tax Abatement

By law, manufacturers investing $50,000 or more are entitled to a five-year property tax abatement from county operating taxes. This abatement usually represents an offset of up to 20% to 35% of the total millage, depending on the county. The abatement does not include the school portion of the local millage.

Please note that the tax abatement on investment is in effect for five years only. In year six, the abatement terminates, and the property is taxed at the millage rate in effect at that time.

The abatement is not available to property placed under a Fee-in-Lieu agreement as described in this document.

Textile Revitalization Credit

There are credits for rehabilitating abandoned textile mill sites that encourage businesses to renovate, improve and redevelop abandoned textile mill sites.

Sites that are eligible are abandoned sites used directly for textile manufacturing or operations or ancillary uses for, or designed for use by, textile manufacturing. "Abandoned" means that at least 80% of the site has been closed for a period of at least one year.

A company that improves, renovates or redevelops an eligible site may be eligible for ***one of two tax credits:***

- ***A credit against income taxes or license taxes*** equal to 25% of the rehabilitation expenses. This credit is to be taken in equal installments over five years beginning with the tax year in which the site is placed in service. The credit can offset up to 100% of income or license tax liability. Unused credits can be carried forward up to five years. In this case, the taxpayer must file a Notice of Intent to Rehabilitate with the Department of Revenue before receiving building permits.
- ***A credit against real property taxes*** equal to 25% of the rehabilitation expenses of an eligible site multiplied by the local taxing ratio of each local taxing entity that has consented to the tax credit. This credit can offset up to 75% of property taxes for a period of up to eight years. To receive this credit, the county or municipality in which the site is located must determine the eligibility of the site and the proposed project. **A majority vote of the local governing body** must approve the project, and the determinations and approval must be made by public hearing and ordinance. In this case, the taxpayer must file a Notice of Intent to Rehabilitate with the local government before incurring rehabillitation expenses.

Revitalization of Abandoned Building Credit

In order to qualify for this credit, the taxpayer must improve, renovate or redevelop an eligible site for income producing purposes and incur rehabilitation expenses in an amount:

- Greater than $250,000 for building in unincorporated area of a county or in a municipality of a county with a population of more than 25,000 persons;
- Greater than $150,000 for building in unincorporated area of a county or in a municipality of the county with a population of at least 1,000 persons but less than 25,000 persons; or
- Greater than $75,000 for building in unincorporated area of a county or in a municipality of a county with a population of less than 1,000 persons.

Sites that are eligible are buildings or structures, at least 66% of which has been closed continuously or otherwise non-operational for at least five years (excluding a building used immediately preceding as a single-family residence) from the date that the taxpayer files a Notice of Intent to Rehabilitate.

A qualifying taxpayer may be eligible for ***one of two tax credits:***

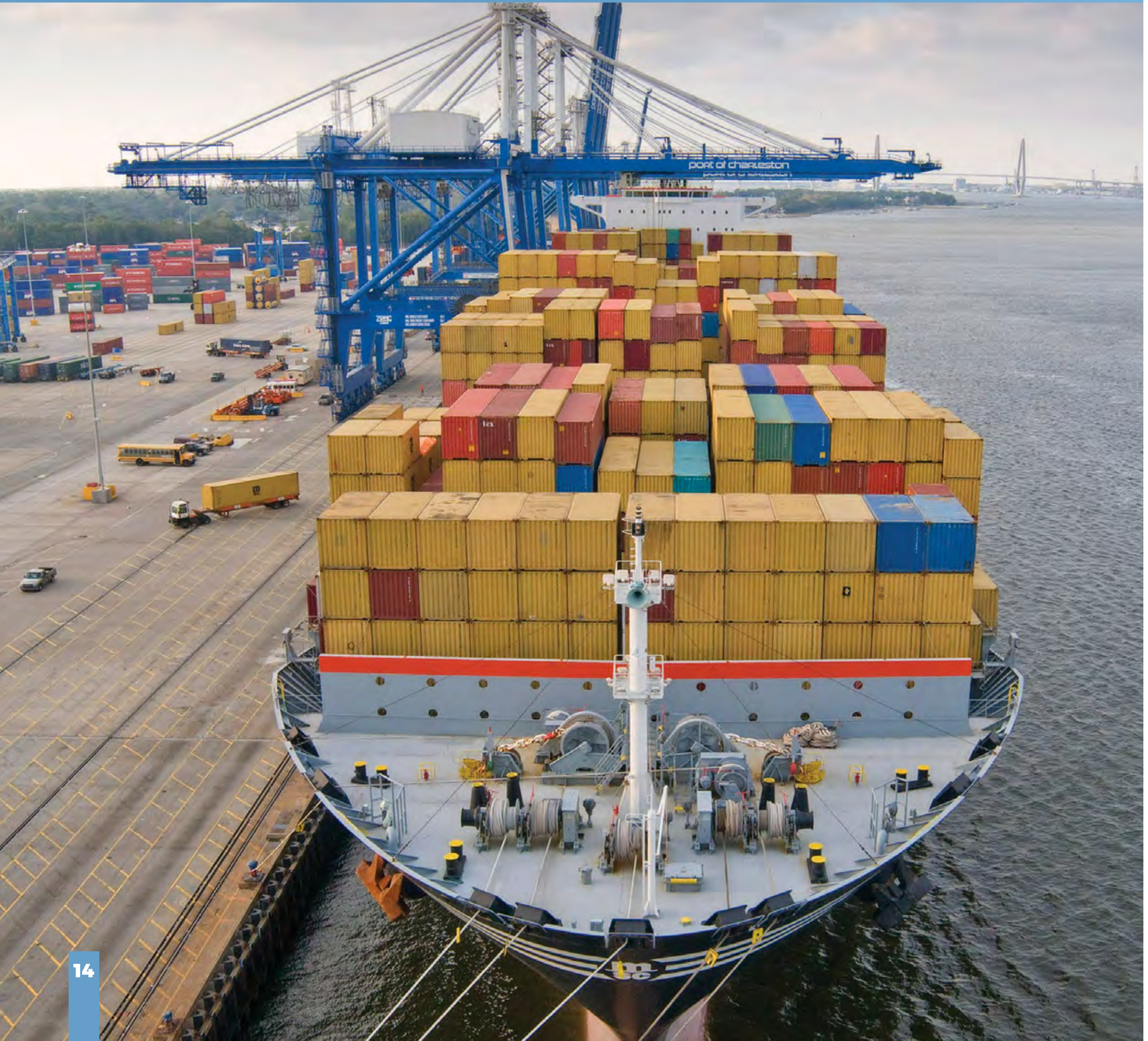
- ***A credit against income taxes*** or license taxes equal to 25% of the rehabilitation expenses. This credit is to be taken in equal installments over three years beginning with the tax year in which the site is placed in service. The credit can offset up to 100% of the income or license tax liability, and the credit may not exceed $500,000 in any one tax year. Unused credits can be carried forward up to five years. In this case, the taxpayer must file the Notice of Intent to Rehabilitate with the Department of Revenue before incurring expenses.
- ***A credit against real property taxes*** equal to 25% of the rehabilitation expenses of an eligible site multiplied by the local taxing ratio of each local taxing entity that has consented to the tax credit. This credit can offset up to 75% of property taxes for a period of up to eight years. To receive this credit, the county or municipality in which the site is located must determine the eligibility of the site and the proposed project. A majority vote of the local governing body must approve the project, and the determinations and approval must be made by public hearing and ordinance. In this case, the taxpayer must file the Notice of Intent to Rehabilitate with the county or municipality before incurring expenses.

DID YOU KNOW?

Companies that rehabilitate abandoned facilities may be eligible for tax credits. These credits encourage businesses to renovate, improve and redevelop these abandoned areas.

SOUTH CAROLINA'S DISCRETIONARY INCENTIVES

In addition to the statutory incentives explained in the previous sections, South Carolina also uses discretionary incentives at the state and local levels to address the specific needs of individual companies on a case-by-case basis.



DISCRETIONARY INCENTIVES

Fee-in-Lieu of Property Taxes (FILOT)

Under this program, companies making substantial capital investments may negotiate a lower assessment ratio and stabilize millage rates for up to 30 years. The long-term impact of the FILOT is based on the actual investment and is dependent on both the assessment and millage rates negotiated with the county.

South Carolina law allows a county to negotiate with a company for a FILOT agreement if total capital investment is $2.5 million or greater. By law, the company has five years to meet the minimum investment threshold, and the county can offer an additional five-year extension to complete the project. The company may include both real and personal property under the FILOT agreement. However, property that has been on the tax rolls in the state previously, including existing buildings, is not eligible for the FILOT. (This restriction is waived for companies investing an additional $45 million or more in new investment.)

The FILOT may result in substantial benefits for a company:

- ***Savings:*** Payments to local government may be reduced through the negotiation of a lower assessment rate (from 10.5% to as low as 6%).

  The company may also negotiate a locked-in millage rate for up to 30 years or a five-year adjustable rate for the property that is subject to the FILOT.

  With a FILOT, personal property depreciates, but real property is fixed at the original cost for the life of the fee. However, the county and the company may instead provide that any real property subject to the FILOT may be reported at its fair market value as determined by the appraisal of the Department of Revenue and may be reappraised every five years.
- ***Replacement Property:*** Property that is replacing property previously under the FILOT is allowed to go under the agreement up to the original income tax basis of the original fee property it is replacing at any time during the agreement.
- ***Additional Savings for Substantial Capital Investments:*** If a company is investing more than $400 million, or investing more than $150 million and creating at least 125 net new jobs, a "Super Fee" is negotiable. This fee can further lower the assessment rate to as low as 4%.

Job Development Credit

South Carolina's Enterprise Program is substantially different from the state's other tax incentives because it does not reduce a particular tax liability; instead, it provides companies with funds to offset the cost of locating or expanding a business facility in this state. Representing actual cash contributions to the project, this incentive allows South Carolina to lower the effective cost of investment and positively contribute to a company's bottom line and profitability.

The Job Development Credit effectively uses the personal withholding taxes of new employees to reimburse qualifying, approved companies that add value to South Carolina and the community in which they locate. These reimbursements are for eligible capital expenditures (land, building, site development, pollution control equipment or infrastructure) associated with projects creating new full-time jobs that also provide health care benefits for South Carolina citizens.

The Coordinating Council administers the Enterprise Program. Funds for the Job Development Credits come from state personal income tax withholding that is paid by a company's employees. Employees receive a credit equal to the withholding used by the company; therefore, there is no financial impact on employees. No company will be allowed to claim a credit on any employee whose job was created in this state before the taxable year in which the company was approved for the program. In addition, the Coordinating Council generally caps annual collection at no more that $3,250 per employee per year.

To verify capital expenditures and qualifying jobs, a company is required to make its payroll books and records available for inspection by the Coordinating Council and the Department of Revenue. In addition, a company must furnish a report prepared by the company that itemizes the sources and uses of the funds, and such report must be filed by June 30 following the calendar year in which the refunds are received.

Eligibility Requirements. To be eligible to apply for the Job Development Credit as a manufacturing facility, a company must:

- Meet the requirements of manufacturing/ processing as required for the Jobs Tax Credit;
- Create at least 10 new, full-time jobs;
- Provide full-time employees with a benefits package that includes a comprehensive health plan and pay at least 50% of an eligible employee's cost of health plan premiums; and
- Pay a non-refundable $4,000 application fee, receive a positive cost/benefit certification (the project is of greater benefit than cost to the state) from the Coordinating Council and pay a $500 annual renewal fee.

Please note that the Coordinating Council will generally only allow companies to collect credits for 10 years, and only on new full-time jobs with wages at or above the current county average wage for the county in which the project is located.

The Revitalization Agreement. Once a company's application for eligibility to receive Job Development Credits is approved by the Coordinating Council, the company will be required to enter into an agreement with the Coordinating Council called a Revitalization Agreement. The Revitalization Agreement is a contract with the state guaranteeing the company's participation in the program, assuming it stays current with state taxes and meets its commitments on job creation and investment. Under the terms of the Revitalization Agreement, the Coordinating Council and the company:

- Establish mutually agreeable investment and employment minimums that the company must meet and maintain in order to claim a Job Development Credit;
- Set a date by which the project's investment and employment will be completed (must be within five years of the date of the approval of the applicator); and
- Identify a maximum reimbursement amount.

Funds for Retraining Available for Existing Industry

Eligible businesses engaged in the manufacturing, processing or technology intensive industry may be eligible for a refund of up to $1,000 per eligible full-time employee per year for retraining costs. The retraining must be necessary for the business to remain competitive or to introduce new technologies. An eligible employee is a production or technology first line employee or immediate supervisor who has been continuously employed by the company for at least two years. "Production employee" includes an employee who is directly engaged in the actual making of tangible personal property or who is directly involved in the manufacturing or processing. "Technology employee" includes an employee who is directly engaged in the design, development and introduction of new products or innovative manufacturing processes, or both, through the systematic application of scientific and technical knowledge at a technology intensive facility. Please note that companies will not be allowed to claim Job Development Credits and Retraining Credits on the same employee. The retraining must be approved and coordinated by the technical college(s) under the jurisdiction of the State Board for Technical and Comprehensive Education serving the designated region where the company is located. The technical college may provide the retraining program delivery directly or contract with other training entities to accomplish the required training outcomes or supervise the employer's approved internal training program. Refunds per eligible employee for retraining may not exceed $1,000 in a year, or $5,000 over five years. The company must match $1.50 for each dollar of the employee's withholding share used for the training. The total amount is paid to the technical college providing the training. In order to collect funds for retraining, a company must pay an annual $250 renewal fee.

Port Volume Increase Tax Credit

South Carolina provides a possible income tax credit or withholding tax credit to manufacturers or distributors or companies engaged in warehousing, freight forwarding, freight handling, goods processing, cross docking, transloading or wholesale of goods. To be eligible for this credit, a company must have 75 net tons of non-containerized cargo, 385 cubic meters or 10 loaded TEUs transported through a South Carolina port facility for its base year and then must increase its port cargo volume by 5% over base-year totals. The base year port cargo volume will be re-calculated every year after the initial base year.

The total amount of tax credits allowed to all qualifying companies is limited to $15 million per calendar year. A company must submit an application to the Coordinating Council to determine its qualification for the amount of, and the type of any tax credit it will receive. Any unused credits may be carried forward for five years.

Port Transportation Tax Credit

South Carolina provides a possible credit against income tax or withholding tax to manufacturers or distributors or companies engaged in warehousing, freight forwarding, freight handling, goods processing, cross docketing, transloading or wholesale of goods that are located in South Carolina. The amount of the credit may be based on the taxpayer's transportation costs to and from a South Carolina port. "Transportation costs" means the costs of transporting freight, goods, and materials to and from port facilities in South Carolina. Any credit allocated to a taxpayer is at the discretion of the Coordinating Council. A company must submit an application to the Coordinating Council for approval. The maximum amount of credit allowed to all qualifying taxpayers for a calendar year is limited to $3 million for each calendar year until the credit expires. A taxpayer may not claim the credit in any tax year after the tax year a port in Jasper County is opened and accepting shipments. A taxpayer cannot claim both a port transportation credit and a port cargo volume credit as discussed above in the same tax year. Any unused credit may be carried forward for five years.

SC Agricultural Products Purchases Credit

South Carolina provides a possible income tax credit or withholding tax credit to agribusiness or agricultural packaging operations. To be eligible for this credit, a company must have a base year in which the company purchases more than $100,000 of agricultural products that have been certified as grown in South Carolina by the South Carolina Department of Agriculture and then must increase the number of agricultural units purchased in the following year by at least 15% over base-year unit totals.

The base year unit amount will be re-calculated every year after the initial base year. A company must submit an application to the Coordinating Council to determine its qualification for, the amount of, and the type of any tax credit it will receive. The credit may not exceed $100,000 per taxpayer in any one year. The total amount of tax credits allowed to all qualifying companies is limited to $2,000,000 each year. Any unused credits may be carried forward for five years.


SCCOMMERCE.COM
South Carolina
Department of Commerce