

Tax Guide for South Carolina Home Buyers



According to the latest rankings prepared by the Tax Foundation, a nonprofit research group, the combined state and local tax burden for South Carolina residents is modest by national standards, with only nine states taxing residents at lower levels. On average, South Carolinians pay 8.4% of per capita income in state and local taxes, which is well below the national average of 9.9%.

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. Property tax rates vary widely across the state's 46 counties, with significantly lower rates for owner-occupied homes versus commercial or investment properties.

Property Tax

RATES: 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 residential property that is not the owner's primary residence, the assessed value is 6% of fair market value, with no exclusion for school district taxes. Given South Carolina's considerable range of local tax rates, the owner of a \$300,000 home might owe anywhere from about \$1,000 to \$6,000 in annual property tax for a primary residence, or about \$2,500 to \$13,000 for a part-time residence or rental property. (Note: These figures are rough calculations based on typical high and low millage rates for the 2010 tax year; check with the county tax office to determine the tax liability for any given home or lot.)

EXEMPTIONS: In addition to the lower assessed value calculation for owner-occupied homes (and the related exemption from school district taxes), 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.

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.

South Carolina Taxes at a Glance	
Real Estate Tax	Varies widely by city, county and district, with taxable value of owner-occupied homes calculated at a lower rate than for other properties. No school taxes are due for owner-occupied homes, and there's a \$50,000 homestead exemption for seniors and the disabled.
Real Estate Transfer Tax	\$1.85 per \$500, which equals about 0.37% of the sale price.
Income Tax	Personal income tax rates range from 3% to 7%, with no tax on Social Security benefits or on income from out-of-state real estate sales. Deductions available for seniors, the disabled, military pay and capital gains.
Sales Tax	7% or 8% in most locations, with rates as high as 9% or as low as 6% in a few cities and counties.
Vehicle Tax	\$15 one-time title fee for passenger cars plus \$24 registration fee every two years (reduced registration fees for seniors and the disabled). Sales tax on motor vehicle sales capped at \$300.
Inheritance Tax	None
Estate Tax	None



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 (with no 15% cap) 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.

Other Taxes

PERSONAL INCOME TAX: Except for a few modifications, 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.

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 to 7% or 8%. The sales tax rate is 8.5% in Charleston County, and 9% in the city of Myrtle Beach. A 1% reduction in sales tax is available to anyone who is at least 85 years old.

VEHICLE TAXES: 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 \$22 if the owner is 64 years old, or \$20 if the owner is disabled or at least 65 years old. The maximum sales tax on motor vehicle purchases is \$300 (including passenger cars, motorcycles, boats, RVs and airplanes).

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.

ESTATE TAX: South Carolina has no estate tax for decedents dying on or after Jan. 1, 2005.

ONLINE RESOURCES:

- South Carolina Department of Revenue, Tax Guide for New Residents
<http://www.sctax.org/Publications/mov2sc.html>
- South Carolina Department of Commerce, 2012 Property Tax Rates by County
http://scommerce.com/sites/default/files/document_directory/property_tax_rates_by_county_in_south_carolina_2012.pdf
- South Carolina Association of Counties (County Profiles and Administrative Contacts)
<http://www.sccounties.org>
- SCIWAY Directory of County Tax Assessors
<http://www.sciway.net/gov/sc-county-tax-assessors.html>
- South Carolina Department of Motor Vehicles
<http://www.scdmvonline.com>



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