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COMMITTEE AMENDMENT ADOPTED AND AMENDED

April 21, 2016

**H. 3147**

Introduced by Reps. G.M. Smith, G.R. Smith, Huggins, Weeks, Taylor, Pope, Collins, Johnson, Stavrinakis, Yow, Clemmons, Goldfinch, Murphy, J.E. Smith and Mitchell

S. Printed 4/21/16--S.

Read the first time April 29, 2015.

**A** **BILL**

TO AMEND SECTION 12‑6‑1140, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEDUCTIONS FROM SOUTH CAROLINA TAXABLE INCOME OF INDIVIDUALS FOR PURPOSES OF THE SOUTH CAROLINA INCOME TAX ACT, SO AS TO ALLOW THE DEDUCTION OF RETIREMENT BENEFITS ATTRIBUTABLE TO SERVICE ON ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES; AND TO AMEND SECTION 12‑6‑1170, AS AMENDED, RELATING TO THE RETIREMENT INCOME DEDUCTION, SO AS TO CONFORM THIS DEDUCTION TO THE MILITARY RETIREMENT DEDUCTION ALLOWED BY THIS ACT.

Amend Title To Conform

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. A. Section 12-6-1170 of the 1976 Code is amended by adding an appropriately lettered subsection at the end to read:

“( ) Notwithstanding any other provision of this section, if a taxpayer claims a deduction pursuant to Section 12-6-1171, then the deduction allowed by this section must be reduced by the amount the taxpayer deducts pursuant to Section 12-6-1171; however, this subsection does not apply if the deduction claimed pursuant to Section 12-6-1171 is claimed by a surviving spouse.”

B. Article 9, Chapter 6, Title 12 of the 1976 Code is amended by adding:

“Section 12‑6‑1171. (A) An individual taxpayer who has military retirement income, each year may deduct an amount of earned income from South Carolina taxable income equal to the amount of military retirement income, not to exceed fifteen thousand dollars. Beginning in the year in which the taxpayer reaches age sixty‑five, the taxpayer may deduct up to thirty thousand dollars of military retirement income that is included in South Carolina taxable income.

(B) The term ‘retirement income’, as used in this section, means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer’s surviving spouse in a taxable year from a qualified military retirement plan.

(C) A surviving spouse receiving military retirement income that is attributable to the deceased spouse shall apply this deduction in the same manner that the deduction applied to the deceased spouse. If the surviving spouse also has another retirement income, an additional retirement exclusion is allowed.

(D) The department may require the taxpayer to provide information necessary for proper administration of this subsection.”

SECTION 2. This act takes effect upon approval by the Governor and first applies to tax years beginning after 2015.

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