

Community Development (CD) Tax Credit Overview

Article 25, [Section 12-6-3530](#) was amended and signed into law on May 18, 2021.

- » \$1 million in CD Tax Credits are available in 2021 and \$2 million in 2022.
- » A taxpayer may claim as a credit against his/her state income tax, bank tax, or premium tax liability **33% of all equity investments** and **50% all cash donations** to a certified CDC or CDFI.
 - A taxpayer may carry over the tax credit to succeeding years. The credit may not be used for a taxable year that begins on or after three years from the date of the investment/donation.
- » Tax credits are authorized on a first-come, first-serve basis based on when *Tax Credit Reservation Form* is received.
 - See *Process for Claiming Community Development Tax Credits* to reserve tax credit.
 - Contributions made on or after January 1 of the year tax credits are available, are eligible for the CD Tax Credit.
- » A single CDC or CDFI may not receive more than 25% of the total annual tax credits authorized.
 - During the first three quarters of each tax year, a CDC or CDFI may not receive more than 15% of the statewide total annual credits.
 - During the fourth quarter, all remaining tax credits will be available.
- » During the first three quarters of each tax year, 25% of tax credits will be held in reserve for small, rural-based community development corporations.
 - Small, rural definition: The organization must have an operating budget less than \$650,000 AND physical address of organization must be located in a Tier III or Tier IV County designated by [SC Department of Revenue](#).
 - All remaining tax credits will be released during the fourth quarter.
- » Returns on investments in a CDC or CDFI, including the value of any tax credits authorized, may not exceed the total amount of initial investment. Additionally, equity investments, which are the basis for the tax credit cannot be redeemed less than five years from time of investment.

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