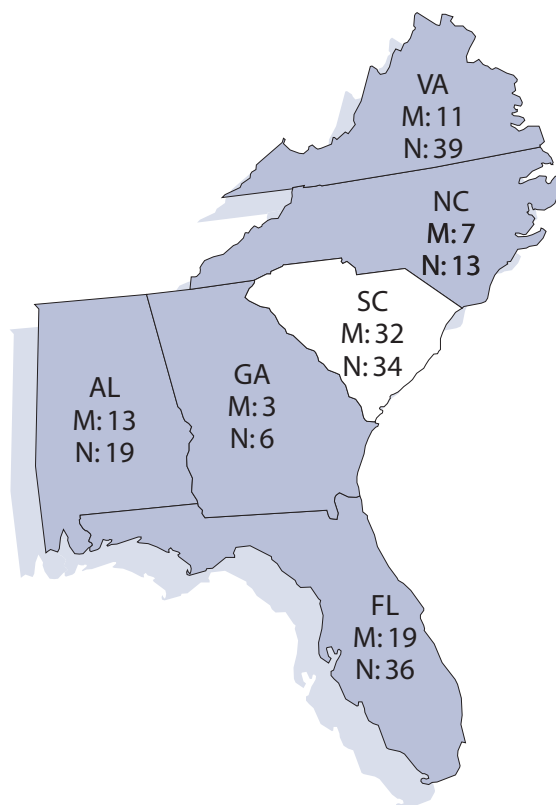


South Carolina



M = Rank for mature firms
N = Rank for new firms

South Carolina ranks 32nd overall for mature operations and 34th overall for newly established operations. Specifically:

- South Carolina's lightest tax costs are on mature labor-intensive manufacturing firms, where the state ranks ninth nationally. The firm's total effective tax rate (TETR) is 8.2 percent – almost 30 percent less than the national average. The firm's income tax burden is especially low mainly because South Carolina does not have a throwback rule. However, the firm also faces the third-highest property tax burden in the country.
- The distribution center has the heaviest tax cost of any mature operation in the state with a TETR of 35.6 percent, 16 percent above the national average. The state's sourcing rules for service expose 100 percent of the firm's income to in-state taxation.
- South Carolina ranks 49th for having one of the highest tax costs for newly established retail operations with a TETR of 46 percent, which is 41 percent higher than the national average. Though the state has one of the lightest income tax burdens for this type of firm (ranking 10th), it has one of the highest property tax burdens (ranking 49th).
- South Carolina also ranks 43rd for newly established capital-intensive manufacturing firms, with the typical firm facing a tax burden 72 percent higher than the national average. The state imposes the highest tax rate (4.49 percent) on equipment in the country for this firm type, which greatly affects a business so reliant on equipment in production.

South Carolina

Corporate income tax

Main tax rate	5.000%
Applies to income over	–
Specific adjustments:	
- s.199 deduction disallowed	

Apportionment	Property	Payroll	Sales
Standard factors	–	–	100.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			No
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Columbia	7.000%	2.598%	2.598%	4.547%	–
Tier 2	Spartanburg	6.000%	2.566%	2.566%	4.490%	–

a. Manufacturing machinery is exempt from sales tax

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
2.87%	\$10,000	0.100%	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	n/a							
Job creation	Varies from \$1,500-\$2,750 per new job	✓	✓	✓	✓	✓	✓	
Withholdings	Varies from 2.20-3.75% of new payroll x 10 years	✓	✓	✓	✓	✓	✓	
R&D	5% of in-state R&D expenses, per federal concepts						✓	
Property tax	45% abatement x 20 years	✓	✓					

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	19.6%	7.9%	23.3%	53.7%	15.0%	17.7%	46.0%		14.9%	8.2%	21.6%	35.6%	15.7%	14.9%	17.6%			
Index	172.1	67.9	93.3	148.5	93.0	120.0	141.3	119.4	117.6	70.5	103.0	116.1	99.8	115.6	103.9	103.8		
Rank	43	10	18	45	22	33	49	34	35	9	30	39	27	37	32	32		

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