



## **The Bottom Line: H.5006 Small Business Tax Cuts**

The bill creates the “State of South Carolina Small Business Tax Cut of 2026” and makes several changes to business property tax, corporate license fees, and LLC officer competition rules.

### **Small business personal property tax break**

- Exempts the first ten thousand dollars of net depreciated value of business personal property owned by a “small business” from property tax.
- “Small business” is defined as a commercial, retail, service, industry entity, or nonprofit, including affiliates, that: (a) is owned by taxpayers who pay South Carolina income tax, (b) is independently owned and operated, and (c) has fewer than 100 full-time employees or under 10 million dollars in gross annual sales.
- Applies beginning with property tax years after 2026.

### **Filing relief for very small accounts**

- A taxpayer with less than ten thousand dollars of net depreciated business personal property is not required to pay business personal property taxes if they annually certify this status to the Department of Revenue under penalty of perjury.
- The certification form must clearly reference the State of South Carolina Small Business Tax Cut of 2026 as the source of the exemption and this change applies to property tax years after 2026.

### **Centralized business personal property returns**

- All business personal property that must be returned for ad valorem taxation must be returned to the Department of Revenue, rather than to local assessors, while remaining subject to the tax rate of the taxing jurisdiction where the property sits.
- This central return requirement also first applies to property tax years after 2026.

### **Corporate license fee modification**

- Allows a corporation to exclude the first fifty million dollars of equity contributions from a qualifying entity from its paid-in or capital surplus base that is subject to the annual corporate license fee.



- Any equity contribution above fifty million dollars is subject to no more than twenty-five thousand dollars in annual license fee, and only for the two taxable years immediately following the year the equity is received.
- To qualify, the corporation must meet at least one South Carolina condition: employ at least ten SC residents engaged in research and development, incur at least two hundred fifty thousand dollars in in-state R&D expenditures in the taxable year, or maintain its headquarters in the state, and must obtain a certificate from the South Carolina Research Authority.

#### **Officer competition / LLC provision**

- Amends the standard of conduct provision so that an officer's duty "to refrain from competing with the company" does not apply when the member is also a member of another LLC and there is no enforceable noncompete in the operating agreement.
- This change, along with the corporate license fee changes, first applies to tax years beginning after July 1, 2026.