

Line Jumpers Individual Income Taxes

North Carolina



South Carolina

SC Rules – Resident Individual Income Tax

- * SC Taxable Income includes all wages – Regardless of State where wages are earned
- * SC Credit for Taxes Paid to Another State that also taxes those wages

SC Rules – SC Nonresident Individual Income Tax

- *SC Taxes Wages earned in
South Carolina
- *Code Section 12-6-1720

Assumptions

- * Year 1 - Corporate Headquarters is located in NC.
Employ both NC and SC residents
- * Year 5 – Corporate HQ moves 20 miles into SC.
- * All employees commute from their homes in NC or their homes in SC
- * Transfer 250 jobs and create 200 new jobs

Additional Assumptions

- * Full year resident in SC or full year resident in NC
- * Jobs transferred on January 1
- * Only income is W-2 “wage” income

Scenario 1

HQ is in North Carolina

- *How are South Carolina residents working at the Corporate HQ in North Carolina taxed on wages earned in North Carolina?

SC Residents Working in NC

- *1. File SC 1040
- *File SC 1040TC – Credit for taxes paid to NC
- *2. File NC Individual Income Tax Return

NC Residents

South Carolina does not have jurisdiction.
NC tax is due.

Scenario 2

HQ Moves from NC to SC

- * What are the individual income tax consequences?

SC Residents Working in SC

*File SC 1040

NC Residents Working in SC

- * How are the NC residents taxed in SC?
- * File SC 1040 and Nonresident Schedule
- * File NC Income Tax Return
- * NC allows credit for SC income taxes paid

Publications – More Information

- * SC Tax Incentives for Economic Development
- * Chapter 3 – Individual Income Taxes

- * SC Individual Income Taxes – First Edition
- * (Portion published)

- * DOR website – www.sctax.org