**New Chapter 7, Title 12**

**The South Carolina Income Tax Act for Individuals,**

**Trusts, and Estates**

**Article 1**

**Citations, Findings, Purpose, and Affected Taxable Years**

Section 12-7-10. Citation.

Section 12-7-20. Findings, Pending.

Section 12-7-30. Legislative Purpose.

Section 12-7-40. (1) Shuts down the current individual income tax statutes for taxable years beginning after 2017, including all existing deductions, exemptions, credits, and preferential rates except as specifically allowed by new law.

(2) Refers to imposition of the new individual income tax system.

(3) Conforms references.

(4) Conforms references.

**Article 3**

**Definitions and Applicable Law**

Section 12-7-310. Definitions.

(10) Conformity to Internal Revenue Code of 1986.

Section 12-7-320. Department of Revenue to administer and enforce new law.

Section 12-7-330. Income tax withholding.

Section 12-7-340. (A) Uniform collection and enforcement provisions apply to new law

(B) South Carolina Revenue Procedures Act applies to new law

**Article 5**

**Subarticle 1**

**Individual Income Tax Act**

Section 12-7-610. Citation.

Section 12-7-620. South Carolina taxable income for residents and nonresidents defined - beginning with taxpayer’s federal adjusted gross income.

Section 12-7-630. Modifications to arrive at South Carolina taxable income.

(A) Standard deductions, personal exemptions, deductions for dependents.

(B) Reductions.

(1) Income received in current year taxed in a prior year.

(2) Interest or debt issued by the United States, this State, and political subdivisions of this State.

(3) State income tax refunds.

(4) Transition basis adjustment.

(5) Catastrophic Savings Account interest on account balance as of December 31, 2017.

(C) Additions.

(1) Interest on debt issued by other states and their political subdivisions.

(2) Amount of built-in capital gains tax for shareholders’ S Corporations.

(3) Net operating loss deducted on federal return but not absorbed and carried forward.

(4) Amount of taxes paid by pass-through entities to prevent double deductions.

Section 12-7-640. Inflation adjustment for standard deductions and personal and dependent exemption amounts beginning for 2019

Section 12-7-650. Tax imposed - rate of tax

Section 12-7-660. Tax credit for income taxed by South Carolina and another state or country.

Section 12-7-670. Transition credits.

Section 12-7-680. Status of credits.

Section 12-7-690. Filing requirements.

Section 12-7-700. Information returns

**Subarticle 3**

**South Carolina Income Tax Act for Trusts,**

**Estates, and Beneficiaries**

Section 12-7-910. Citation.

Section 12-7-920. Definitions

Section 12-7-930. Taxable income of residents and nonresidents, allocation of income between estate or trust and beneficiaries, imposition of tax, responsibility to pay.

Section 12-7-940. Department of Revenue to provide guidance for charitable remainder trusts.

Section 12-7-960. Filing requirements.

**Subarticle 5**

**S Corporations Income Tax Act**

Section 12-7-1210. Citation.

Section 12-7-1220. Definitions.

Section 12-7-1230. S Corporations not taxed as corporation, income passes through to shareholders.

Section 12-7-1240. S Corporations shareholder’s pro rata share subject to individual income tax taxable income adjustments, pass through items characterized as if incurred by S Corporation.

Section 12-7-1250. Basis of S Corporation’s shareholders in company stock.

Section 12-7-1260. Limits on losses or deductions by shareholders.

Section 12-7-1270. Treatment when an S Corporation shareholder is a resident and a nonresident in one tax year.

Section 12-7-1280. Allocation of specific items of shareholder income.

Section 12-7-1290. S Corporation annual information returns.

**Article 7**

**Estimated Taxes**

Sections 12-7-1510 through 12-7-1530. Requires payment of estimated taxes for the taxes imposed pursuant to this new Chapter 7.

**Article 9**

**General Provisions**

Section 12-7-1810. Procedures when federal adjustments to a taxpayer’s federal income return affects amounts payable pursuant to this Chapter 7.

Section 12-7-1820. Extensions allowed for filing returns.

Section 12-7-1830. Requirements for professional income tax preparers.

Section 12-7-1840. The exemption from federal income for income of service members who die in active service in a combat zone for the year that death occurs applies for income taxes imposed pursuant to this chapter.