

# GENERAL INSTRUCTIONS (Rev. 9/9/09)

## SHOULD I FILE A SOUTH CAROLINA INCOME TAX RETURN?

### Resident taxpayers **under age 65**:

- Were you required to file a federal income tax return which included income taxable by South Carolina? (Residents of South Carolina are taxed on their entire income, regardless of where earned, unless specifically exempted by law.)
- Did you have South Carolina income tax withheld from your wages?

### Resident taxpayers **age 65 or older**:

- Married Filing Jointly (Both 65 or older) - Is your gross income greater than the federal gross income filing requirement amount plus \$30,000?
- Any Other Filing Status - Is your gross income greater than the federal gross income filing requirement amount plus \$15,000?
- Did you have South Carolina income tax withheld from your wages?

### Nonresidents:

- Did you have South Carolina income tax withheld from your wages?
- Are you a nonresident or part-year resident with South Carolina whose gross income is greater than the federal personal exemption amount?

**If you answered YES to any one of the questions above, file a South Carolina income tax return.**

## AM I A RESIDENT OR A NONRESIDENT?

The following definitions will help you decide:

You are a South Carolina **resident**, even if you live outside South Carolina, when:

1. Your intention is to maintain South Carolina as your permanent home, AND
2. South Carolina is the center of your financial, social and family life; AND
3. When you are away, South Carolina is the place to which you intend to return.

You are a **nonresident** if your permanent home is outside South Carolina all year and none of the above applies.

## WHAT IS MY STATUS IF I MOVED INTO OR OUT OF SOUTH CAROLINA DURING THE TAX YEAR?

You are a part-year resident. As a part-year resident, you may consider yourself a full-year resident or a nonresident.

- If you elect to file as a full-year resident, file SC1040. Report all your income as though you were a resident for the entire year. You will be allowed a credit for taxes

paid on income taxed by South Carolina and another state. You must complete SC1040TC and attach a copy of the other state's income tax return.

- If you elect to file as a nonresident, file SC1040 with Schedule NR. You will be taxed only on income earned while a resident in South Carolina and will prorate your deductions and exemptions. All personal service income earned in South Carolina must be reported to this state.

You may **choose** the way that is most advantageous to you. **This option is only available for the year you are a part-year resident. You must also attach a copy of your federal return.**

## I AM A NONRESIDENT OF SOUTH CAROLINA BUT WORK IN SOUTH CAROLINA. HOW SHOULD I FILE?

File SC1040 with Schedule NR. You will be taxed only on income earned in South Carolina and will prorate your deductions and exemptions. All personal service income (wages, consulting, etc.) earned in South Carolina must be reported to this state.

## I AM A RESIDENT FOR ONLY PART OF THE YEAR. HOW SHOULD I FILE?

An individual who is a South Carolina resident for only part of the year may choose one of two filing methods:

1. Complete Schedule NR, including in Column B only those amounts that are taxable to South Carolina, and attach to SC1040, **or**
2. File SC1040, including all federal taxable income, and attach SC1040TC to claim a credit for taxes paid to another state.

## I AM A FULL-YEAR SOUTH CAROLINA RESIDENT BUT MY SPOUSE IS NOT. HOW SHOULD WE FILE?

If you file a **joint** federal return, you must file a **joint** South Carolina return SC1040 with Schedule NR. The resident spouse will report to South Carolina all income for the entire year. The spouse who is not a resident on the joint return will only report income earned in this state, if any.

If you file **separate** federal returns, you must file a **separate** South Carolina return. Your spouse must also file a **separate** South Carolina return if he/she has income taxable by South Carolina.

## I AM IN THE ARMED FORCES. WHAT IS MY RESIDENCY STATUS?

**South Carolina Resident:** If you enter the armed forces when you are a South Carolina resident, you do not lose your South Carolina residency status, even if you are absent from this state on military orders. You are subject to the same residency requirements as any other South Carolina resident and are required to file a South Carolina income tax return.

**Nonresident:** If you are not a South Carolina resident but are stationed in this state by military orders, **your military income** is not subject to South Carolina tax. However, if you have **other earned income** subject to South Carolina tax, file SC1040 with Schedule NR. South Carolina **DOES** tax other income earned in this state by you or your spouse.

### WHEN SHOULD I FILE MY RETURN?

RETURNS FOR CALENDAR YEAR 2009: file on or before April 15, 2010.

RETURNS FOR FISCAL YEAR TAX PERIODS: due on or before the fifteenth (15th) day of the fourth month following the close of your tax year. Identify the fiscal year period at the top of the return in the space provided and write "FISCAL" in large letters across the face of the return.

Electronic Filing: See page 3 for May 1 incentive.

### NEED MORE TIME TO FILE?

If you need more time to file your South Carolina return, note the following:

- You may file and pay with your extension on-line through our website: [www.sctax.org](http://www.sctax.org)
- **If you will receive a refund** of state income taxes, South Carolina will allow you the same length of time that is allowed by your federal extension. If you do not have a federal extension, then you must file a SC4868 by April 15, 2010.
- When you file your return, check the appropriate box on the front of the SC1040 and attach a copy of your federal extension or SC4868 to the back of your South Carolina return.

**If you expect to owe additional tax** by the April 15 due date, and you need more time to file your South Carolina income tax return:

- You must pay at least 90 percent of your state tax due to the Department of Revenue on either a copy of the federal Form 4868 marked "For South Carolina" or South Carolina SC4868 by April 15, 2010.
- Be sure to enter any South Carolina payments paid on an extension request on SC1040, line 18.

Be sure to attach a copy of the extension to the back of your South Carolina return when you file. Check the appropriate box on the front of the SC1040.

### MORE TIME TO FILE DOES NOT MEAN MORE TIME TO PAY YOUR TAXES!

You will owe interest from April 15, 2010 to date of payment. A penalty may also be charged after April 15th if an additional payment is required. To avoid the penalty, you must: 1) pay at least 90 percent of the tax by April 15, 2010, and 2) pay the additional balance, if any, within the extended time period.

### FRAUDULENT RETURN

Any person who deliberately fails to file a return, files a fraudulent return or attempts to evade the tax in any manner may be liable for a penalty up to \$10,000 or imprisoned for not more than five years or both.

### I AM GETTING AN INCOME TAX REFUND THIS YEAR. WHEN WILL I GET MY CHECK?

Returns which are filed early are usually processed more quickly than returns filed closer to April 15th. Ordinarily, within twelve weeks after we receive your **complete** return we will mail your refund check. Therefore, please allow at

least fourteen weeks for your refund to arrive before you contact us. Visit our website at [www.sctax.org](http://www.sctax.org) or call 1-803-898-5300.

### DECEASED TAXPAYERS

If a person received income during this tax year but died before filing a return, the South Carolina income tax return should be filed by the surviving spouse, executor or administrator. Use the same filing status that was used on the final federal income tax return. Check the appropriate box beside the decedent's name. The due date for filing is the same as for federal purposes. In the area where you sign the return write "Filing as a surviving spouse," if appropriate. A personal representative filing the return must sign in his or her official capacity and attach SC1310. Any refund check will be issued to the decedent's surviving spouse or estate.

### ROUND OFF CENTS TO THE NEAREST WHOLE DOLLAR.

You **must** round off cents to the nearest whole dollar on your return and schedules. You must drop amounts less than 50 cents. Increase amounts of 50 to 99 cents to the next dollar. For example: \$2.15 becomes \$2.00; \$4.75 becomes \$5.00; and \$3.50 becomes \$4.00.

### WHAT TAX RECORDS DO I NEED TO KEEP?

Keep a copy of your return. Also, keep the original or a copy of any schedules, worksheets or statements used to prepare your return. Keep your records that support an item of income or a deduction appearing on a tax return until the limitations period for the return runs out. The limitations period is generally **THREE YEARS** from the date the return was filed or due to be filed, whichever is later.

Save any records concerning property, home, stocks, and business property you bought and may sell later. The records kept should show the purchase price, date and related cost, and for real property, cost and date of improvements. Your return may be audited by the IRS or the South Carolina Department of Revenue. If audited, the law requires you to show proof of your income, expenses, and cost of assets.

### WHAT IF I AM AUDITED BY THE IRS?

If you receive a refund or owe additional federal tax, file an SC1040X (amended South Carolina return) after the federal audit report becomes final.

### WHEN SHOULD I FILE AN AMENDED SOUTH CAROLINA RETURN?

File SC1040X (Amended Return) any time you need to correct your South Carolina return. If you amend your federal return, generally you will need to amend your state return. You may apply for a refund on either an amended or delinquent return for any tax period which is open under the statute of limitations. A refund will not be issued for requests received beyond the limitations period. The limitations period for filing an original return is generally three years from the original due date. If you filed the original return by the original due date or by an extended due date, the limitations period for filing an amended return is three years from the date of filing, three years from the original due date, or two years from the date of payment, whichever is latest. If you filed the original return after the

original due date and any extended due date, if applicable, the limitations period for filing an amended return is three years from the original due date or two years from the date of payment, whichever is later.

### REFUND SETOFFS

The South Carolina Department of Revenue assists other State agencies, institutions of higher learning, political subdivisions of the state, and the Internal Revenue Service in the collection of overdue accounts. All or part of your refund can be sent directly to these "claimant" agencies if they notify the Department that you have a past due account with them.

The South Carolina Department of Revenue charges the taxpayer a \$25.00 administrative fee to complete a refund "setoff." If any of your refund is sent to a claimant agency, the Department will notify you in writing. If your refund exceeds the amount owed the claimant agency plus the administrative fee, the balance will be mailed to you.

**If you believe you do not owe the debt, the amount sent was incorrect, or the debt has already been paid, you must contact the claimant agency.**

### WHO MUST FILE A DECLARATION OF ESTIMATED TAX?

Generally, you must file a Declaration of Estimated Tax, SC1040ES, for the year 2010 if you estimate that your tax will be \$100 or more and the total amount of income tax that will be withheld will be less than the lesser of:

1. 90% of the tax to be shown on your 2010 income tax return,  
**or**
2. 100% of the tax shown on your 2009 income tax return (if your 2009 return covered all 12 months of the year). However, if your adjusted gross income is \$150,000 or more, the 100% rule is modified to be 110% of the tax shown on your 2009 income tax return.

**Wage earners** who do not have enough tax withheld from their wages must file a Declaration of Estimated Tax for the year. You have two methods for paying: 1) increase the amount your employer withholds from your wages, or 2) pay estimated tax in addition to the usual amount withheld from your wages.

**Taxpayers earning personal service** income in another state on which tax withholding was due to the other state and was withheld can be relieved of declaration penalty.

**Self-employed people** who do not have South Carolina tax withheld from their income must file a Declaration of Estimated Tax for the year. **Recipients of taxable pension and annuities** who do not have at least 90 percent of their South Carolina income tax liability withheld must file a Declaration of Estimated Tax for the year.

### WHO DOES NOT HAVE TO FILE A DECLARATION OF ESTIMATED TAX?

**Farmers and commercial fishermen** do not have to file a declaration if at least two thirds of their gross income is from farming or fishing, but must file their return and pay all taxes due generally by March 1. If March 1 falls on a weekend, then the due date is the next business day.

### HOW DO I FILE ESTIMATED TAX?

To file SC1040ES and pay on line by credit card or electronic funds withdrawal, see our website ([www.sctax.org](http://www.sctax.org)). Forms can also be printed from our website to use when mailing your payment.

### CHANGE NAME OR ADDRESS

Let us know your new name and/or address. Complete SC8822, which is available inside the booklet and on our website [www.sctax.org](http://www.sctax.org)

### DO I NEED TO FILE A SOUTH CAROLINA USE TAX RETURN?

The use tax is a tax that applies to purchases of tangible personal property from out-of-state retailers for use, storage or consumption in South Carolina, and includes purchases from retailers made via the Internet (retailers' websites and retailers' sales on auction sites), through out-of-state catalog companies, home shopping networks or when visiting another state. The tax rate for the use tax is the same as the sales tax. This rate is determined by where the tangible personal property will be used, stored or consumed, regardless of where the sale takes place. Therefore, the tax rate for the use tax will be the 6% state rate plus the applicable local use tax rate for the location where the tangible personal property will be used, stored or consumed. The purchaser, as an individual, may report and remit their use tax on a SC1040 South Carolina Individual Income Tax Return or a UT-3 Use Tax Return. See the instructions on the UT-3W for additional information and use tax rates by county.