



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
PALMETTO SEED CAPITAL CREDIT
Attach this form to your return.

SC SCH. TC 7
(Rev. 8/12/04)
3241
20 _____

Name	SS or FED. EI Number
Address	

PART 1 COMPUTATION OF TAX CREDIT	
1. Consideration paid for qualified investments in the current year	1.
2. Multiply the amount on line 1 by .30	2.
3. Unused Palmetto Seed Capital Credit carryover from prior years. (See computation below.) . . .	3.
4. Add lines 2 and 3.	4.
5. Enter consideration paid in all years for qualified investments.	5.
6. Multiply the amount on line 5 by .50	6.
7. Multiply the amount on line 6 by .30	7.
8. Enter your state tax liability for the year after application of all other credits	8.
9. Enter the LESSER of lines 4, 7, or 8. This amount represents your current year Palmetto Seed Capital Credit and it should be transferred to the appropriate tax credit schedule	9.

PART 2 COMPUTATION OF UNUSED PALMETTO SEED CREDIT CARRYOVER	
A. Enter the amount from Part 1, line 4.	A.
B. Enter the amount actually used to reduce your tax liability from Part 1, line 9.	B.
C. Subtract line B from line A. This is your carryover credit available in future years.	C.

GENERAL INSTRUCTIONS (continued on reverse)

Purpose: The General Assembly enacted legislation which provides an income tax credit to a taxpayer who invests in the Palmetto Seed Capital Corporation. The Palmetto Seed Capital Corporation was established to increase the rate of capital formation, to stimulate new growth-oriented business formation, to create new jobs, and to supplement conventional business financing.

A COPY OF THE STATEMENT OF INVESTMENT ISSUED BY THE PALMETTO SEED CAPITAL CORPORATION MUST BE ATTACHED.

Definitions:

1. Taxpayer means an individual, corporation, partnership, trust or other entity that has state income, bank, or insurance premium tax liability and has made a qualified investment.
2. Qualified investment means qualified stock or qualified interest purchased for cash in Palmetto Seed Capital corporation or the Palmetto Seed Capital Fund Limited Partnership.
3. Qualified stock means authorized but unissued shares of stock in the corporation. Qualified interest means a general partnership interest in the fund for the corporation and a limited partnership interest for all other persons.
4. State tax liability means total income tax liability after the application of all tax credits except the Palmetto Seed Capital Credit.

If the amount of the credit exceeds the tax liability, the excess may be carried over for credit against your income taxes in the next ten succeeding taxable years until the total amount of the tax credit has been taken.

Palmetto Seed Capital Credit Additional Information

NOTICE: Palmetto Seed Capital Corporation will be liquidated based on legislation effective March 17, 2004.

If a qualified investment is redeemed by the Palmetto Seed Capital Corporation or the Palmetto Seed Capital Fund Limited Partnership within five years of the date it is purchased, the credit is disallowed and any credit previously claimed and allowed must be paid to the Department of Revenue with the appropriate return of the taxpayer for the period in which the redemption occurred.

The total amount of credits allowed for all taxpayers on all taxable years may not exceed in the aggregate, five million dollars. The credit will be allowed to taxpayers who purchase these qualified investments based on the date of purchase until the funds are exhausted.

A corporation which files or is required to file a consolidated return is entitled to the Palmetto Seed Capital Credit on a consolidated basis. The tax credit may be determined on a consolidated basis regardless of whether or not the corporation entitled to the credit contributed to the tax liability of the consolidated group.

The merger, consolidation, or reorganization of a corporation where tax attributes survive does not create new eligibility in a succeeding corporation but unused credits may be transferred and continued by the succeeding corporation. In addition, a corporation may assign its rights to its unused credit to another corporation if it transfers all, or substantially all, of the assets of the corporation or all, or substantially all, of the assets of a trade or business or operating division of a corporation to another corporation.

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.

See our website: sctax.org