

# South Carolina Individual Income Tax

## S. 1087 of 2022



South Carolina Revenue and Fiscal Affairs Office  
March 1, 2022

*Analysis based upon June 2021 report available at [rfa.sc.gov](http://rfa.sc.gov)*

# SC Tax Structure – Tax Rates and Brackets

- South Carolina applies the following marginal tax rates to taxable income after all deductions and exemptions have been subtracted.

Tax Year 2022 - Current	
Tax Bracket	Tax Rate
>\$0	0%
>\$3,200	3%
>\$6,410	4%
>\$9,620	5%
>\$12,820	6%
>\$16,040	7%

Data compiled by the S.C. Revenue and Fiscal Affairs Office.

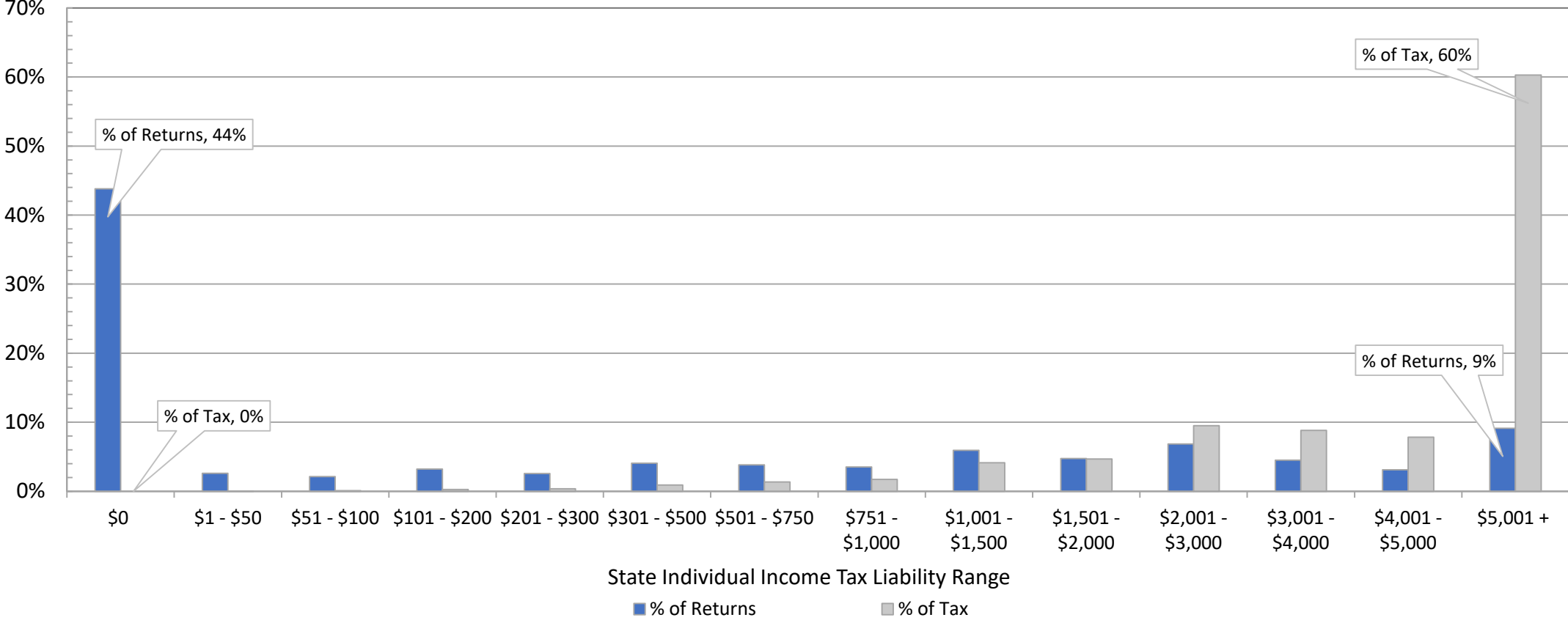
- Brackets are indexed for inflation.
- Top 7% bracket was \$11,100 in 1995.



# South Carolina Tax Liability – Tax Year 2018

SC’s tax structure results in a wide range of liabilities; a large number of returns, 44%, pay no income tax, whereas 9% of returns pay 60% of the tax

DISTRIBUTION OF STATE INDIVIDUAL INCOME TAX RETURNS AND TAX LIABILITY  
By Tax Liability Range, Tax Year 2018

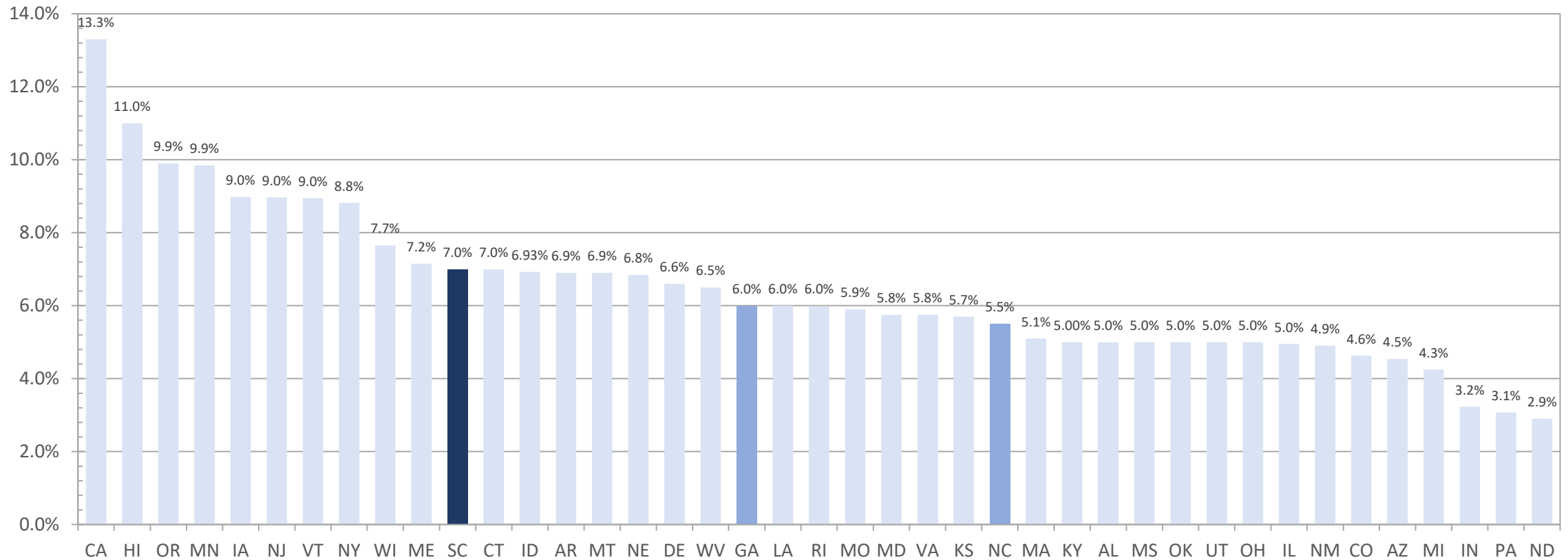


Source: Department of Revenue Individual Income Tax Returns; Calculations by SC Revenue and Fiscal Affairs Office - 131/lhj/1/17/2020

# State Top Marginal Income Tax Rates

South Carolina had the 11<sup>th</sup> highest top marginal individual income tax rate in 2018

HIGHEST STATE MARGINAL INDIVIDUAL INCOME TAX RATES  
for Tax Year 2018



Source: The Federation of Tax Administrators from various sources. Note: Tax rates shown are for 2018 for consistency with the effective tax rates. For later comparisons, GA top tax rate for 2020 is 5.75%; NC top tax rate for 2020 is 5.25%



# Average Effective Income Tax Rates

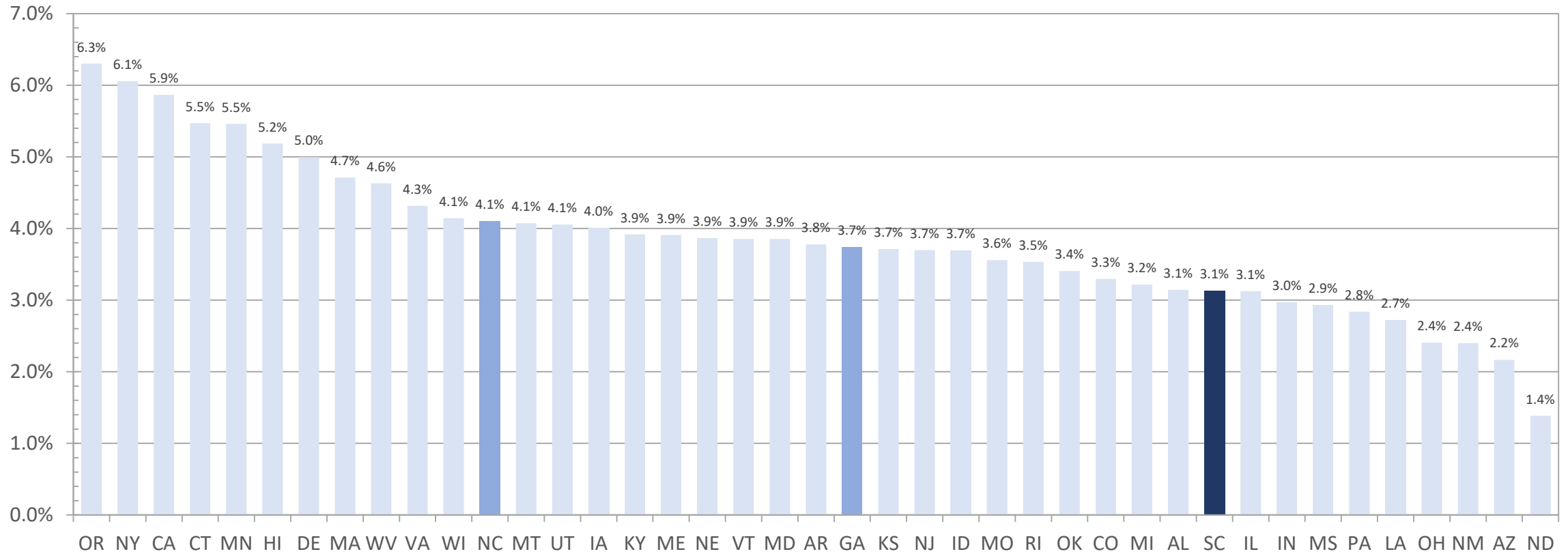
Effective rates provide a method to compare the tax burden across states

- Due to widely varying state deductions, exemptions, and tax brackets, marginal tax rates may not represent the true tax burden across states.
- Effective tax rates can be used to more accurately compare income tax liabilities relative to total income across states.
- A state's average effective tax rate is calculated as total state income tax liability divided by total federal adjusted gross income.

# State Average Effective Income Tax Rates

## South Carolina's effective individual income tax burden falls below neighboring states

STATE AVERAGE EFFECTIVE INDIVIDUAL INCOME TAX RATES  
for Tax Year 2018



Source: IRS, Statistics of Income Division, Individual Master File System, Tax Year 2018 returns. Calculations by the S.C. Revenue and Fiscal Affairs Office.

# SC Tax Structure – Tax Rates and Brackets under S. 1087

- S 1087 would lower the 6% and 7% rates to 5.7% in 2022.

Tax Year 2022 - Current	
Tax Bracket	Tax Rate
>\$0	0%
>\$3,200	3%
>\$6,410	4%
>\$9,620	5%
>\$12,820	6%
>\$16,040	7%

Tax Year 2022 – S. 1087	
Tax Bracket	Tax Rate
>\$0	0%
>\$3,200	3%
>\$6,410	4%
>\$9,620	5%
>\$12,820	5.7%

# Tax Liability Comparison – Tax Year 2020

## Single with AGI of \$50,000

South Carolina		
Adjusted Gross Income	\$50,000	
Standard Deduction	(\$12,400)	
Taxable Income	\$37,600	
Tax Bracket	Tax Rate	Tax Liability
>\$0	0%	\$0
>\$3,070	3%	\$92
>\$6,150	4%	\$123
>\$9,230	5%	\$154
>\$12,310	6%	\$185
>\$15,400	7%	\$1,554
<b>Total</b>	<b>\$2,108</b>	
<b>Effective Tax Rate</b>	<b>4.22%</b>	

Georgia		
Adjusted Gross Income	\$50,000	
Standard Deduction and Personal Exemption	(\$7,300)	
Taxable Income	\$42,700	
Tax Bracket	Tax Rate	Tax Liability
>\$0	1%	\$8
>\$750	2%	\$30
>\$2,250	3%	\$45
>\$3,750	4%	\$60
>\$5,250	5%	\$87
>\$7,000	5.75%	\$2,053
<b>Total</b>	<b>\$2,283</b>	
<b>Effective Tax Rate</b>	<b>4.57%</b>	

North Carolina		
Adjusted Gross Income	\$50,000	
Standard Deduction	(\$10,750)	
Taxable Income	\$39,250	
Tax Bracket	Tax Rate	Tax Liability
>\$0	5.25%	\$2,061
<b>Total</b>	<b>\$2,061</b>	
<b>Effective Tax Rate</b>	<b>4.12%</b>	

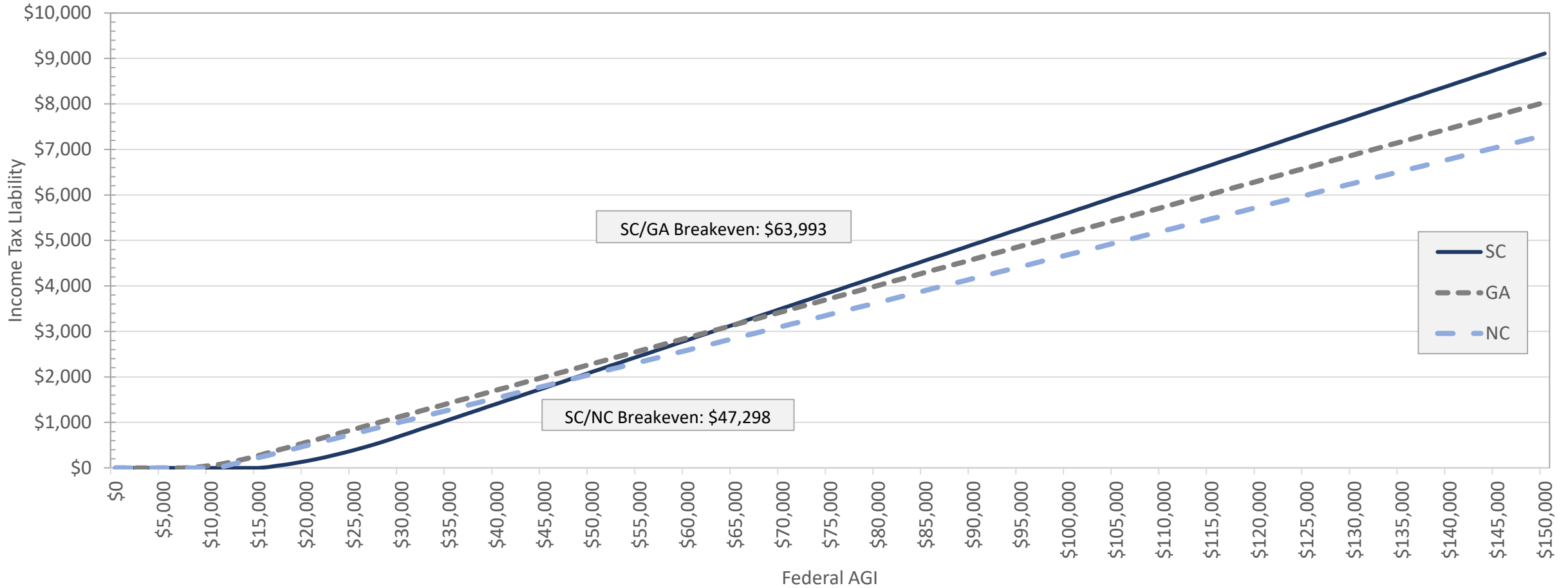
Source: Tax rate and brackets for each state were obtained from 2020 state tax forms. Data compiled by the S.C. Revenue and Fiscal Affairs Office. Note: Marginal tax rates in Georgia and North Carolina have changed slightly since 2018. Rates from 2018 were used in previous charts.



# Tax Liability Comparison – Tax Year 2020

## Single

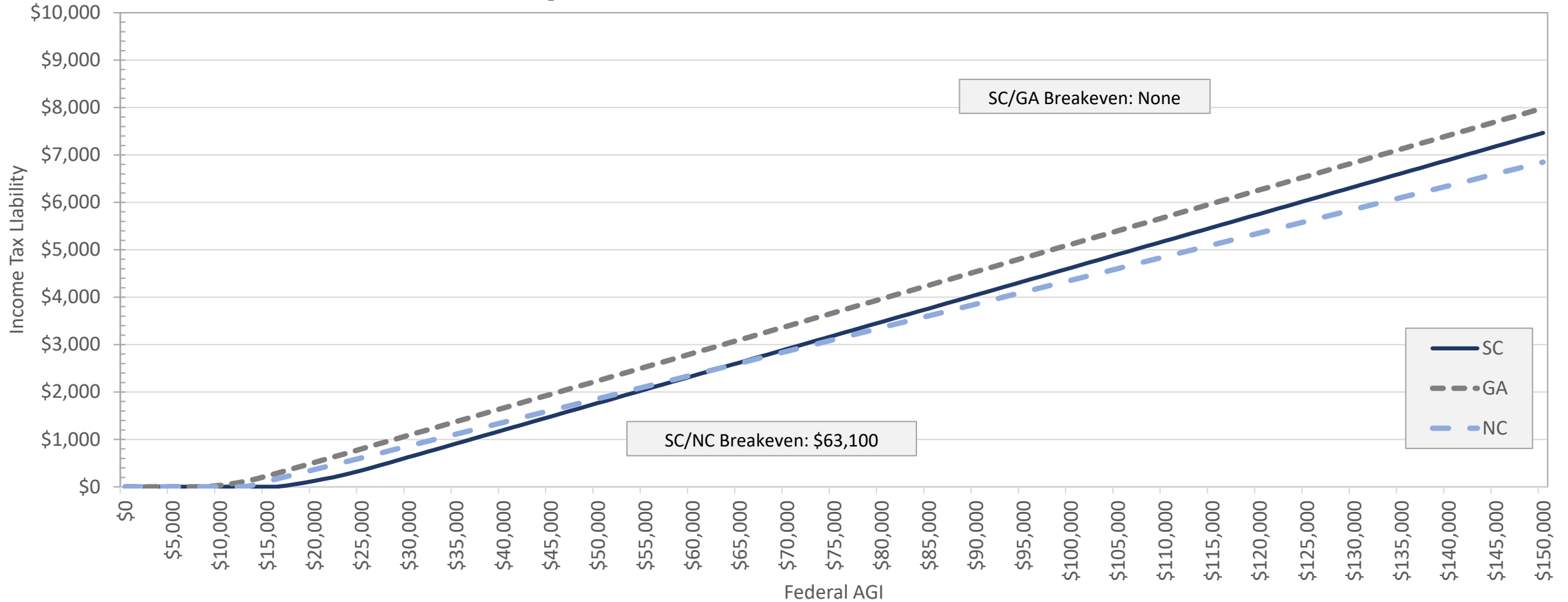
STATE INCOME TAX LIABILITY BY FEDERAL AGI  
Single Filer



# Tax Liability Comparison – Based on S. 1087 for Tax Year 2022

## Single

STATE INCOME TAX LIABILITY BY FEDERAL AGI  
Single Filer - Based on S. 1087 for Tax Year 2022



Note: NC tax structure updated based upon 2022 preliminary reports

# Tax Liability Comparison – Tax Year 2020

## Married Filing Jointly Family of Four with AGI of \$50,000

South Carolina		
Adjusted Gross Income	\$50,000	
Standard Deduction	(\$24,800)	
Dependent Deduction	(\$8,520)	
Taxable Income	\$16,680	
Tax Bracket	Tax Rate	Tax Liability
>\$0	0%	\$0
>\$3,070	3%	\$92
>\$6,150	4%	\$123
>\$9,230	5%	\$154
>\$12,310	6%	\$185
>\$15,400	7%	\$90
<b>Total</b>	<b>\$644</b>	
<b>Effective Tax Rate</b>	<b>1.29%</b>	

Georgia		
Adjusted Gross Income	\$50,000	
Standard Deduction and Personal Exemption	(\$13,400)	
Dependent Deduction	(\$6,000)	
Taxable Income	\$30,600	
Tax Bracket	Tax Rate	Tax Liability
>\$0	1%	\$10
>\$1,000	2%	\$40
>\$3,000	3%	\$60
>\$5,000	4%	\$80
>\$7,000	5%	\$150
>\$10,000	5.75%	\$1,185
<b>Total</b>	<b>\$1,525</b>	
<b>Effective Tax Rate</b>	<b>3.05%</b>	

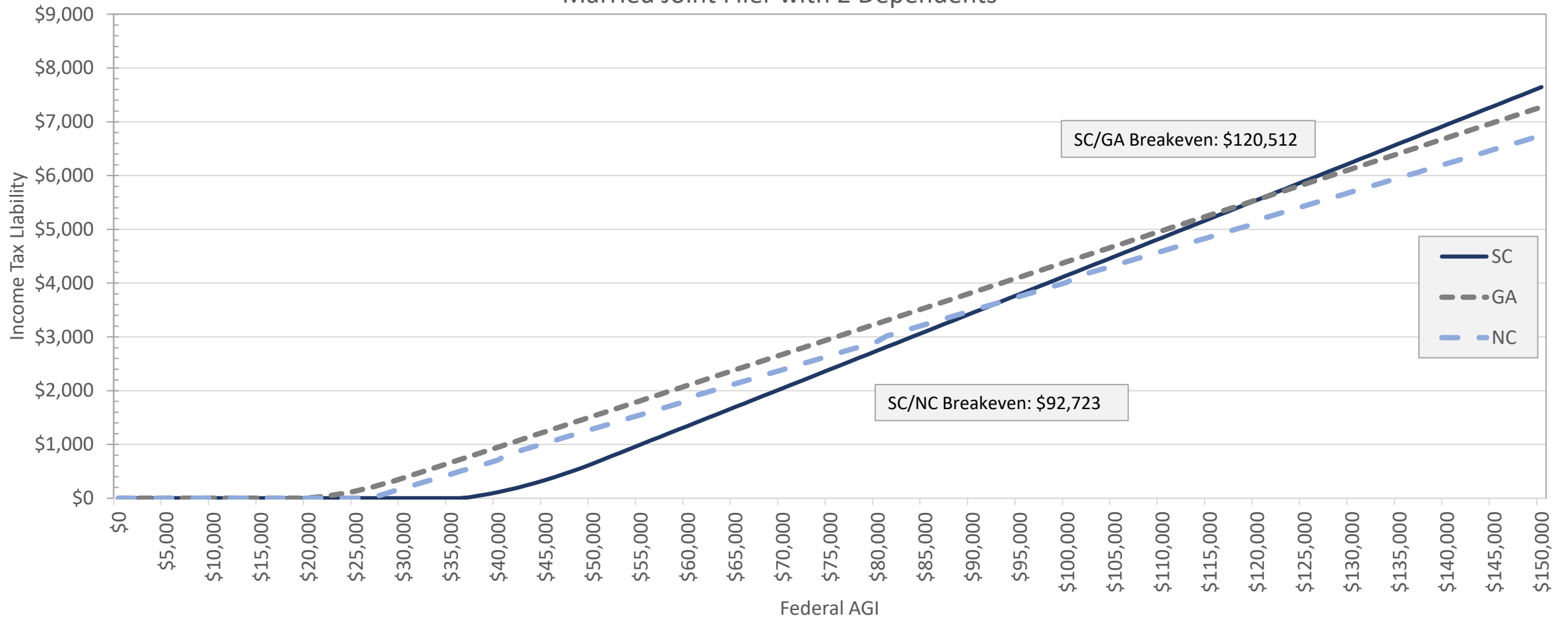
North Carolina		
Adjusted Gross Income	\$50,000	
Standard Deduction	(\$21,500)	
Dependent Deduction	(\$4,000)	
Taxable Income	\$24,500	
Tax Bracket	Tax Rate	Tax Liability
>\$0	5.25%	\$1,286
<b>Total</b>	<b>\$1,286</b>	
<b>Effective Tax Rate</b>	<b>2.57%</b>	

Source: Tax rate and brackets for each state were obtained from 2020 state tax forms. Data compiled by the S.C. Revenue and Fiscal Affairs Office. Note: Marginal tax rates in Georgia and North Carolina have changed slightly since 2018. Rates from 2018 were used in previous charts.

# Tax Liability Comparison – Tax Year 2020

## Married filing jointly family of four

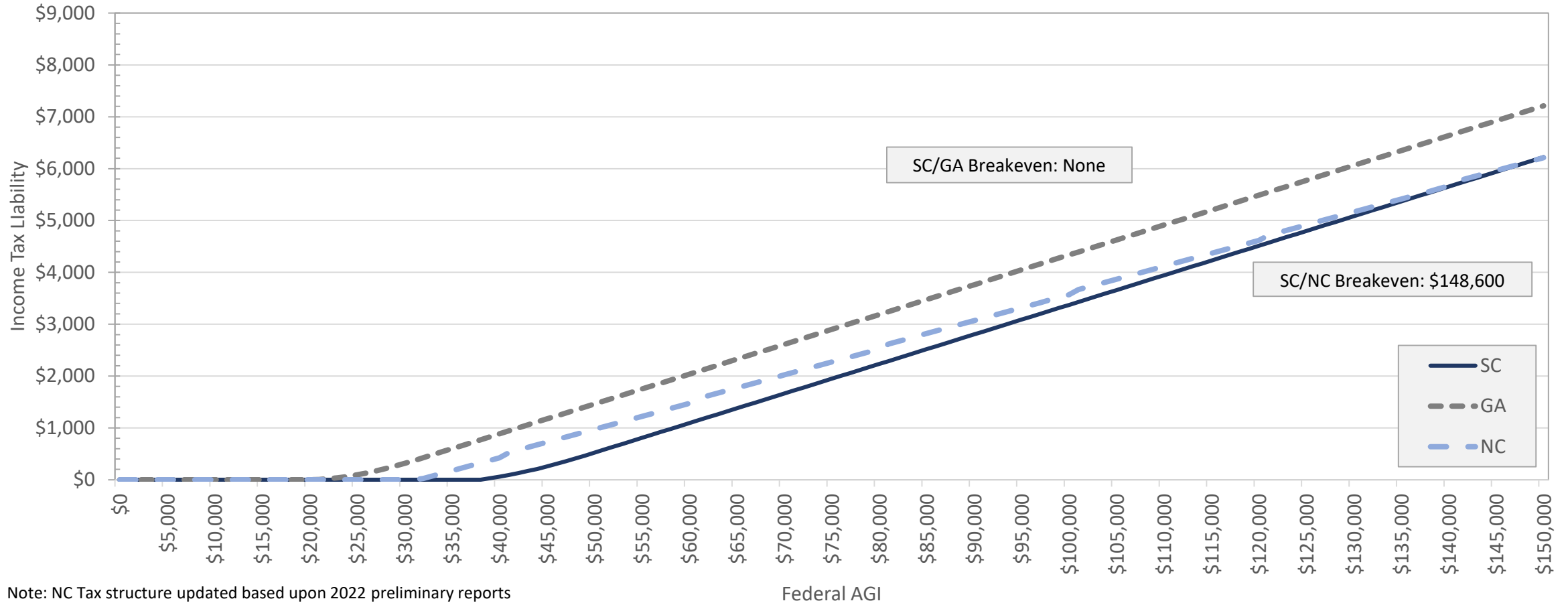
STATE INCOME TAX LIABILITY BY FEDERAL AGI  
Married Joint Filer with 2 Dependents



# Tax Liability Comparison – Based on S. 1087 for Tax Year 2022

## Married filing jointly family of four

STATE INCOME TAX LIABILITY BY FEDERAL AGI  
 Married Joint Filer with 2 Dependents - Based on S. 1087 for Tax Year 2022



Note: NC Tax structure updated based upon 2022 preliminary reports