

## Income/Franchise:

### South Carolina: New Law Updates State Conformity to Internal Revenue Code

*H.B. 4017*, signed by gov. 5/18/21. Effective immediately, new law generally updates corporate and personal income tax statutory references to the Internal Revenue Code (IRC), referring to the federal law in effect as amended through December 31, 2020 (previously December 31, 2019) and “includes the effective date provisions contained in it.” The new law additionally provides that if IRC sections adopted by South Carolina which expired or portions thereof expired on December 31, 2020, are extended, but otherwise not amended, by US Congressional enactment during 2021, “these sections or portions thereof also are extended for South Carolina income tax purposes in the same manner that they are extended for federal income tax purposes.” However, the legislation specifically provides that certain amendments under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 (*i.e.*, P.L. 116-136) are *not* adopted for South Carolina income tax purposes, including i) IRC section 172(a) relating to the modification of the income limitations allowed for the use of net operating losses (NOLs) in tax years 2018, 2019 and 2020; and ii) IRC section 461(l) relating to the modification of the limitation on losses allowed for noncorporate taxpayers in tax years 2018, 2019 and 2020. Please contact us with any questions.

URL: <https://www.scstatehouse.gov/billsearch.php?billnumbers=4017>

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