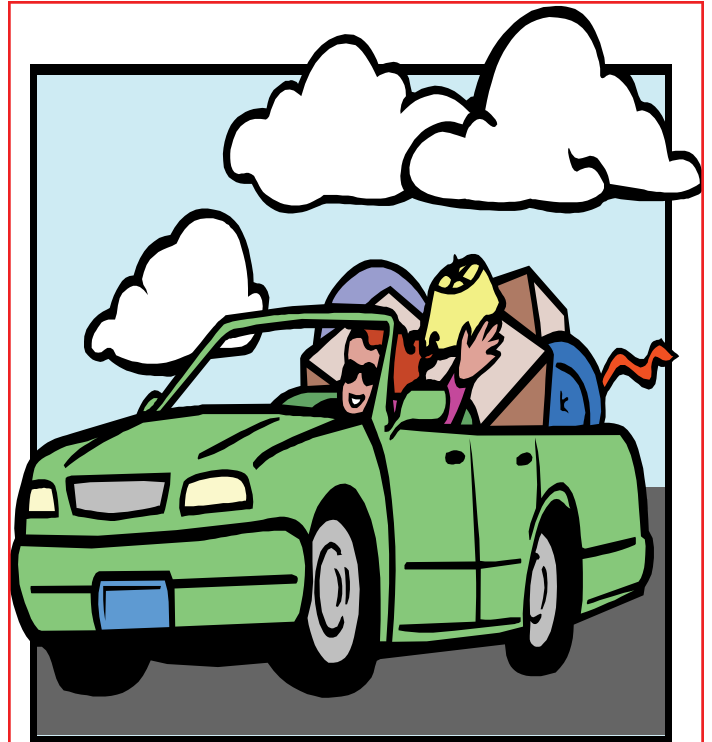


## **MOVING TO SOUTH CAROLINA**



**A tax guide for**

# **NEW RESIDENTS**

**SOUTH CAROLINA  
DEPARTMENT OF REVENUE**

**Mark Sanford—Governor  
Ray N. Stevens—Director**



If you're considering a move to South Carolina or have been a resident for only a short time....you may have

**QUESTIONS**

about South Carolina's tax structure. This brochure explains the major state and local taxes of which you should be aware, including income, property, sales and use, motor fuel and a few other taxes.

For more specific information, call or visit one of the South Carolina Department of Revenue offices listed in this publication, or visit the agency's website at [www.sctax.org](http://www.sctax.org).

**South Carolina  
Department of Revenue  
Taxpayer Service Centers**

**CHARLESTON**

1 Southpark Circle  
Suite 100  
Charleston, SC 29407  
(843) 852-3600

**COLUMBIA**

Columbia Mill Building  
301 Gervais Street  
Columbia, SC 29201  
(803) 898-5000

**FLORENCE**

1452 W. Evans Street  
P.O. Box 5418  
Florence, SC 29502  
(843) 661-4850

**GREENVILLE**

211 Century Drive  
Suite 210-B  
Greenville, SC 29607  
(864) 241-1200

**MYRTLE BEACH**

South Park Village  
1330 Howard Parkway  
Myrtle Beach, SC 29577  
(843) 839-2960

**ROCK HILL**

Business and  
Technology Center  
454 S. Anderson Road  
Suite 202  
P.O. Box 12099  
Rock Hill, SC 29731  
(803) 324-7641



**•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 tax return with few modifications. Your federal taxable income is the starting point in determining your state income tax liability.

**TAX RATES**

Individual income tax rates range from 3% to a top rate of 7% on taxable income. Tax brackets are adjusted annually for inflation.

**DEDUCTIONS**

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

▶ A deduction of 44% is allowed on net long-term capital gains. The South Carolina holding period is the same as the federal.

▶ Beginning with the first year you receive qualified retirement income and until you reach age 65, you can take a deduction of up to \$3,000. You can take this deduction for income received from any qualified retirement plan, such as IRAs, government pensions, Keogh plans and private sector pensions. If both spouses receive retirement income, each spouse is entitled to an individual deduction.

▶ All residents at age 65 are eligible for a deduction of up to \$15,000 from income, regardless of the source. The \$15,000 deduction must be offset by any other retirement deduction that is claimed. A surviving spouse may continue to take a retirement deduction on behalf of a deceased spouse.



▶ Income received from National Guard or armed forces reserve pay for the customary 39 days of annual training and weekend drill is exempt from tax.

▶ Disability income from a permanent and total disability is deductible.

▶ South Carolina does not tax Social Security benefits or railroad retirement.

▶ Interest you receive from federal obligations is deductible.

## INFORMATION

Visit us on the Internet for information on all major South Carolina taxes, advisory opinions, tax forms and other helpful tax tips. Online business registration is available by clicking on South Carolina Business One Stop (SCBOS).

Our online address is:

**[www.sctax.org](http://www.sctax.org)**

## WHO TO CALL

Business Registration	(803) 896-1350
Estimated Tax	(803) 898-5709
Forms (toll free)	1-800-768-3676
Forms—Columbia (8:30 a.m.—5 p.m. only)	(803) 898-9211
Fax on Demand	1-800-768-3676
Fax on Demand—Columbia	(803) 898-5320
Automated Refund Information	(803) 898-5300
Individual Income Tax	(803) 898-5709
Motor Fuel	(803) 896-1990
Sales Tax	(803) 896-1420
Hearing Impaired (TTY)	1-800-735-8583
Withholding	(803) 896-1450
S.C. State Government website.....	<a href="http://www.sc.gov">www.sc.gov</a>

## COMMENTS AND SUGGESTIONS

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

**Public Affairs Office  
S.C. Department of Revenue  
PO Box 125  
Columbia, S.C. 29214**

# •DRIVER'S LICENSE•

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

A driver's license is \$25 and is renewable every 10 years on your birthday. Beginner permit applicants must be at least 15 years old and 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 valid for a year. Applicants must hold a beginner's permit for 180 days before they can apply for a driver's license.



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

## CREDITS

Listed below are some of the individual income tax credits which may lower your South Carolina tax liability:

- ▶ A refundable tuition tax credit of up to 25% for tuition paid to South Carolina public and private colleges for qualifying individuals. The maximum credit is \$850 per year for four-year schools and \$350 per year for two-year schools.
- ▶ 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.
- ▶ You may take a credit up to 25% of the costs incurred in the installation of a solar energy heating or cooling system.

## ADDITIONS TO INCOME

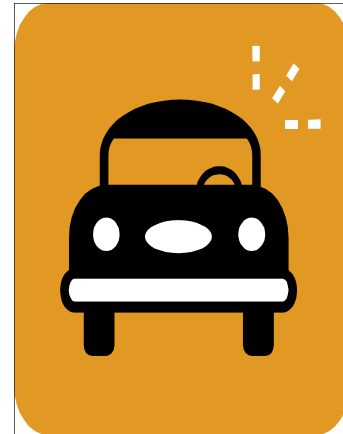
Certain items of income must be added back to your federal taxable income for South Carolina purposes.

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

## PART-YEAR RESIDENTS

If you moved to 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 file as a full-year resident, claim all your income as though you were a resident for the entire year and take a credit for any taxes paid in another state. If you choose to file as 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.



## ● VEHICLE REGISTRATION ●

You have 45 days after moving to South Carolina to register your vehicle in this state.

If you live in South Carolina only part of the year and consider another state your home of 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 \$15 and the registration fee is \$24 every two years for a passenger vehicle.

Drivers 65 years old 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 Department of Motor Vehicles for more information.

out-of-state purchases when no sales tax has been paid to another state. If you purchase goods from the Internet, mail-order catalogs, television shopping networks or other out-of-state businesses and did not pay a sales tax, you must report and pay the South Carolina use tax and any local use tax imposed by the county you live in. Each state that imposes a sales tax also imposes a use tax.

The use tax can be conveniently reported on your state income tax return when you file each tax year, or you can download a Use Tax Form UT-3 from the Department of Revenue website.



## ● MOTOR FUEL TAX ●

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

You may choose the method which benefits you the most. You may need to complete your return both ways to determine which option is best for you.

## ESTIMATED TAX

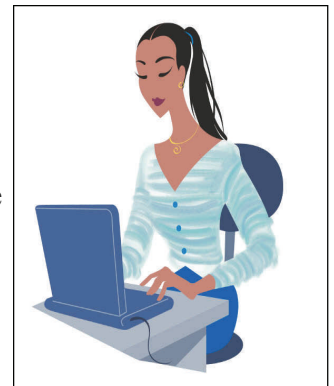
Estimated tax is the method used to pay tax on income that is not subject to withholding. This includes income from self-employment, interest, dividends, alimony, rent, capital gains and prizes. You also may have to pay estimated tax if there was not enough tax withheld from your salary, pension or other income.

Estimated tax is paid in quarterly installments on April 15, June 15, September 15 and January 15.

## FILING YOUR TAX RETURN

Generally speaking, you are required to file a South Carolina income tax return if you are required to file a federal return, or if you are a non-resident with South Carolina gross income of more than the federal personal exemption amounts.

Individual income tax returns are due April 15 of each year, but if you file your South Carolina



return electronically, you have until May 1 of each year to file and pay without incurring a penalty.

The May 1 deadline **does not apply to federal income tax returns or to taxpayers filing paper returns.**

You can file your South Carolina tax return in several ways:

- Electronic filing using a professional tax preparer
- Online filing over the Internet using available commercial software
- DOR website using participating vendors
- Paper return



## •ESTATE TAX•

South Carolina does not impose an Estate Tax or a Gift Tax.

## •SALES AND USE TAX•

South Carolina's current state sales and use tax rate is 6%. In certain counties, a local



option sales and use tax of 1 to 2% is imposed to pay for property tax rollback. Counties also may impose a local sales and use tax for school projects, road im-

provements, capital projects and other purposes.

Prescriptions, dental prosthetics and hearing aids are exempt from the sales tax. South Carolina residents 85 years old and older are exempt from 1% of the state sales tax rate.

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

### Use Tax

The South Carolina Department of Revenue strongly enforces the use tax on



# •PROPERTY TAXES•

Counties, cities and school districts are authorized to impose ad valorem taxes on real and personal property. Local governments assess and collect most property taxes. Property tax dollars support public schools and the services provided by local governments.

## Residential Property

The market value of a legal residence and up to five acres of surrounding land is assessed at 4% of fair market value. 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 fair market value of owner-occupied residential property receiving the 4% assessment rate is exempt from all property taxes imposed for school operating purposes.

Based on a \$100,000 owner-occupied residence assessed at 4% with a millage rate of 200 mills, the property taxes would be \$800. Millage rates vary from county to county and you would need to check with officials in the county you wish to reside to estimate your property tax liability.

If you have established a one-year residency and you are age 65 or older, legally blind or permanently and totally disabled, you are eligible for a homestead exemption of \$50,000 from the value of your home. Based on the example given earlier, the same \$100,000 owner-occupied residence receiving a homestead exemption and assessed at 4% with a millage rate of 200 mills would have a property tax liability of \$400.

The assessment ratio on a second home or vacation home owned by you is 6%. 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 taxes are collected annually on cars, motorcycles, recreational vehicles, boats and airplanes, based on values listed in Department of Revenue publications supplied to counties. If you own a car valued at \$10,000, based on the average statewide millage rate, your personal property tax would be about \$173 annually.



For information about personal property tax on cars, trucks, motorcycles, boats, RVs and airplanes, call the auditor's office in the county where you plan to live.