



South Carolina
DEPARTMENT OF AGRICULTURE

Hugh E. Weathers, Commissioner

DOES YOUR BUSINESS BUY SOUTH CAROLINA AGRICULTURAL PRODUCTS?

South Carolina provides a possible income tax credit or withholding tax credit to agribusiness or agricultural packaging operations.

To be eligible for this credit, a company must have a base year in which the company purchases more than \$100,000 of agricultural products that have been certified as grown in South Carolina by the South Carolina Department of Agriculture, and then must increase the number of agricultural units purchased in the following year by at least 15% over base-year unit totals. The base-year unit amount will be re-calculated every year after the initial base year.

A company must submit an application to the Coordinating Council by no later than

September 30 of the year following the year in which it increases purchases. The application will be reviewed by the staff of the Coordinating Council and SCDA to determine eligibility. Based on the recommendation of SCDA, the Coordinating Council will determine the amount of and the type of any tax credit the company will receive. The credit may not exceed \$100,000 per taxpayer in any one year. The total amount of tax credits allowed to all qualifying companies is limited to \$1,000,000 in 2019, \$1,500,000 in 2020, and \$2,000,000 in years thereafter. Any unused credits may be carried forward for 5 years.

For more information, please contact South Carolina Department of Agriculture general counsel Alden Dalton at 803-734-2225 or adalton@scda.sc.gov, or the Council at 803-737-0095.



TAX CREDIT FOR INCREASE IN PURCHASES OF SOUTH CAROLINA AGRICULTURAL PRODUCTS

FREQUENTLY ASKED QUESTIONS

WHAT IS THE TAX CREDIT FOR INCREASE IN PURCHASES OF SOUTH CAROLINA AGRICULTURAL PRODUCTS?

This incentive is a possible tax credit for agribusiness operations or agricultural packaging operations that increase their purchases of products that have been certified as grown in South Carolina by the South Carolina Department of Agriculture (SCDA). The program is geared toward rewarding existing companies for increasing their purchases of agricultural products grown in South Carolina.

WHAT INCENTIVES ARE BEING OFFERED?

Eligible companies may claim an income tax credit or a credit against employee withholding as decided by the South Carolina Coordinating Council for Economic Development (the Council). An individual taxpayer may not be awarded a credit in excess of \$100,000 during any calendar year, and the maximum amount of tax credits allowed to all qualifying taxpayers may not exceed \$1,500,000 in 2020 and \$2,000,000 in years thereafter. Any excess credit earned may be carried forward and claimed in the next five taxable years or 20 quarters if granted a withholding tax credit.

WHAT ARE THE ELIGIBILITY REQUIREMENT FOR TAX INCENTIVES UNDER THE NEW PROGRAM?

- Taxpayer must be an agribusiness operation or agricultural packaging operation
- Taxpayer must be purchasing agricultural products grown in South Carolina
- The selling farm entity must be an unaffiliated third party
- Taxpayer must have a base year of total dollar purchases of agricultural products certified as grown in South Carolina during a calendar year of more than \$100,000
- Taxpayer must increase total dollar purchases by at least 15% in the year following the base year
- Base Year will be re-set each year

WHAT ARE THE EVALUATION CRITERIA?

The Council, together with the SCDA, will determine whether an Applicant is eligible for a credit. If the Applicant qualifies, SCDA will provide a letter of recommendation to the Council for allocation of the credit. Based upon the recommendation of the SCDA, the Council will use discretion in allocating credits, taking into consideration a number of factors, such as the amount of base year purchases of certified agricultural products, the total and percentage increase in purchases, and factors related to the economic benefit of the State or other factors.

HOW DO I DETERMINE IF MY COMPANY IS ELIGIBLE?

For the credit, the company must have at least a 15% increase in purchases of agricultural products certified as grown in South Carolina from its base year, which is the initial January 1 through December 31 calendar year in which it meets the requirements. The total dollar purchases of agricultural products certified as grown in South Carolina during the base year must be at least \$100,000. Base year purchases must be recalculated each calendar year after the initial base year.

DO I OR THE FARM FROM WHICH I PURCHASE HAVE TO BE A MEMBER OF THE CERTIFIED SOUTH CAROLINA PROGRAM?

No. Membership in the Certified South Carolina Program is not required. The SCDA will review all agricultural products purchased as set forth in the application to determine if they are products grown in South Carolina.

HOW DO I APPLY?

The company must submit an application to the Council by no later than September 30 in the year after the year in which the increase in certified product purchases occurs. If the Applicant qualifies, SCDA will provide a letter of recommendation to the Council for allocation of the credit. The Council will review all applications at its December meeting.

WHAT SHOULD I BE DOING NOW?

Keep thorough records of your company's purchases of agricultural products certified as grown in South Carolina.

HOW DO I GET MORE SPECIFICS?

For more information, please contact South Carolina Department of Agriculture general counsel Alden Dalton at 803-734-2225 or adalton@scda.sc.gov, or the Council at 803-737-0095.



South Carolina DEPARTMENT OF AGRICULTURE

Hugh E. Weathers, Commissioner

**SOUTH CAROLINA COORDINATING
COUNCIL FOR ECONOMIC DEVELOPMENT**

1201 Main Street, Suite 1600
Columbia, SC 29201 Phone: (803) 734-0221 Fax: (803) 734-0385

**APPLICATION FOR
AGRICULTURAL PRODUCTS INCREASE TAX CREDIT**

Due no later than September 30

FOR COUNCIL USE ONLY

County: _____

Date Received: _____

Approved: _____

Denied: _____

Amount Approved: _____

Name of Applicant (Legal Name of Company)

Principal Business Address of Applicant (Mailing Address)

Physical Location, in South Carolina

City,
State,
Zip Code

City,
State,
Zip Code County

Telephone Number () Fax Number ()

Telephone Number () Fax Number ()

Contact Person

Contact Person

Contact's Title

Contact's Title

Contact's Email Address

Contact's Email Address

Please check the box next to the credit for which the applicant is applying: (please check only one box)

Credit against income taxes

Credit against employee withholding taxes

A. TYPE OF BUSINESS (Check only one box.)

Sole Proprietor (SSN) _____

Partnership /LLC

C Corporation

S Corporation

Other (Specify) _____

1. If Business is a Corporation, please list the state of incorporation: _____

2. Federal Employer ID Number: _____

3. South Carolina Withholding Number: _____

B. COMPANY/PROJECT INFORMATION

1. Nature of Business: _____
(Company must be an agribusiness operation or agricultural packaging operation to be eligible for this program.)

2. NAICS Code: _____

C. How were you made aware of this credit?

Tax Attorney

Press Release

Other _____

Economic Development Officials

Tax Forms

Flyer

Lobbyists

D. TAXES**1. If applying for income tax credits:**

a. Please indicate the amount of income tax the company paid during the last taxable year or the amount of income passed through to owners of the company during last taxable year.

b. Please indicate the amount of income tax credits utilized by the company or passed through to owners in the last taxable year.

c. Please indicate the amount of income tax credits carried forward from your last taxable year.

d. Please indicate the amount of income tax credits you anticipate will be carried forward from this taxable year.

2. If applying for withholding tax credits:

a. Please indicate the number of current employees in South Carolina.

b. Please indicate the amount of agricultural products withholding tax credits utilized in your last taxable year.

c. Please indicate the amount of agricultural products withholding tax credits carried forward from your last taxable year.

d. Please indicate the amount of agricultural products withholding tax credits you anticipate will be carried forward from this taxable year.

e. Please indicate the amount of all other withholding tax credits (including job development credits and port volume increase tax credits) utilized in your last taxable year.

E. PURCHASES OF SOUTH CAROLINA AGRICULTURAL PRODUCTS

1. What was the applicant's total dollar amount of purchases of agricultural products grown in South Carolina during the most recent full calendar year?

2. What was the applicant's total number of units and type of unit (pounds, bushes, pecks, etc.) of agricultural products grown in South Carolina purchased during the most recent full calendar year?

3. What was the applicant's total dollar amount purchases of agricultural products grown in South Carolina during the calendar year immediately preceding the most recent full calendar year? This year represents the base year for this Application.

4. What was the applicant's total number of units and type of unit (pounds, bushes, pecks, etc.) of agricultural products grown in South Carolina purchased during the calendar year immediately preceding the most recent full calendar year? This year represents the base year for this Application.

Complete Addendum A to provide a description of agricultural products purchased and provide copies of invoices and evidence of payment for all of such purchases.

F. DEFINITIONS

"Agribusiness Packaging Operation" means an establishment that engages in the technology of enclosing or protecting or preserving agricultural products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages used for agricultural products. Packaging can be described as a coordinated system of preparing agricultural goods for transport, warehousing, logistics, sale, and end use.

"Application" means this Application for Agricultural Products Increase Tax Credit.

"Base Year" means the calendar year immediately preceding the most recent full calendar year before the calendar year in which the Application is submitted. The amount of agricultural products purchased during the base year must be at least \$100,000 for the Applicant to be eligible for this credit.

"Code" means the Code of Laws of South Carolina, 1976, as amended.

"Applicant" means the applicant listed on the first page of the Application.

"Council" means the South Carolina Coordinating Council for Economic Development.

NOTICE TO APPLICANT

Applicant authorizes the Council to release to the South Carolina Department of Revenue any information relevant to the request for the Increase in Purchases of South Carolina Agricultural Products Program and further authorizes the South Carolina Department of Revenue to release to the Council information about the request needed to assist the Council in its decision making process. This includes any information that may be described in Section 12-6-3378 of the Code.

By Signing below, Applicant certifies that all information provided in this Application and additional documents submitted as evidence are true and accurate. All information provided in this Application and contained in additional documents may be subject to audit. Obtaining the Agricultural Products Increase Tax Credit based on fraudulent or inaccurate information will be considered a misappropriation of government funds.

This application submitted by: _____
(NAME & TITLE)

(SIGNATURE)

(DATE)

