**South Carolina General Assembly**

126th Session, 2025-2026

**H. 4216**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Bannister, Pope, G.M. Smith, B. Newton, Hiott, Murphy, Moss, Crawford, Bradley, Hager, M.M. Smith, Gibson, McCravy, Bustos, Landing, Lowe, Lawson, B.J. Cox, Jordan, Brittain, Rankin, Forrest, Neese, Pedalino, Vaughan, Long, Montgomery, Davis, Sessions, Oremus, Mitchell, Gatch, Herbkersman, Schuessler, Caskey, T. Moore, Hewitt, Erickson, Chapman, Bowers, Gilliam, Hardee, Teeple, Sanders, Guest, Bailey, Guffey, Holman, Yow, Ballentine, Martin, Calhoon, Taylor, Hartnett, Robbins, Willis, B.L. Cox, Ligon, Brewer, Gagnon, Haddon, Hartz, Hixon, Wickensimer and Duncan

Document Path: LC-0206DG25.docx

Introduced in the House on March 25, 2025

Currently residing in the Senate

Summary: Income tax

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 3/25/2025 House Introduced and read first time (House Journal‑page 32)

 3/25/2025 House Referred to Committee on **Ways and Means** (House Journal‑page 32)

 3/27/2025 House Member(s) request name added as sponsor: Duncan

 3/27/2025 Scrivener's error corrected

View the latest  [legislative information](https://www.scstatehouse.gov/billsearch.php?billnumbers=4216&session=126&summary=B)  at the website

**VERSIONS OF THIS BILL**

[03/25/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/4216_20250325.docx)

[03/27/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/4216_20250327.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12‑6‑510, RELATING TO INCOME TAX RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS, SO AS TO REDUCE THE INCOME TAX RATE TO A FLAT 3.99 PERCENT AND TO SET FORTH STANDARDS FOR ADDITIONAL REDUCTIONS; BY AMENDING SECTION 12‑6‑50, RELATING TO INTERNAL REVENUE CODE SECTIONS SPECIFICALLY NOT ADOPTED BY THE STATE, SO AS TO NOT ADOPT THE FEDERAL STANDARD DEDUCTION AND ITEMIZED DEDUCTION; BY AMENDING SECTION 12‑6‑1140, RELATING TO INCOME TAX DEDUCTIONS, SO AS TO ALLOW FOR A SOUTH CAROLINA INCOME ADJUSTED DEDUCTION (SCIAD); BY AMENDING SECTION 12‑6‑4910, RELATING TO PERSONS REQUIRED TO FILE A TAX RETURN, SO AS TO MAKE A CONFORMING CHANGE TO THE CALCULATION; AND BY AMENDING SECTION 12‑6‑1720, RELATING TO ADJUSTMENTS TO THE TAXABLE INCOME OF NONRESIDENT INDIVIDUALS, SO AS TO MAKE A CONFORMING CHANGE.

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

SECTION 1. Section 12-6-510 of the S.C. Code is amended to read:

 Section 12-6-510. (A) Subject to the provisions of subsection (B), forFor taxable years beginning after 19942025, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12-6-530 through 12‑6‑550 equal to 3.99 percent.computed at the following rates with the income brackets indexed in accordance with Section 12‑6‑520:

|  |  |  |
| --- | --- | --- |
| 34 | Not over $2,220 | 2.5 percent of taxable income; |
| 35 | Over $2,220 but not over $4,440 | $56 plus 3 percent of the excess over $2,220; |
| 36 | Over $4,440 but not over $6,660 | $123 plus 4 percent of the excess over $4,440; |
| 37 | Over $6,660 but not over $8,880 | $212 plus 5 percent of the excess of $6,660; |
| 38 | Over $8,880 but not over $11,100 | $323 plus 6 percent of the excess over $8,880; |
| 39 | Over $11,100 | $456 plus 7 percent of the excess over $11,100. |

 (B)(1) Notwithstanding subsection (A), for taxable years beginning after 2021, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12-6-530 through 12-6-550 computed at the following

rates with the income brackets indexed in accordance with Section 12-6-520:

|  |  |  |  |
| --- | --- | --- | --- |
| 2 | At Least | But less than | Compute the tax as follows |
| 3 | $0 | $3,200 | 0% times the amount |
| 45 | $3,200 | $16,040 | 3% times the amount minus $96 |
| 67 | $16,040 | or more | 6% times the amount minus $577 |

 (2) Notwithstanding the provisions of item (1), the reduction in the top marginal rate contained in this item, as compared to the same in subsection (A), must be phased-in as provided in item (3). Until the top marginal rate is fully phased-in, the bracket to which this reduced top marginal rate applies must be the same as the bracket for the top marginal rate provided in subsection (A). All reductions are permanent and cumulative. During the phase-in and after, the department shall continue to adjust the brackets as provided in Section 12-6-520. Other than the top marginal rate, no other component of this item is phased-in.

 (3) For Tax Year 2022, the top marginal rate shall equal 6.5%. Beginning with Tax Year 2023, and each year thereafter until the top marginal rate equals 6%, the top marginal rate must decrease by one-tenth of one percent if general fund revenues are projected to increase by at least five percent in the fiscal year that begins during the tax year. For purposes of this subsection, beginning with the initial forecast required pursuant to Section 11-9-1130, the general fund revenues projection must be determined by the Revenue and Fiscal Affairs Office by comparing the current fiscal year's recurring general fund expenditure base with the Board of Economic Advisors' most recent projection of recurring general fund revenue for the upcoming fiscal year. Upon the issuance of the initial forecast, the Executive Director of the Revenue and Fiscal Affairs Office, or his designee, shall notify the Department of Revenue of the projected percentage adjustment. The executive director, or his designee, shall provide similar notice if subsequent modifications to the forecast change the projected percentage adjustment. However, the forecast in effect on February fifteenth of the current fiscal year is the final forecast for which the percentage adjustment is determined, and no subsequent forecast modifications may have any effect on that determination. For purposes of this section, “recurring general fund revenue” and “recurring general fund expenditure base” have the same meaning as provided in Section 6-27-30.

 (C) The department may prescribe tax tables consistent with the rates set pursuant to this section. (B)(1) Notwithstanding the provisions of subsection (A), beginning with Tax Year 2027 and each year thereafter, the income tax rate set forth in subsection (A) must be decreased if individual income tax revenues collected pursuant to this chapter, minus amounts credited to the Trust Fund for Tax Relief, are projected to increase by at least five percent in the fiscal year that begins during the tax year

in comparison to projected individual income tax revenues collected pursuant to this chapter, minus amounts credited to the Trust Fund for Tax Relief, for the current fiscal year. The reduction required by this subsection shall continue until the income tax rate equals 2.49 percent. The Board of Economic Advisors shall make the determination regarding income tax projections beginning with the initial forecast required pursuant to Section 11-9-1130.

 (2) If the five percent threshold set forth in item (1) is met, the income tax rate shall be permanently and cumulatively reduced by a percentage that the Board of Economic Advisors projects to result in a reduction in individual income tax revenues collected pursuant to this chapter equal to two hundred million dollars in the fiscal year that begins during the tax year. However, if the five percent threshold set forth in item (1) is met and is not projected to result in increased collections of at least two hundred million dollars in the fiscal year that begins during the tax year, then the reduction is limited to the projected amount of increased collections. Any reduction made pursuant to this subsection must be rounded up to the nearest hundredth of a percent.

 (3) Upon the issuance of the initial forecast, the Executive Director of the Revenue and Fiscal Affairs Office, or his designee, shall notify the Department of Revenue of the projected percentage adjustment. The executive director, or his designee, shall provide similar notice if subsequent modifications to the forecast change the projected percentage adjustment. However, the forecast in effect on February fifteenth of the current fiscal year is the final forecast for which the percentage adjustment is determined, and no subsequent forecast modifications may have any effect on that determination.

SECTION 2. Section 12-6-50 of the S.C. Code is amended by adding:

 (21) Section 63(b) through (g) relating to standard deductions and the itemized deduction.

SECTION 3. Section 12-6-1140 of the S.C. Code is amended by adding:

 (15)(a) subject to subitem (b), a South Carolina Income Adjusted Deduction (SCIAD) equal to:

 (i) six thousand dollars for taxpayers that file as single or married filing separately;

 (ii) nine thousand dollars for taxpayers that file as head of household; and

 (iii) twelve thousand dollars for taxpayers that file as married filing jointly or as a surviving spouse.

 (b)(i) The deduction set forth in subitem (a)(i) is subject to being reduced by a fraction whereby the numerator is the amount the taxpayer’s South Carolina taxable income exceeds thirty thousand dollars and the denominator is ten thousand.

 (ii) The deduction set forth in subitem (a)(ii) is subject to being reduced by a fraction whereby

the numerator is the amount the taxpayer’s South Carolina taxable income exceeds forty five thousand dollars and the denominator is fifteen thousand.

 (iii) The deduction set forth in subitem (a)(iii) is subject to being reduced by a fraction whereby the numerator is the amount the taxpayer’s South Carolina taxable income exceeds sixty thousand dollars and the denominator is twenty thousand.

 (iv) If the fraction calculated by this subitem is equal to or exceeds one, then the deduction is not allowed. If the fraction is zero, then the deduction is not subject to being reduced. If the fraction is between zero and one, then the deduction must be reduced by the corresponding fraction.

 (c) Any reduction amount which is not a multiplier of ten dollars must be rounded to the next

lowest ten dollars.

SECTION 4. Section 12-6-4910(1) of the S.C. Code is amended to read:

 (1)(a) an individual not listed in subitem (c) who has a gross income for the taxable year of at least the federal exemption amount plus the applicable basic standard deduction, plus any deduction the taxpayer qualifies for pursuant to Section 12-6-1170(B), without regard to a reduction for the retirement income deduction, and whose filing status is:

 (i) single, surviving spouse, or head of household; or

 (ii) married, filing separately, and whose spouse does not itemize deductions an individual whose filing status is single, surviving spouse, head of household, or married filing separately and whose South Carolina gross income for the taxable year is more than the sum of the deduction amount pursuant to Section 12-6-1140(15)(a) in accordance with the taxpayer’s filing status plus the deduction amount the taxpayer qualifies for pursuant to Section 12-6-1170(B), without regard to a reduction for the retirement income deduction.

 (b) an individual not listed in (c) who files a joint return and whose combined gross income for the taxable year, is more than the sum of twice the exemption amount plus the applicable basic standard deduction if the individual and spouse had the same household at the close of the taxable year, plus any deduction the taxpayer qualifies for pursuant to Section 12-6-1170(B). If the individual or spouse is sixty-five or older, the standard deduction is increased as provided in Internal Revenue Code Section 63(c)(3) and 63(f)(1).

 (c) an individual listed below whose gross income exceeds the federal personal exemption amount:

 (i) an individual making a return under Internal Revenue Code Section 443(a)(1) for less than twelve months because of a change in the individual's annual accounting period;

 (ii) an individual described in Internal Revenue Code Section 63(c)(5) (Certain Dependents) who has unearned income in excess of the amount provided in Internal Revenue Code Section 63(c)(5)(A), or who has total gross income in excess of the standard deduction;

 (iii) an individual for whom the standard deduction is zero.

 (d) a nonresident individual with South Carolina gross income greater than the personal exemption amount provided in Internal Revenue Code Section 151(d).

 (e) for purposes of this subsection:

 (i) “basic standard deduction” is as defined in Internal Revenue Code Section 63(c);

 (ii) “exemption amount” is as defined in Internal Revenue Code Section 151(d). In the case of an individual described in Internal Revenue Code Section 151(d)(2), the exemption amount is zero an individual who files a joint return and whose combined South Carolina gross income for the taxable year is more than the sum of the deduction amount pursuant to Section 12-6-1140(15)(a) plus the deduction amount the taxpayer qualifies for pursuant to Section 12-6-1170(B), without regard to a reduction for the retirement income deduction.

SECTION 5. Section 12-6-1720(2)(a)(i) of the S.C. Code is amended to read:

 (i) For a nonresident individual, the personal exemptions and the applicable standard deduction or itemized deductions South Carolina Income Adjusted Deduction (SCIAD) must be reduced to an amount which is the same proportion as South Carolina adjusted gross income is to federal adjusted gross income.

SECTION 6. Pursuant to the powers granted to the Department of Revenue in Chapter 8, Title 12 of the SC Code, the department, in consultation with the Revenue and Fiscal Affairs Office, and in accordance with fiscal responsibility, shall adjust the withholding tables to reflect the amendments made in this act.

SECTION 7. This act takes effect upon approval by the Governor and first applies to tax years beginning after 2025.

‑‑‑‑XX‑‑‑‑