

SOUTH CAROLINA UNIVERSAL CHARITABLE CREDIT

SUMMARY: Under current law, a taxpayer is restricted from taking credits against their state income tax liability except for very limited purposes. However, in South Carolina, charitable organizations serve the public across the spectrum of human needs.

It is generally recognized that in the delivery of public services, the people want quality services available to those who need them, and want those services provided in a timely and fiscally responsible manner. Incentivizing taxpayers to direct a portion of their tax liability to qualified charitable organizations will result in significant financial and civic benefits for the People and the State of South Carolina.

This bill will empower taxpayers to direct a portion of their state income tax liability to qualified charitable organizations incorporated in South Carolina.



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1 S. _____

3 A BILL

4 TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 12-6-3485 SO AS
5 TO ALLOW AN INCOME TAX CREDIT FOR CONTRIBUTIONS TO QUALIFIED CHARITABLE
6 ORGANIZATIONS, TO SPECIFY THE MANNER IN WHICH THE CREDIT IS CLAIMED, AND TO ALLOW
7 THE DEPARTMENT OF REVENUE TO ENFORCE THE PROVISIONS OF THE CREDIT.

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

9 **SECTION 1.** Article 25, Chapter 6, Title 12 of the 1976 Code is amended by adding:

10 "Section 12-6-3485. (A) As used in this section:

11 **(1)(a)** "Qualified charitable organizations" means charitable organizations which are exempt
12 from federal income taxation under [section 501\(c\)\(3\) of the Internal Revenue Code](#), incorporated
13 in the state of South Carolina, in good standing with the South Carolina Department of Revenue,
14 and not under suspension per [section 501\(p\) of the Internal Revenue Code](#) or revocation per the
15 [Internal Revenue Bulletin](#), at the time of the contribution.

16 **(b)** "Department" means South Carolina Department of Revenue, or its designee.

17 **(c)** "Deduction" means a reduction in taxable income pursuant to [section 170 of the Internal](#)
18 [Revenue Code](#) and taken for state purposes.

19 **(2)** A person is entitled to a tax credit against income taxes imposed pursuant to this chapter for
20 an amount which shall be the lesser of five hundred dollars (\$500.00) for a taxpayer filing single
21 or married filing separately, or one thousand dollars (\$1,000.00) for taxpayers filing jointly, or
22 the actual income tax due, for cash contributions to qualified charitable organizations, during
23 the same taxable year for which the credit is claimed, and may not be carried forward.

24 **(3)** Taxpayers taking this credit shall provide the names of the qualified charitable
25 organizations, the dates and amounts of the contributions, to the Department on forms provided
26 by the Department.

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27 **(4)** Taxpayers choosing to make voluntary cash contributions through umbrella charitable
28 organizations that collect donations on behalf of member charities shall designate that the
29 donations be directed only to member charitable organizations that would qualify for this credit
30 on a stand-alone basis.

31 **(5)** A deduction shall not be allowed for amounts taken under this credit.

32 **(6)** The Department shall compile and make available to the public an online list of qualified
33 charitable organizations.

34 **(7)** The Department shall develop forms necessary to apply for this credit to include:

35 **(a)** the name and taxpayer identification number of the taxpayer,

36 **(b)** the names of the qualified charitable organizations,

37 **(c)** the dates and amounts of the cash contributions claimed as a credit,

38 **(d)** a section where the taxpayer may cite the reason for taking the credit, and

39 **(e)** any other information that the Department requires.”

40 **SECTION 2.** This act takes effect upon approval by the Governor and applies to income tax
41 years beginning after 2018. All necessary reports and forms must be submitted as soon as
42 practicable upon the enactment of this act.