



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**RETAIL FACILITIES
REVITALIZATION CREDIT**

Effective for property placed in service on or after July 1, 2006
Attach to your Income Tax Return

Names As Shown On Tax Return

SS No. or Fed. EI No.

Use this form to calculate your income tax credit.

1. Enter the amount of the rehabilitation expenses made to an eligible site placed in service during the tax year 1. _____
2. Enter 10% of the amount on line 1. This is the credit amount earned in the current year . . . 2. _____
3. Enter 12.5% of line 2 if the property was placed in service during this tax year; or enter the installment amount from line 3 of a previous year's TC-31, if the property was placed in service before this year. This is your annual installment amount 3. _____
4. Enter the amount carried forward from previous tax years 4. _____
5. Add lines 3 and 4 5. _____
6. Enter your current year tax liability 6. _____
7. Enter the lesser of lines 5 and 6. This is your current year credit. Enter this amount on the appropriate tax credit schedule 7. _____
8. Subtract line 7 from line 5. This is your credit carryover to future years 8. _____

Instructions

ELECTION OF CREDIT

Effective July 1, 2006, a taxpayer who improves, renovates, or redevelops an eligible site is eligible for a tax credit against either: (1) property tax; or (2) individual or corporate income tax.

The taxpayer may elect to take either credit by providing written notification to the South Carolina Department of Revenue prior to the date the eligible site is placed in service. A taxpayer who fails to make an election or obtain approval before the date the eligible site is placed in service will receive only the credit against individual or corporate income tax.

When electing to take the property tax credit, the taxpayer must also notify the governing body of the municipality where the eligible site is located. If the eligible site is located in an unincorporated area, the taxpayer must notify the local governing body of the county where the eligible site is located. The local governing body must approve the property tax credit before the eligible site is placed in service.

INCOME TAX CREDIT

The credit amount is 10% of the taxpayer's rehabilitation expenses. The retail facilities revitalization income tax credit is in addition to and does not offset the certified historic structure credit (TC-21) in the event the eligible site is eligible for both credits.

The credit must be taken in equal installments over a 8-year period beginning with the year in which the property is placed in service. The tax credit shall vest in the taxpayer in the tax year when the eligible site is placed in service and may be carried forward, in whole or in part, for up to 8 years following that date.

When earned by an 'S' corporation owing corporate level income tax, the credit must be used first at the entity level. Any remaining credit passes through to each shareholder in a percentage equal to each shareholder's percentage of stock ownership.

When earned by a general partnership, limited partnership, limited liability company or any other entity taxed as a partnership pursuant to Subchapter K of the Internal Revenue Code, the credit must be passed-through to its partners and may be allocated among any of its partners. In a manner agreed by the partners, an allocation of the entire credit to one partner is allowable.

Upon written approval of the Department of Revenue, an owner of an eligible site may transfer, devise, or distribute any unused credit to a tenant of the eligible site.

The Department of Revenue shall promulgate regulations to verify the site's eligibility in accordance with the provisions of this chapter.

This credit is scheduled to expire on July 1, 2016.

DEFINITIONS

"Abandoned" means that at least eighty percent of the eligible site's facilities have been continuously closed to business or have been otherwise non-operational for a period of at least one year immediately preceding the time at which the determination is to be made. The eligible site's facilities only include the site's building or structure.

"Eligible site" means a shopping center, mall, or free standing site whose primary use was as a retail sales facility with at least one tenant or occupant located in a forty thousand square foot or larger building or structure. To qualify as an eligible site, the shopping center, mall, or freestanding site must be abandoned. During the abandonment, the eligible site may serve as a wholesale facility, provided the site serves as a wholesale facility for no more than one year.

"Placed in service" means the date upon which the eligible site is suitable for occupancy for the purposes intended.

"Rehabilitation expenses" means the expenses incurred in the rehabilitation of the eligible site, excluding the cost of acquiring the eligible site or the cost of personal property maintained at the eligible site.

LINE INSTRUCTIONS

Line 1: Enter the amount of rehabilitation expenses made to an eligible site placed in service during the tax year.

Line 2: The SC credit amount is 10% of rehabilitation expenses.

Line 3: The credit is claimed in equal installments over a 8-year period beginning with the tax year that the property is placed in service. Enter 12.5% of line 2 on line 3.

Line 4: Annual installments that exceed a taxpayer's tax liability can be carried forward for eight consecutive years.

Line 5: The total available credit is the amount of this year's annual installment plus any amount carried forward from prior years.

Line 6: The allowable credit cannot exceed this year's tax liability.

Line 7: The allowable credit is the lesser of the available credit or this year's tax liability.

Line 8: The amount of available credit you are unable to use is the amount you are allowed to carry forward.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form if you are an individual taxpayer. 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.