



STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE  
**TAX CREDITS**

**SC1040TC**  
(Rev. 9/21/06)  
3913  
**2006**

NAME	YOUR SOCIAL SECURITY NUMBER
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These credits are computed on separate forms. Attach the appropriate form(s) to this schedule for the credit you are claiming. **Credits may be disallowed if necessary schedules are not attached to your return.** For lines 2 through 35 see SC1040TC instructions for other nonrefundable credits.

		Dollars	Cents
1. Total Credit for taxes paid to another state (Attach SC1040TC worksheet for each state)	1. ▶		00
2. Carryover of unused qualified credits	2. ▶		00
3. Nursing Home Credit	3. ▶		00
4. Scenic River Tax Credit (Attach TC-5)	4. ▶		00
5. Drip/Trickle Irrigation Credit (Attach TC-1)	5. ▶		00
6. Minority Business Credit (Attach TC-2)	6. ▶		00
7. Water Resources Credit (Attach TC-3)	7. ▶		00
8. New Jobs Credit (Attach TC-4)	8. ▶		00
9. Palmetto Seed Capital Credit (Attach TC-7)	9. ▶		00
10. Employer Child Care Credit (Attach TC-9)	10. ▶		00
11. Base Closure Credit (Attach TC-10)	11. ▶		00
12. Economic Impact Zone Credit (Attach TC-11)	12. ▶		00
13. Family Independence Payments Credit (Attach TC-12)	13. ▶		00
14. Additional Family Independence Payments Credit (Attach TC-12A)	14. ▶		00
15. Motion Picture Credits before July 1, 2004 (Attach TC-13)	15. ▶		00
16. Qualified Retirement Plan Contribution Credit (Attach TC-29)	16. ▶		00
17. Community Development Credit (Attach TC-14)	17. ▶		00
18. Qualified Conservation Contribution Credit (Attach TC-19)	18. ▶		00
19. Certified Historic Structure Credit (Attach TC-21)	19. ▶		00
20. Certified Historic Residential Structure Credit (Attach TC-22)	20. ▶		00
21. Textiles Rehabilitation Credit (Attach TC-23)	21. ▶		00
22. Commercials Credit (Attach TC-24)	22. ▶		00
23. Motion Picture Credits after June 30, 2004 (Attach TC-25)	23. ▶		00
24. Venture Capital Investment Credit (Attach TC-26)	24. ▶		00
25. Health Insurance Pool Credit (Attach TC-27)	25. ▶		00
26. SC Quality Forum Credit (Attach TC-28)	26. ▶		00
27. Small Business Job Credit (Attach TC-4SB)	27. ▶		00
28. Monthly Small Business Job Credit (Attach TC-4SM)	28. ▶		00
29. Port Cargo Credit (Attach TC-30)	29. ▶		00
30. Retail Facilities Rehabilitation Credit (Attach TC-31)	30. ▶		00
31. Premarital Preparation Course Credit (Attach TC-32)	31. ▶		00
32. Alternative Motor Vehicle Credit (Attach TC-35)	32. ▶		00
33. Industry Partnership Fund Credit (Attach TC-36)	33. ▶		00
34. Solar Energy Credit (Attach TC-38)	34. ▶		00
35. Biodiesel Motor Fuel Credit (Attach TC-39)	35. ▶		00
36. Total Credits. Add lines 1 through 35. Enter the total.	36. ▶		00
37. Enter the tax from SC1040, line 9.	37.		00
38. Enter the lesser of line 36 or 37. Also, enter this amount on the SC1040, line 12. If filing a Fiduciary income tax return, enter this amount on SC1041, line 10.	38.		00

**SC 1040 Filers:** Attach this form and a complete copy of your federal return to your SC1040. If claiming credit for taxes paid to another state, also include a copy of each of the other state's tax return.

SC 1041 or SC1065 Filers: Attach this form to your Fiduciary income tax return SC1041 or your Partnership return of income SC1065.

## SC1040TC Worksheet Credit for Taxes Paid to Another State

South Carolina Residents/Part Year Residents Only. Complete a separate worksheet for each state. See SC1040TC instructions.

Enter name of state. ....

	Dollars	Cents
1 Enter amount of income from line E of worksheet from instructions ..... 1		<b>00</b>
2 The portion of line 1 above which was taxed by another state. (See line 2 instructions) ..... 2		<b>00</b>
3 Percentage. (Divide the amount on line 2 by the amount on line 1, not to exceed 100%. Carry the percentage to the second decimal place.) ..... 3	<b>%</b>	
4 Amount of South Carolina Tax from SC1040, line 6. .... 4		<b>00</b>
5 Tentative credit. (Percentage on line 3 times the amount on line 4.) ..... 5		<b>00</b>
6 Net amount of tax calculated as due the other state on the income shown on line 2. (See line 6 instructions) <b>(Do not use withholding amounts from your other state's W-2s.)</b> ..... 6		<b>00</b>
7 Allowable credit. Enter the lesser of the tax on line 5 or line 6. Also enter this amount on SC1040TC, line 1. (If more than one worksheet is needed, total all amounts from line 7 of each worksheet and enter on SC1040TC, line 1) ..... 7		<b>00</b>

## SC1040TC Worksheet Credit for Taxes Paid to Another State

South Carolina Residents/Part Year Residents Only. Complete a separate worksheet for each state. See SC1040TC instructions.

Enter name of state. ....

	Dollars	Cents
1 Enter amount of income from line E of worksheet from instructions ..... 1		<b>00</b>
2 The portion of line 1 above which was taxed by another state. (See line 2 instructions) ..... 2		<b>00</b>
3 Percentage. (Divide the amount on line 2 by the amount on line 1, not to exceed 100%. Carry the percentage to the second decimal place.) ..... 3	<b>%</b>	
4 Amount of South Carolina Tax from SC1040, line 6. .... 4		<b>00</b>
5 Tentative credit. (Percentage on line 3 times the amount on line 4.) ..... 5		<b>00</b>
6 Net amount of tax calculated as due the other state on the income shown on line 2. (See line 6 instructions) <b>(Do not use withholding amounts from your other state's W-2s.)</b> ..... 6		<b>00</b>
7 Allowable credit. Enter the lesser of the tax on line 5 or line 6. Also enter this amount on SC1040TC, line 1. (If more than one worksheet is needed, total all amounts from line 7 of each worksheet and enter on SC1040TC, line 1) ..... 7		<b>00</b>

# SC1040TC WORKSHEET INSTRUCTIONS

## CREDIT FOR TAXES PAID TO ANOTHER STATE (Rev. 1/23/07)

**This Worksheet provides a summary of the credit for taxes paid to another state. Complete the other state return first. You must have filed a return with another state in order to claim this credit.**

The credit is available to a South Carolina resident or a part-year resident if state income taxes are paid to South Carolina and another state on the same income. **The credit is computed only on income that is required to be taxed in both states.**

withheld from your pay, but rather to the tax computed on the other state's return (the amount the other state did not refund to you).

**A copy of the federal return and the other state's tax return(s) must be filed with the Department at the time the credit is claimed. Complete a separate SC1040TC Worksheet for each state.**

You may claim the credit on your South Carolina return only if you actually filed a return with the other state and had a tax liability to the other state. Tax liability does not refer to the tax withheld from

**Attach an explanation if you are claiming a tax credit on Schedule NR. In order to claim a tax credit, you must have been a South Carolina resident at some time during the tax year.**

Line 2 would be \$20,000 as that gross amount (before deductions and exemptions) was included in line 1 and is being taxed by another state.

### LINE 1

#### SC1040 filers:

On line 1 you must account for state and federal differences to determine total South Carolina income. Total federal income must be **adjusted by applicable additions and subtractions.**

Example 2. Same as example 1 except Mr. R's other state's return also shows \$10,000 in rental income from a property located in the other state. Line 2 would reflect \$20,000 as the \$10,000 rental income located in the other state is not taxed by South Carolina.

Complete the following worksheet:

**Remember:** You are determining the gross amount of income being taxed by both South Carolina and another state.

Total income from federal Form 1040, line 22;  
1040A, line 15; or 1040EZ, line 4 **received**  
**while a resident of South Carolina.** . . . . . A. \_\_\_\_\_  
Add amounts from SC1040, line 32 and 34  
and enter here. . . . . B. \_\_\_\_\_  
Add lines A and B . . . . . C. \_\_\_\_\_  
Add amounts from SC1040, lines 37 - 41,  
44 - 48 and 50. Enter here. . . . . D.  $\leftarrow$  \_\_\_\_\_  $\rightarrow$   
Subtract line D from line C. Enter on line 1,  
SC1040TC Worksheet. . . . . E. \_\_\_\_\_

### LINE 6

Line 6 should reflect **only the portion of the tax paid** to the other state which is attributable to the income which is being taxed by both states. **Do not use withholding amounts shown on your W-2 forms.**

Line 35, (other additions), and 52, (other subtractions), are used rarely. Items entered on these lines must be considered individually to determine whether line 1 of SC1040TC Worksheet is affected.

**Example:** Mr. M's other state's return shows \$5,000 in wages, \$7,000 in rental income from the other state, and \$8,000 from the sale of a house located in the other state. The other state's total tax liability is \$546. Since only the \$5,000 in wages is subject to tax in both states, line 6 would be computed as follows:

$$\begin{array}{r} \$ 5,000 \\ \$20,000 \end{array} \times \$546 = \$137$$

Example: Mr. B's total income from federal Form 1040, line 22, is \$36,000. South Carolina adjustments are as follows: State refund \$300; out-of-state loss on rental property \$4,500; and interest from U.S. Bond \$200. In this example, the amount to enter on line 1 of SC1040TC Worksheet is \$40,000 (\$36,000 plus \$4,500 minus \$300 minus \$200).

The credit is limited to the South Carolina tax or the other state's tax on the income being taxed by both states, **whichever is less.**

#### SC Schedule NR filers:

For line 1 use the amount from line 16, Column B plus line 42, Column B.

Total line 7 from all worksheets and enter total on SC1040TC, line 1.

### LINE 2

Line 2 should reflect the gross amount of income which was included in line 1 and was also taxed by another state.

**NOTE:** If you are allowed this credit for taxes paid another state, and that state later refunds or credits part of the tax which generated the credit, you must repay the South Carolina Department of Revenue within 60 days from the date of receipt of the refund or notice of the credit, by filing an **SC1040X** (Amended Return).

**Example 1:** Mr. R is a resident of South Carolina who works in another state. The other state's return shows wages of \$20,000. No other income sources appear on the other state's return.

## SC1040TC INSTRUCTIONS FOR OTHER NON-REFUNDABLE CREDITS

**Line 1 TOTAL CREDIT FOR TAXES PAID TO ANOTHER STATE:**  
See SC1040TC worksheet instructions.

**Line 2 CARRYOVER OF UNUSED QUALIFIED CREDITS:**  
Enter the carryover of unused non-refundable credits from prior years. Refer to the particular form applicable to your tax credit for the maximum credit and period of time to carryover. Attach a break down of the credit by type and year started.

**Line 3 NURSING HOME CREDIT:**  
A credit is allowed for an individual who pays expenses for his/her own support or the support of another to an institution, in any state, providing nursing facility level of care or to a provider for in-home or community care. A physician must certify that nursing care is needed. No credit is allowed for expenses paid from public source funds (such as Medicaid or Veterans Administration). The credit is computed by multiplying the paid expenses by 20% not to exceed a maximum credit of \$300.00. No carryover is permitted if credit exceeds tax due.

**SEE THE SPECIFIC TAX CREDIT FORM REFERENCED TO GET MORE INFORMATION ON THE TAX CREDITS LISTED ON LINES 4 THROUGH 35:**

**Line 4 SCENIC RIVER TAX CREDIT (TC-5):**  
For donating certain lands adjacent to designated rivers or sections of a river.

**Line 5 DRIP/TRICKLE IRRIGATION SYSTEMS CREDIT (TC-1):**  
For purchasing and installing conservation tillage equipment, drip/trickle irrigation system, or dual purpose combination truck and crane equipment.

**Line 6 MINORITY BUSINESS CREDIT (TC-2):** For a state contractor that awards a subcontract to a SC-based minority business certified by the Small and Minority Business Assistance Office.

**Line 7 WATER RESOURCES CREDIT (TC-3):** For investing in the construction of water storage and control structures for soil and water conservation, wildlife management, agriculture and aquaculture purpose.

**Line 8 NEW JOBS CREDIT (TC-4):** For qualifying employers that create ten or more jobs.

**Line 9 PALMETTO SEED CAPITAL CREDIT (TC-7):** For investing in the Palmetto Seed Capital Corporation.

**Line 10 EMPLOYER CHILD CARE CREDIT (TC-9):** For an employer that establishes a child care program for the benefit of employees or donates to a non-profit corporation providing child care services to employees.

**Line 11 BASE CLOSURE CREDIT (TC-10):** For an employer that hires employees terminated from employment as a result of the closing or realignment of a federal military installation.

**Line 12 ECONOMIC IMPACT ZONE CREDIT (TC-11):** For placing qualifying property in service in an economic impact zone.

**Line 13 FAMILY INDEPENDENCE PAYMENTS CREDIT (TC-12):**  
For an employer that pays qualified wages to qualifying recipients of Family Independence Payments.

**Line 14 ADDITIONAL FAMILY INDEPENDENCE PAYMENTS CREDIT (TC-12A):** For an employer that hires qualified Family Independence Payment recipients in a least developed county.

**Line 15 MOTION PICTURES CREDITS BEFORE JULY 1, 2004 (TC-13):** For investing in a qualified South Carolina motion picture project or motion picture production or post-production facility before July 1, 2004.

**Line 16 QUALIFIED RETIREMENT PLAN CONTRIBUTION CREDIT (TC-29):** For taxes paid to another state on qualified retirement plan contributions not exempt from the other state's income tax.

**Line 17 COMMUNITY DEVELOPMENT CREDIT (TC-14):** For amounts invested and not claimed as an IRC Section 170 deduction in a qualifying community development corporation or financial institution.

**Line 18 QUALIFIED CONSERVATION CONTRIBUTION CREDIT (TC-19):** For a qualifying gift of land for conservation or a qualified conservation contribution of a real property interest.

**Line 19 CERTIFIED HISTORIC STRUCTURE CREDIT (TC-21):**  
For a project that meets the requirements of IRC Section 47.

**Line 20 CERTIFIED HISTORIC RESIDENTIAL STRUCTURE CREDIT (TC-22):** For a qualifying project that does not meet the requirements of IRC Section 47.

**Line 21 TEXTILES REHABILITATION CREDIT (TC-23):** For rehabilitation of an abandoned textile manufacturing facility.

**Line 22 COMMERCIALS CREDIT (TC-24):** For a production company that produces one or more commercials with a total base investment of \$500,000 in a state-certified production during a calendar year.

**Line 23 MOTION PICTURES CREDITS AFTER JUNE 30, 2004 (TC-25):** For investing in a qualified SC motion picture project or a motion picture production or post-production facility in South Carolina after June 30, 2004.

**Line 24 VENTURE CAPITAL INVESTMENT CREDIT (TC-26):** For lending money to the SC Venture Capital Authority.

**Line 25 HEALTH INSURANCE POOL CREDIT (TC-27):** For an individual who acquires replacement health insurance coverage through the SC Health Insurance Pool.

**Line 26 S.C. QUALITY FORUM CREDIT (TC-28):** For participating in quality programs of the SC Quality Forum.

**Line 27 SMALL BUSINESS JOB CREDIT (TC-4SB):** For qualifying small businesses that create two or more jobs.

**Line 28 MONTHLY SMALL BUSINESS JOB CREDIT (TC-4SM):**  
An alternative method for claiming the credit available to qualifying small businesses that create two or more jobs.

**Line 29 PORT CARGO CREDIT (TC-30):** For increasing usage by volume at state ports.

**Line 30 RETAIL FACILITIES REHABILITATION CREDIT (TC-31):**  
For revitalizing abandoned retail facilities.

**Line 31 PREMARITAL PREPARATION COURSE CREDIT (TC-32):** For attending a qualifying marriage preparation course prior to obtaining a SC marriage license.

**Line 32 ALTERNATIVE MOTOR VEHICLE CREDIT (TC-35):** For purchasing qualifying vehicles.

**Line 33 INDUSTRY PARTNERSHIP FUND CREDIT (TC-36):** For amounts contributed to the SC Research Authority's Industry Partnership Fund.

**Line 34 SOLAR ENERGY CREDIT (TC-38):** For the cost of installing a solar energy heating or cooling system.

**Line 35 BIODIESEL MOTOR FUEL CREDITS (TC-39):** For production of biodiesel fuel from soybean oil or other sources.