

SOUTH CAROLINA DEPARTMENT OF REVENUE

COLLEGE TUITION TAX CREDIT

To help ease the financial burden for South Carolina college students and their families, the South Carolina General Assembly has created an income tax credit for tuition paid to South Carolina colleges and universities. The following information should answer most of your questions about the tax credit.

Who can claim the credit?

The student, parents, guardian or whomever actually pays the tuition and claims the student as a dependent on their tax return may claim the credit. If the parent and student split the cost of the tuition, they also may split the credit on the tax return. However, the combined credit claimed by the parent and student may not exceed the maximum amount of the credit. Parents or guardians with more than one student in college may claim a credit for each qualifying student.

Who qualifies for the credit?

- ✓ Students must have completed their high school education in May 1997 or afterwards.
- ✓ Students must have graduated from a South Carolina high school or home school program in South Carolina. Students may also qualify if they graduated from an out-of-state prep school as long

as the parent or guardian remained a South Carolina resident.

- ✓ Students must qualify for in-state tuition
- ✓ Students must compete at least 30 credit hours by the end of the tax year in which the credit is claimed
- ✓ Students must be enrolled in an undergraduate degree program or at a one-year undergraduate certificate or diploma program.
- ✓ Students cannot have been convicted or pled guilty or no contest to any felonies or alcohol or drug crimes in any state. (This does not apply if the criminal record has been expunged.)
- ✓ Students cannot be in default on any student loans.
- ✓ Students may not claim the credit if they are recipients of the LIFE Scholarship or the Palmetto Fellowship. If the student loses the scholarship, a tax credit may be claimed for the time remaining in the four-year credit period if the student otherwise qualifies.
- ✓ Students must be in good standing at the school.

- ✓ Must enroll in college within 12 months of high school graduation.

How much is the credit?

You can claim a credit on your personal income tax return of 25% of the actual tuition paid to the college each taxable year. The credit allowed for tuition paid to private colleges is based on the average tuition paid to public four-year South Carolina colleges as determined each year by the Commission on Higher Education. The maximum credit is \$850 a year if you attend a four-year school and \$350 a year if you attend a two-year school.

How long can I claim the credit?

The credit may be claimed for four consecutive years once the student enrolls in college. The student must enroll in college within one year of graduating from high school. If the student starts college and then sits out a year before returning to college, the credit may be claimed for the time remaining in the four-year credit period.

I have a GED. Can I claim the credit?

No. You must be a graduate of a South Carolina high school program.

Which colleges can I attend to claim the tuition tax credit?

Most colleges in South Carolina are acceptable under the law. A complete list of acceptable colleges is included at the end of this brochure.

Schools with the sole purpose of providing religious or theological training of conferring professional degrees **do not qualify**. Any student attending a school not listed here would not qualify for the credit.

If I attend a private college, am I eligible for the tax credit?

Yes. The tuition tax credit is available for students of most private colleges in South Carolina based on the average tuition paid to South Carolina's four-year colleges. The average tuition amount is listed in the South Carolina income tax instruction booklet. Students attending private colleges must use this figure to calculate their tax credit, even though the actual tuition paid may be substantially more.

Can I claim the credit for dorm room, books or meal plan costs?

No. The credit is available only for tuition and fees that must be paid for you to enroll in college. Room, board and other expenses such as student activity and athletic event fees are not eligible for the tax credit.

If I receive a LIFE scholarship, can I claim the tax credit for the remainder of the tuition not covered by the scholarship?

No. The tuition tax credit is not available to students who receive the LIFE scholarship or to students who are recipients of the Palmetto Fellowship.

I once received the LIFE scholarship but lost it when my grades dropped. Can I claim the tuition tax credit now?

Yes, if you meet all the requirements for the tuition tax credit, you can claim the credit on your tax return only for the number of years left in the allowable four-year credit period.

I received a scholarship and a federal grant. Can I claim the tuition tax credit?

Yes, but scholarships and grants received for tuition payment must be deducted before calculating the credit. This includes academic scholarships, SC tuition grants and Pell grants. However, student loans, work-study programs, and education assistance programs are not scholarship grants and are not deducted before calculating the credit.

How many credit hours must I complete to remain eligible for the tuition tax credit?

You must complete at least 30 credit hours by the end of each tax year the credit is claimed and you must remain in good standing with the college. The 30-hour credit requirement can be met by any combination of hours

earned during the winter, spring, summer or interim terms in the tax year you are claiming the credit.

What if I attend only one regular semester? Will I be eligible for the tuition tax credit?

Yes. If you are enrolled in either the fall or spring semester (but not both) in the current tax year, you must complete 15 credit hours in that semester to be eligible for the credit. Summer school credit hours do not count in meeting this 15-hour semester requirement.

I attended a college which is not on the traditional semester system. What are my course hour requirements?

Special rules may apply for Converse, Erskine, Furman, Johnson and Wales and Wofford which are not on traditional semester systems. The Commission on Higher Education has determined that students attending these schools must earn 30 credit hours in the tax year to meet the equivalent hour requirements. Students at Johnson and Wales must complete 36 credit hours. The Commission on Higher Education also has determined that students attending only one regular semester at Converse, Johnson and Wales and Wofford must complete 12 hours, Erskine 13 hours and Furman 8 hours in either the fall or spring semesters.

Questions concerning equivalent credit hours for any school not on a traditional semester system should be directed to the Commission on Higher Education Services at (803) 737-2260.

I have to prepay my tuition at least a month before the semester starts. When do I claim the tax credit?

The credit must be claimed for the tax year in which the tuition is paid. For example, you are enrolled in the Spring 2005 semester and paid your tuition in December 2004. You will claim a credit for the tuition on your 2004 tax return. But remember, the credit may not exceed \$850 per year for four-year schools or \$350 for two-year schools, even if you paid more during the year.

I don't owe South Carolina income taxes. Should I file an income tax return to claim the tax credit?

Absolutely. The credit is refundable. That means even if you don't owe any taxes, you will still receive a refund for the amount of your tax credit.

What information must I include with my tax return when I claim the tuition tax credit?

You must file a SC1040 to claim the credit. The short form, SC1040A, cannot be used to claim the credit. When preparing your South Carolina income tax return, you will need to complete Form I-319, which will be included with all state individual income tax booklets and attach a copy of your federal income tax return. Form I-319 is a simple form on which you provide the name of the high school from which the student graduated and the graduation date; names of the colleges in which the student has enrolled and the dates of attendance; the amount of tuition paid; the amount of all scholarships and grants which reduced the tuition received by the student

for the year; the total course hours attended for each semester; and other basic identifying information, such as name and address.

If you are claiming the credit for more than one student enrolled in college, you must complete an I-319 for each student.



In Short...



- The credit is 25% of actual tuition and fees paid to the college each taxable year with a maximum credit of \$850 for a four year school and \$350 for a two year school.
- The average tuition amount is determined annually by the Commission on Higher Education.
- The credit is only available for tuition and fees, not room, board or other expenses.
- The credit may be claimed for four consecutive years once a student enrolls in college.

Calculating the tax credit

Example 1:

Student:	Joe College
College Attended:	South Carolina Public College
Hours Completed during tax year:	30 credit hours
Tuition paid:	\$3,500
Scholarships received:	\$1,000
Grants:	\$500
Total scholarships/Grants:	\$1,500
Qualifying tuition:	\$2,000
25% of tuition paid:	\$500
Amount of credit:	\$500

Example 2:

Student:	Ann Student
College Attended:	South Carolina Private College
Hours completed during tax year:	30 credit hours
Tuition paid:	\$8,000
Average tuition amount allowed:	\$5,629*
Grant received:	\$2,000
Total scholarship/Grants:	\$2,000
Qualifying tuition:	\$3,629
25% of tuition paid:	\$907
Amount of credit:	\$907

*This amount is determined each year by the Commission on High Education

Qualifying Four-year Colleges \$850 Maximum Tax Credit

Allen University*
Anderson College*
Benedict College*
Bob Jones University*
Charleston Southern University*
The Citadel
Claflin College*
Clemson University
Coastal Carolina University
Coker College*
College of Charleston
Columbia College*
Columbia International University*
Converse College*
Erskine College*
Francis Marion University
Furman University*
Johnson and Wales*
Lander University
Limestone College*
Medical University of SC
Morris College*
Newberry College*
North Greenville College*
Presbyterian College*
South Carolina State University
Southern Wesleyan College*
University of South Carolina
University of South Carolina
 Aiken
 Spartanburg
Voorhees College
Winthrop University
Wofford University*

* Private Colleges or Universities

Qualifying Two-year Colleges \$350 Maximum Tax Credit

Aiken Technical College
Central Carolina Technical College
Chesterfield-Marlboro Technical College
Denmark Technical College
Florence Darlington Technical College
Greenville Technical College
Horry-Georgetown Technical College
Midlands Technical College
Orangeburg Calhoun Technical College
Piedmont Technical College
Spartanburg Methodist College
Spartanburg Technical College
Technical College – Low Country
Tri-County Technical College
Trident Technical College
University of South Carolina
 Beaufort
 Lancaster
 Salkehatchie
 Sumter
 Union
Williamsburg Technical College
York Technical College

For more information

The Department of Revenue has prepared an Advisory Opinion to explain the tuition tax credit in detail. A copy can be downloaded at our website www.sctax.org. Instructions and information on this credit is published in the South Carolina income tax booklet.

Information on South Carolina college tuition tax credits also may be available at your college financial aid office. Information on federal tax credits is available at the IRS website www.irs.gov.



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