

A LOOK AT SOUTH CAROLINA JOB TAX CREDITS

Credit Overview

The South Carolina New Jobs Credit is a valuable incentive that rewards businesses for the creation and maintenance of jobs in South Carolina. Credits are limited to 50% of corporate or individual income tax, bank tax, or insurance premium tax. The credit may be earned by C-corporations, S-corporations, partnerships, sole proprietors, and limited liability companies. Unused credits can be carried forward for fifteen years.

Credit Creation And Utilization

For each new, full time job created in South Carolina, the tax credit ranges in value from \$1,500 - \$25,000 per year for up to five years, depending on which county the job is located. Counties are tiered based on unemployment and per capita income of the county. In order to qualify for initial jobs tax credit, a company must create and maintain a certain number of net new jobs in a taxable year. For large employers with one

hundred and more employees, the company must create ten new jobs in year one and maintain those jobs through year 2 in order to claim the credit. For smaller employers with less than one hundred employees, the company must create two new jobs in year one, which can then be claimed on the same year’s tax return through the “accelerated” small business job tax credit. Jobs created by small employers must also meet a wage threshold test to determine whether they receive the full credit amount or 50%. As long as those initial jobs are maintained, the company can create credits for those jobs and any additional new jobs for a five-year period.

For example, if a large employer creates an average of twelve new jobs in 2022, and that job level is maintained for the following five years, an employer located in Allendale County (Tier IV) would create \$1,500,000 of job credits for the five years following year one.

2022 JOB TAX CREDIT DEVELOPMENT TIERS

TIER I \$1,500 credit per new, full-time job	TIER II \$2,750 credit per new, full-time job	TIER III \$20,250 credit per new, full-time job	TIER IV \$25,000 credit per new, full-time job
Aiken, Beaufort, Berkeley, Charleston, Greenville, Kershaw, Lexington, Newberry, Oconee, Richland, York	Anderson, Calhoun, Dorchester, Edgefield, Florence, Georgetown, Hampton, Lancaster, Pickens, Saluda, Spartanburg	Abbeville, Chesterfield, Clarendon, Colleton, Darlington, Fairfield, Greenwood, Horry, Jasper, Laurens, McCormick, Sumter	Allendale, Bamberg, Barnwell, Cherokee, Chester, Dillon, Lee, Marion, Marlboro, Orangeburg, Union, Williamsburg

Next Steps

To the extent your business has expanded and increased jobs in the last three to five years, the jobs tax credit can be earned and applied retroactively. The South Carolina job tax credit rules and requirements can be complex and require a comprehensive analysis when planning for credit utilization. We encourage you to contact your Elliott Davis advisor to discuss a potential state credits and incentives analysis for your business.

Business owners should ask the following questions in analyzing the potential impact South Carolina job tax credits may have on their business:

- Has the business created new jobs that exceed the required job creation thresholds in the past three to five years?
- Is there an opportunity to pair the job tax credits with other economic incentives?
- Are there plans to expand the business's workforce in the especially advantageous Tier III or Tier IV counties?

Qualifying Businesses

Businesses in the following industries and facilities qualify for the jobs credit:

- manufacturing
- tourism
- processing
- warehousing
- distribution
- research & development
- corporate office (most industries so long as the office meets certain criteria)
- qualifying technology intensive facilities
- banking
- qualifying service related facilities
- agribusiness operations
- agricultural packaging
- extraordinary retail establishments
- qualifying health care related facilities
- professional sports teams
- retail facilities and service related industries in a Tier IV County.

Located On Brownfield Site?

Taxpayers who otherwise qualify for the Job Tax Credit and who are located on a cleaned up Brownfield site are eligible for a "bonus" \$1,000 per job, per year credit in addition to the county's base credit amount. Eligible taxpayers need not be the party responsible for cleaning up the site, so long as they are not the "responsible party" for the contamination. For example, a warehousing company who is leasing space on a cleaned up Brownfield site in Greenville County (Tier I) will earn \$1,500 base credit + \$1,000 bonus credit = \$2,500 per qualifying job, per year, for five years.

We Can Help

Has your business been missing out on this valuable tax benefit? Jeremy Migliara leads the Elliott Davis State and Local Tax Practice. Jeremy and his team of experienced "SALT" professionals are a group of passionate individuals who will work closely with you to take advantage of a wide array of state and local incentives. Whether you need assistance with state income taxes, property taxes, or sales taxes, our State and Local Tax professionals are here for you.



JEREMY MIGLIARA

Principal, Practice Leader
State and Local Tax

864.250.3926

jeremy.migliara@elliottdavis.com



NICK COUSINO, CPA

Manager
State and Local Tax

864.552.4844

nick.cousino@elliottdavis



WILL CLARKE, JD, EA

Manager
State and Local Tax

803.399.9858

will.clarke@elliottdavis.com