~~Indicates Matter Stricken~~

Indicates New Matter

AMENDED

April 10, 2014

**H. 3112**

Introduced by Reps. G.M. Smith and Daning

S. Printed 4/10/14--H.

Read the first time January 8, 2013.

**A** **BILL**

TO AMEND SECTION 12‑6‑1140, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEDUCTIONS FROM SOUTH CAROLINA TAXABLE INCOME OF INDIVIDUALS FOR PURPOSES OF THE SOUTH CAROLINA INCOME TAX ACT, SO AS TO ALLOW THE DEDUCTION OF RETIREMENT BENEFITS ATTRIBUTABLE TO SERVICE ON ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES; AND TO AMEND SECTION 12‑6‑1170, AS AMENDED, RELATING TO THE RETIREMENT INCOME DEDUCTION, SO AS TO CONFORM THIS DEDUCTION TO THE MILITARY RETIREMENT DEDUCTION ALLOWED BY THIS ACT.

Amend Title To Conform

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

SECTION 1. This act may be cited as the “South Carolina Giving Back to Our Veterans Act”.

SECTION 2. Section 12‑6‑1140 of the 1976 Code is amended by adding a new item at the end to read:

“(12) for taxable years beginning after 2015, military retirement benefits attributable to service on active duty in the armed forces of the United States.”

SECTION 3. Section 12‑6‑1170(A)(2) of the 1976 Code is amended to read:

“(2) The term ‘retirement income’, as used in this subsection, means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer’s surviving spouse in a taxable year from qualified retirement plans which include those plans defined in Internal Revenue Code Sections 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including military retirement. After taxable year 2015, military retirement is not included as retirement income for purposes of the deduction allowed by this section.”

SECTION 4. In addition to amounts allowed as a deduction pursuant to Section 12‑6‑1170 of the 1976 Code, there is allowed as a deduction from South Carolina taxable income of individuals for purposes of the South Carolina Income Tax Act a portion of otherwise taxable military retirement benefits attributable to service on active duty in the armed forces of the United States according to the following schedule:

Taxable Year Deduction Percentage

2014 33.33 percent

2015 66.67 percent.

SECTION 5. This act takes effect upon approval by the Governor and applies for taxable years beginning after 2013.

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