**A** **BILL**

TO AMEND SECTION 12-6-510, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TAX RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS, SO AS TO INCREASE THE SIZE OF THE TAX BRACKETS FOR EACH TAX RATE; AND TO AMEND SECTION 12-6-520, RELATING TO THE ANNUAL ADJUSTMENT OF INCOME TAX BRACKETS, SO AS PROVIDE THE BRACKETS SHALL NOT BE ADJUSTED IN TAX YEARS 2016 AND 2017.

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

SECTION 1. Section 12‑6‑510 of the 1976 Code is amended to read:

“Section 12‑6‑510. (A) For taxable years beginning after 1994, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12‑6‑530 through 12‑6‑550 computed at the following rates with the income brackets indexed in accordance with Section 12‑6‑520:

Not over $2,220 2.5 percent of taxable income

Over $2,220 but not over $4,440 $56 plus 3 percent of the excess over $2,220~~;~~

Over $4,440 but not over $6,660 $123 plus 4 percent of the excess over $4,440~~;~~

Over $6,660 but not over $8,880 $212 plus 5 percent of the excess of $6,660~~;~~

Over $8,880 but not over $11,100 $323 plus 6 percent of the excess over $8,880~~;~~

Over $11,100 $456 plus 7 percent of the excess over $11,100~~.~~

(B) For taxable year 2016, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12‑6‑530 through 12‑6‑550 computed at the following rates with the income brackets indexed in accordance with Section 12‑6‑520:

**BUT NOT**

**OVER OVER ‑‑0‑‑**

$ 0 $ 3,080 0% Times the amount

3,080 6,160 3% Times the amount less $ 92

6,160 9,240 4% Times the amount less $154

9,240 12,320 5% Times the amount less $246

12,320 15,400 6% Times the amount less $370

15,400 7% Times the amount less $524

(C) For taxable years beginning after 2016, a tax is imposed on the South Carolina taxable income of individuals, estates, and trusts and any other entity except those taxed or exempted from taxation under Sections 12‑6‑530 through 12‑6‑550 computed at the following rates with the income brackets indexed in accordance with Section 12‑6‑520:

**BUT NOT**

**OVER OVER ‑‑0‑‑**

$ 0 $ 3,270 0% Times the amount

3,270 6,540 3% Times the amount less $ 98

6,540 9,810 4% Times the amount less $164

9,810 13,080 5% Times the amount less $262

13,080 16,350 6% Times the amount less $392

16,350 7% Times the amount less $556

(D) The department may prescribe tax tables consistent with the rates set pursuant to subsection (A).”

SECTION 2. Section 12‑6‑520 of the 1976 Code is amended to read:

“Section 12-6-520. (A) Each December ~~15~~ fifteenth, the department shall cumulatively adjust the brackets in Section 12‑6‑510 in the same manner that brackets are adjusted in Internal Revenue Code Section (1)(f). However, the adjustment is limited to one‑half of the adjustment determined by Internal Revenue Code Section (1)(f), may not exceed four percent a year, and the rounding amount provided in (1)(f)(6) is ten dollars. The brackets, as adjusted, apply in lieu of those provided in Section 12‑6‑510 for taxable years beginning in the succeeding calendar year. Inflation adjustments must be made cumulatively to the income tax brackets.

(B) Notwithstanding subsection (A), for income tax years 2016 and 2017, the department shall not adjust the brackets.”

SECTION 3. This act takes effect upon approval by the Governor.

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