**South Carolina General Assembly**

125th Session, 2023-2024

**S. 20**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Jackson and McLeod

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Introduced in the Senate on January 10, 2023

Currently residing in the Senate Committee on **Finance**

Summary: Income Tax Deduction for Retirement Income

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 11/30/2022 Senate Prefiled

 11/30/2022 Senate Referred to Committee on **Finance**

 1/10/2023 Senate Introduced and read first time (Senate Journal‑page 23)

 1/10/2023 Senate Referred to Committee on **Finance** (Senate Journal‑page 23)

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**VERSIONS OF THIS BILL**

[11/30/2022](https://www.scstatehouse.gov/sess125_2023-2024/prever/20_20221130.docx)

A bill

to amend the South Carolina Code of Laws by adding Section 12‑6‑1140 so as to PROVIDE AN ALLOWABLE DEDUCTION FOR CERTAIN RETIREMENT INCOME THAT RECEIVES A PENALTY FOR PREMATURE DISTRIBUTION.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 12‑6‑1140 of the S.C. Code is amended by adding an item to read:

 (15)(a) income that would be considered retirement income, pursuant to Section 12‑6‑1170, except that it is penalized for premature distribution by the Internal Revenue Service.

 (b)(i) Notwithstanding any other provision of law, if a taxpayer claims a deduction pursuant to Section 12‑6‑1170, then the deduction allowed by this section must be reduced by the amount the taxpayer deducts pursuant to Section 12‑6‑1170; however, this subitem does not apply if the deduction claimed pursuant to Section 12‑6‑1170 is claimed by a surviving spouse.

 (ii) In the case of married taxpayers who file a joint federal income tax return, the reduction required by subsubitem (i) applies to each individual separately, so that the reduction only applies to the amount the individual claiming the deduction pursuant to Section 12‑6‑1170 otherwise could have claimed pursuant to this section if the individual had not filed a joint return.

 (c) The deduction allowed pursuant to this item only applies to an individual who has owned the retirement account in which he incurs the penalty for premature distribution for a period of at least thirty years.

SECTION 2. This act takes effect upon approval by the Governor and first applies to income tax years after 2022.

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