**South Carolina General Assembly**

124th Session, 2021-2022

**A87, R106, H4017**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Simrill, Pope, Weeks, W. Cox and Hill

Document Path: l:\council\bills\nbd\11175dg21.docx

Companion/Similar bill(s): 5057

Introduced in the House on March 3, 2021

Introduced in the Senate on April 8, 2021

Last Amended on May 11, 2021

Passed by the General Assembly on May 13, 2021

Governor's Action: May 18, 2021, Signed

Summary: IRS code

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

3/3/2021 House Introduced and read first time ([House Journal‑page 40](file:///h:\hj\20210303.docx))

3/3/2021 House Referred to Committee on **Ways and Means** ([House Journal‑page 40](file:///h:\hj\20210303.docx))

4/6/2021 House Member(s) request name added as sponsor: Weeks, W.Cox

4/6/2021 House Committee report: Favorable with amendment **Ways and Means** ([House Journal‑page 101](file:///h:\hj\20210406.docx))

4/7/2021 House Member(s) request name added as sponsor: Hill

4/7/2021 House Amended ([House Journal‑page 17](file:///h:\hj\20210407.docx))

4/7/2021 House Read second time ([House Journal‑page 17](file:///h:\hj\20210407.docx))

4/7/2021 House Roll call Yeas‑108 Nays‑0 ([House Journal‑page 19](file:///h:\hj\20210407.docx))

4/8/2021 House Read third time and sent to Senate ([House Journal‑page 6](file:///h:\hj\20210408.docx))

4/8/2021 Senate Introduced and read first time ([Senate Journal‑page 11](file:///h:\sj\20210408.docx))

4/8/2021 Senate Referred to Committee on **Finance** ([Senate Journal‑page 11](file:///h:\sj\20210408.docx))

4/8/2021 Scrivener's error corrected

5/5/2021 Senate Committee report: Favorable with amendment **Finance** ([Senate Journal‑page 13](file:///h:\sj\20210505.docx))

5/11/2021 Senate Committee Amendment Adopted ([Senate Journal‑page 28](file:///h:\sj\20210511.docx))

5/12/2021 Scrivener's error corrected

5/12/2021 Senate Read second time ([Senate Journal‑page 41](file:///h:\sj\20210512.docx))

5/12/2021 Senate Roll call Ayes‑41 Nays‑0 ([Senate Journal‑page 41](file:///h:\sj\20210512.docx))

5/13/2021 Senate Read third time and returned to House with amendments ([Senate Journal‑page 23](file:///h:\sj\20210513.docx))

5/13/2021 House Concurred in Senate amendment and enrolled ([House Journal‑page 42](file:///h:\hj\20210513.docx))

5/13/2021 House Roll call Yeas‑94 Nays‑0 ([House Journal‑page 42](file:///h:\hj\20210513.docx))

5/18/2021 Ratified R 106

5/18/2021 Signed By Governor

6/1/2021 Effective date 05/18/21

6/1/2021 Act No.  87

View the latest [legislative information](http://www.scstatehouse.gov/billsearch.php?billnumbers=4017&session=124&summary=B) at the website

**VERSIONS OF THIS BILL**

[3/3/2021](file:///p:\pprever\2021-22\4017_20210303.docx)

[4/6/2021](file:///p:\pprever\2021-22\4017_20210406.docx)

[4/7/2021](file:///p:\pprever\2021-22\4017_20210407.docx)

[4/8/2021](file:///p:\pprever\2021-22\4017_20210408.docx)

[5/5/2021](file:///p:\pprever\2021-22\4017_20210505.docx)

[5/11/2021](file:///p:\pprever\2021-22\4017_20210511.docx)

[5/12/2021](file:///p:\pprever\2021-22\4017_20210512.docx)

(A87, R106, H4017)

**AN ACT TO AMEND SECTION 12‑6‑40, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE APPLICATION OF THE INTERNAL REVENUE CODE TO STATE INCOME TAX LAWS, SO AS TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE TO THE YEAR 2020, TO PROVIDE THAT IF THE INTERNAL REVENUE CODE SECTIONS ADOPTED BY THIS STATE ARE EXTENDED, THEN THESE SECTIONS ALSO ARE EXTENDED FOR SOUTH CAROLINA INCOME TAX PURPOSES, AND TO PROVIDE FOR THE TAX TREATMENT OF THE PAYCHECK PROTECTION PROGRAM AND CERTAIN EXPENSES AS PROVIDED FOR IN THE FEDERAL CONSOLIDATED APPROPRIATIONS ACT OF 2021; TO SPECIFICALLY NOT ADOPT CERTAIN PROVISIONS OF THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT; AND TO ADOPT A PROVISION OF THE AMERICAN RESCUE PLAN RELATING TO UNEMPLOYMENT COMPENSATION, AND TO AUTHORIZE FUNDS TO ACCOUNT FOR THE ADOPTED PROVISION.**

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

**Internal Revenue Code conformity**

SECTION 1. A. Section 12‑6‑40(A)(1)(a) and (c) of the 1976 Code, as last amended by Act 147 of 2020, is further amended to read:

“(a) Except as otherwise provided, ‘Internal Revenue Code’ means the Internal Revenue Code of 1986, as amended through December 31, 2020, and includes the effective date provisions contained in it.

(c) If Internal Revenue Code sections adopted by this State which expired or portions thereof expired on December 31, 2020, are extended, but otherwise not amended, by congressional enactment during 2021, these sections or portions thereof also are extended for South Carolina income tax purposes in the same manner that they are extended for federal income tax purposes.”

B. Section 12‑6‑40(A)(1) of the 1976 Code, as last amended by Act 147 of 2020, is further amended by adding appropriately lettered subitems to read:

“( ) To the extent loans are forgiven and excluded from gross income for federal income tax purposes under the paycheck protection program in Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116‑136), or from any extension of the paycheck protection program, those loans are excluded for South Carolina income tax purposes. Further, to the extent the federal government allows the deduction of expenses associated with the forgiven paycheck protection program loans, these expenses will be allowed as a deduction for South Carolina income tax purposes.

( ) South Carolina adopts the federal tax treatment for any exclusion from federal taxable income or allowance of expenses as provided in the federal Consolidated Appropriations Act of 2021 in Sections 276 (Clarification of Tax Treatment of Forgiveness of Covered Loans), 277 (Emergency Financial Aid Grants), and 278 (Clarification of Tax Treatment of Certain Loan Forgiveness and Other Business Financial Assistance).”

**CARES Act nonconformity**

SECTION 2. (A) The following amendments in the Coronavirus Aid, Relief, and Economic Security Act (CARES) of 2020, P.L. 116‑136 (March 27, 2020) are specifically not adopted by this State:

(1) Internal Revenue Code (IRC) Section 62(a)(22) relating to the $300 charitable deduction allowed in 2020 for persons who claim the standard deduction;

(2) Section 2205(a), (b), and (c) of the CARES Act relating to the modification of limitations on individual and corporate cash charitable contributions for 2020 and relating to the increase in limits on charitable contributions of food inventory for 2020;

(3) IRC Section 172(a) relating to the modification of the income limitations allowed for the use of net operating losses in tax years 2018, 2019, and 2020;

(4) IRC Section 461(l) relating to the modification of the limitation on losses allowed for noncorporate taxpayers in tax years 2018, 2019, and 2020.

(B) The following amendments in the Consolidated Appropriations Act of 2021, P.L. 116‑260 (December 27, 2020) are specifically not adopted by this State:

(1) Amendment to Division N Section 275 relating to the allowance of personal protective equipment expenses for the educator expense deduction under IRC Section 62(a)(2)(D)(ii);

(2) IRC Section 274(n) relating to the temporary allowance of the full business deduction for business meals that are paid or incurred after December 30, 2020, and before January 1, 2023;

(3) IRC Section 170(p) relating to the $300 or $600 charitable deduction allowed in 2021 for persons taking the standard deduction;

(4) Amendment to CARES Act Section 2205 relating to the temporary extension of the modification of limitations on individual and corporate cash charitable contributions and the increase in limits on charitable contributions of food inventory to tax year 2021;

(5) Amendments to the Taxpayer Certainty and Disaster Tax Relief Act of 2020, P.L. 116‑260 Division EE Section 304 relating to the special rules for qualified disaster relief for charitable contributions and special rules for qualified disaster-related personal casualty losses.

**American Rescue Plan, unemployment compensation**

SECTION 3. For tax year 2020, the amendment in the American Rescue Plan of 2021, P.L. 117‑2 (March 11, 2021) relating to the exclusion from taxable income for tax year 2020 of $10,200 of unemployment compensation for a taxpayer with less than $150,000 in federal adjusted gross income is specifically adopted by South Carolina. The Department of Administration’s Director of the Executive Budget Office is authorized to allocate sixty‑one million three hundred thousand dollars in the appropriate fiscal years from the American Rescue Plan Act of 2021 to the general fund to account for the provisions of this SECTION.

**Time effective**

SECTION 4. This act takes effect upon approval by the Governor.

Ratified the 18th day of May, 2021.

Approved the 18th day of May, 2021.

\_\_\_\_\_\_\_\_\_\_