

TAX GUIDE FOR SOUTH CAROLINA HOMEBUYERS

According to the latest rankings prepared by WalletHub, the combined state and local tax burden for South Carolina residents is modest by national standards, with only eight states taxing residents at lower levels. At just 7.45%, the proportion of total personal income that South Carolina residents pay toward state and local taxes is considerably below the national average.

The Palmetto State does a lot to attract retirees to its diverse landscape of mountains, midlands and coastal regions. While the state does tax income, Social Security benefits are completely exempt, and taxpayers over 65 can exclude up to \$10,000 of retirement income. What's more, seniors can deduct \$15,000 of other taxable income, and veterans up to \$30,000 from military retirement plans. Property taxes are among the lowest in the U.S. and there's a homestead exemption for the first \$50,000 of home value.

Individual income tax rates range from 3% to 7% of taxable income, with deductions available for some retirement income (including Social Security benefits), and for profits from the sale of a home or other property that is not located in South Carolina.

SOUTH CAROLINA PROPERTY TAX INFORMATION

South Carolina has some of the lowest property tax rates of any state in the country. The average effective property tax rate in South Carolina is just 0.55%, well below the national average of 1.07%. The property tax bill for any home in South Carolina is based on the sum of the local millage rate (a dollar amount of tax due per \$1,000 of assessed value) plus any applicable city or district taxes levied by school districts, fire districts and other local entities. For owner-occupied homes – including up to five acres of surrounding land – the assessed (or taxable) value is 4% of fair market value, and no school district taxes may be added to the base millage rate. For non-primary residences, the assessed value is 6% of fair market value, with no exclusion for school district taxes. The exact property tax levied depends on the county in South Carolina the property is located in. Beaufort County collects the highest property tax in South Carolina at 0.45% of median home value, while Chesterfield County has the lowest property tax in the state, collecting 0.38% of median home value per year.

SOUTH CAROLINA PROPERTY TAX EXEMPTIONS

In addition to the lower assessed value calculation for owner-occupied homes, a \$50,000 property tax exemption is available to South Carolina residents who are age 65 years or older, or who are legally blind or permanently and totally disabled. This exemption applies to the fair market value, not the assessed value.

SOUTH CAROLINA PROPERTY TAX ASSESSMENTS

County governments are required to reappraise homes and other real property every five years to determine the fair market value for property tax calculations. Countywide reassessment programs may not increase the fair market value of any property more than 15% within a five-year period. However, counties may increase the assessed value over 15% whenever a property changes ownership, or upon completion of significant improvements or additions to the property. Owners have the right to protest valuations by contacting the county assessor's office, and to appeal the assessor's decision to a county board of assessment appeals.

SOUTH CAROLINA INCOME TAX

South Carolina personal income tax generally follows the federal income tax structure, with individual rates ranging from 3% to 7% of taxable income. Anyone who is required to file a federal return and who is considered a South Carolina resident for income tax purposes is required to file a state return. Nonresidents are required to file a state tax return if they earned taxable income (such as income from a rental property) in South Carolina. Individuals are not taxed on Social Security benefits or on income from the sale of out-of-state property, and there's a 44% deduction for net capital gains held for two years or longer. Taxpayers age 65 and older may deduct up to \$15,000 of annual income from any source, including up to \$10,000 in retirement income. Taxpayers under age 65 may deduct up to \$3,000 in annual retirement income. Additional deductions are allowed for qualified disability income, military reserve or National Guard income, special needs adopted children and any child under age 6.

SOUTH CAROLINA SALES TAX

South Carolina levies a statewide general sales and use tax of 6%. Most counties and some cities impose additional local taxes that raise the combined rate. The sales tax rate is 9% in Charleston County and the city of Myrtle Beach, for example. A 1% reduction in sales tax is available to anyone 85 years and older.

SOUTH CAROLINA VEHICLE TAXES AND REGISTRATION FEES

The state collects a 5% sales tax fee on all motor vehicle purchases, along with other fees for plate and title registration. Owners must pay a one-time title fee of \$15 for passenger cars purchased in South Carolina or brought into the state. The passenger car registration fee is \$24, and the plate transfer fee is \$10.
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The maximum sales tax on motor vehicle purchases is \$500 (including passenger cars, motorcycles, boats, RVs and airplanes).

SOUTH CAROLINA REAL ESTATE TRANSFER TAX

Closing costs for real estate transactions include a recording fee of \$1.85 per \$500 of the sale price. The fee is typically paid by the seller.

SOUTH CAROLINA ESTATE TAX

South Carolina does not impose a state tax or gift tax.

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