

## **INTERNATIONAL TRADE INCENTIVE PROGRAM**

### **Tax Credit for Port Volume Increase**

#### ***Frequently Asked Questions***

##### ***What is the International Trade Incentive Program?***

ITIP is a possible tax credit for companies that increase their shipping through South Carolina's ports. The program is geared toward drawing manufacturing facilities, distribution centers and other international shippers to our state, while also rewarding existing companies for expanding their port business in the state.

##### ***What incentives are being offered?***

Eligible companies may claim an income tax credit or a credit against employee withholding as decided by the Coordinating Council for Economic Development (the "Council"). The maximum amount of tax credits allowed to all qualifying taxpayers may not exceed \$8 million for each calendar year. Any excess credit earned may be carried forward and claimed in the next five taxable years or 20 quarters if granted a withholding tax credit.

##### ***Who is eligible for tax incentives under the new program?***

- Taxpayers that are engaged in manufacturing, warehousing, freight forwarding, freight handling, goods processing, cross docking, transloading, wholesaling of goods, or distribution, exported or imported through port facilities in the state and that increase port cargo volume by at least 5% in a single calendar year are eligible. Base year port cargo must be at least 75 net tons of non-containerized cargo, 385 cubic meters, or 10 loaded twenty-foot containers (TEUs).
- A new warehouse or distribution facility that commits to expending at least \$40 million at a single site and creating 100 new full-time jobs and whose base year cargo shall not be less than 5,000 TEUs or its non-containerized equivalent may be awarded up to \$1 million of the \$8 million credits.
- Taxpayer engaged in the movement of goods imported or exported through South Carolina port facilities if (1) the taxpayer supports a presence in the state at the time of approval of the port volume credit; (2) the taxpayer employs at least 250 FTE South Carolinians; (3) the taxpayer completes the construction of a distribution facility within 5 years of the approval date; and (4) the base year cargo shall not be less than 5,000 TEUs or its non-containerized equivalent.

##### ***What are the evaluation criteria?***

The Council will determine whether a company is eligible for a credit. The application must be accompanied by a letter of recommendation from the South Carolina State Ports Authority. The Council has sole discretion in allocating credits, taking into consideration a number of factors, such as the amount of base year port cargo volume, the total and percentage increase in port cargo volume, the number of qualifying taxpayers and the type of cargo transported. If more than one company is involved in the shipping process, the Council can require any additional information necessary to determine that only one company is seeking the credit for the listed cargo.

##### ***How do I determine if my company is eligible?***

For the general port volume increase credit, the company must have at least a 5% increase in port cargo volume from its base year, which is the initial January 1 through December 31 calendar year in which it meets the requirements. . Base year port cargo must be at least 75 net tons of non-containerized cargo, 385 cubic meters, or 10 loaded twenty-foot containers (TEUs). Base year port cargo volume must be recalculated each calendar year after the initial base year.

In order for a warehouse or distribution center to qualify for the credit, the company must commit to invest at least \$40 million and create 100 new jobs at a single site and have a base year cargo of at least 5,000 TEUs or its non-containerized equivalent. The credit may be awarded the calendar year when the project has been announced, provided that the credit may not be claimed until the Council receives satisfactory proof that the capital investment and job creation requirements have, or will be, satisfied, and such proof must be received no later than 3 years after the date the credit is awarded.

In order for a taxpayer supporting a presence in the state to qualify for the credit, the company must employ at least 250 South Carolinians, have a base year cargo of at least 5,000 TEUs or its non-containerized equivalent, and commit to construct a distribution facility and have it operational within 5 years. The credit may be awarded for the calendar year when the project has been announced, provided that the credit may not be claimed until the Council receives satisfactory proof that the capital investment and job creation requirements have, or will be, satisfied, and such proof must be received no later than 3 years after the date the credit is awarded.

***How do I apply?***

The company must submit an application to the Council by December 31 in the year after the year in which the increase in port volume occurs, or, in the case of a qualifying warehouse or distribution facility as described above, in the year in which the new facility is announced. The Council may make allocations of the credit on a monthly, quarterly or annual basis. *The International Trade Incentive Program Tax Credit for Increased Port Volume Application* may be submitted to the Council at any time during the year and is available at <http://sccommerce.com/data-resources/publications>. The application must be accompanied by a letter of recommendation from the South Carolina State Ports Authority and by an Excel spreadsheet documenting container numbers, dates shipped, and TEU (other measurement) counts for all containers moving via SC Ports to be considered for this incentive. This information must come from the company (applicant). It cannot be supplied by South Carolina State Ports Authority.

***What should I be doing now?***

Keep thorough records of your company's shipments, jobs created and new investments in facilities, plant and equipment.

***How do I get more specifics?***

If you have other questions, please contact the Coordinating Council for Economic Development at 803-737-0095.