



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
CREDIT FOR EMPLOYERS HIRING RECIPIENTS
OF FAMILY INDEPENDENCE PAYMENTS

Attach this form to your return.

Name
Address
SS or FED. EI Number

This credit is for employers who hire individuals who have received Family Independence payments for three months immediately preceding the month of hire. See General Instructions for additional requirements.

COMPUTATION OF TAX CREDIT

A. First Twelve Months of Employment Occurring in the First Tax Year of Hire

- 1. Number of employees qualifying for the credit
2. Total qualifying wages paid to employees included in line 1
3. Credit: Multiply line 2 by 20% (.20).

B. First Twelve Months of Employment Occurring in the Second Tax Year of Hire

- 1. Number of Part A, line 1 employees remaining employed.
2. Total qualifying wages paid to employees included in line B1
3. Multiply line 2 by 20% (.20).

Second Twelve Months of Employment Occurring in the Second Tax Year of Hire

- 4. Total qualifying wages paid to employees included in line B1
5. Multiply line 4 by 15% (.15).
6. Credit: Add lines 3 and 5.

C. Second Twelve Months of Employment Occurring in the Third Tax year of Hire

- 1. Number of Part A, line 1 employees remaining employed.
2. Total qualifying wages paid to employees included in line C1
3. Multiply line 2 by 15% (.15).

Third Twelve Months of Employment Occurring in the Third Tax Year of Hire

- 4. Total qualifying wages paid to employees included in line C1
5. Multiply line 4 by 10% (.10)
6. Credit: Add lines 3 and 5.

D. Third Twelve Months of Employment Occurring in the Fourth Tax Year of Hire

- 1. Number of Part A, line 1 employees remaining employed.
2. Total qualifying wages paid to employees included in line D1
3. Credit: Multiply line 2 by 10% (.10).

E. Summary

- 1. Enter amount from line A3
2. Enter amount from line B6.
3. Enter amount from line C6.
4. Enter amount from line D3.
5. Total Credit - Add lines 1, 2, 3, and 4
Enter here and on the appropriate tax credit schedule.

GENERAL INSTRUCTIONS

Except for jobs created in distressed counties, **the maximum aggregate credit that may be claimed in a single year under this credit and the jobs tax credit (SC SCH. TC-4), small business job tax credit (SC SCH. TC-4SB), or small business alternative job tax credit (SC SCH. TC-4SA) is \$5,500 for each employee.**

The credit exists only for the first three consecutive years of employment of qualified employees.

This credit is limited to:

- (1) twenty (20%) percent of wages for each full month of the first twelve months of employment;
- (2) fifteen (15%) percent of wages for each full month of the second twelve months of employment; and
- (3) ten (10%) percent of wages for each full month of the third twelve months of employment.

Qualifying wages include only those wages paid to employees who received Family Independence (Aid to Families with Dependent Children or AFDC) payments for three months immediately preceding the month of employment. Submit an employee release, and request certification of Family Independence eligibility by writing to the SC Department of Social Services by the fifteenth (15th) day of the first month after the end of the taxable year in which the employee is hired.

In order to claim this credit, the employer must make health insurance available to the qualified employee on the same basis and under the same conditions available to all employees, including employer contributions and employer-imposed waiting periods. Although required to make health insurance available, the employer is not required to make health insurance payments on behalf of the qualified employee unless the employer makes health insurance payments on behalf of nonqualified employees. Even if an employer-imposed waiting period exists, the credit begins from the date the qualified employee is hired. An employer imposing a waiting period of more than twelve months may not claim this credit.

The employer may not claim this credit if the position filled by the former AFDC recipient was made available due to the termination or forced resignation of an employee for the purpose of obtaining the tax credit.

For each new job created in a distressed or least developed county, an employer that qualifies for this credit qualifies for an additional credit amount of \$175 for each month during the first thirty-six months of employment per qualifying employee. See SC SCH. TC-12-A for more information.

This credit may be carried forward fifteen years from the taxable year in which the credit is earned.

Example - One qualifying employee is hired June 10, 2001, earning \$1,500 per month. For a calendar year employer, the first year tax credit is 6 (number of full months of employment) \times $\$1,500 \times 20\% = \$1,800$. If this same employee remains employed during all of 2002 at the same wage, the credit is computed as follows:

1.	$6 \times \$1,500 \times 20\%$	$= \$1,800$
2.	$6 \times \$1,500 \times 15\%$	$= \$1,350$
3.	Total credit for 2002	\$3,150

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form if you are an individual taking this credit. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.