

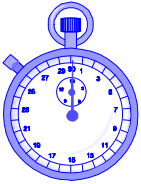
SOUTH CAROLINA

Department of Revenue
Forms and Instructions

www.sctax.org

2003 Individual Income Tax

Filing Electronically adds up to faster refunds . . .



Electronic Filing Advantages

Fewer errors
Direct deposit your refund into checking or savings
State return incentive - file early and pay by May 3rd
Pay balance due via Electronic Funds Withdrawal



Fed/State On-Line Filing

Link to tax preparation software at www.sctax.org



Fed/State Electronic Filing

Search for tax preparers by zip code at www.sctax.org



SCnetFile

Access SCnetFile at www.sctax.org
Free filing for SC returns only
Pay balance due by credit card or EFW
No credit card processing fees apply
File zero or balance due extension (SC4868)

Information/Website	www.sctax.org
Information/Columbia	(803) 898-5280
Refund Status/Columbia	(803) 898-5300
Forms/Fax-On-Demand/Columbia	(803) 898-5320
Forms/Fax-On-Demand/Toll Free	(800) 768-3676

State of South Carolina
Department of Revenue



MARK SANFORD
Governor

BURNET R. MAYBANK, III
Director

301 GERVAIS STREET
POST OFFICE BOX 125
COLUMBIA, SOUTH CAROLINA 29214

Dear Taxpayers:

Tough economic times, a shrinking agency budget and the resulting reduction in the size of our staff have forced the Department of Revenue -- like all state agencies -- to get a little smarter in the way we do business. But to be honest, we've never waited for bad times to think that way. For example, South Carolina was the very *first* state to offer its taxpayers the opportunity to file federal and state income tax returns electronically, and we did that more than 12 years ago.

Need to download a tax form from our web site? You can do it. All of our forms are there. Want to pay your tax debt by credit card? No problem. You can do that at our web site. Want to know when you will receive your refund? You can check the status at our web site by simply typing in your Social Security number and your refund amount. Want to register your business by computer? You can do that at our web site, too, under our "Business One Stop." These innovations are not new. We began developing these ideas long before a weakening economy began forcing states to consider how to do more with less. And now that the budget dollars are scarce, we'll look even harder at how we can use technology or new innovations to add services or improve the ones we have.

Many of the services mentioned above have a dual benefit: They are both customer-friendly for you and cost-effective for the state. For example, when you file your tax return electronically (which we hope you will) it reduces the amount of money we spend on printing and mailing costs and it allows us to reduce the number of employees we hire to process tax returns during the tax season. That's an indirect benefit to you. There is a direct one, too. If you file electronically, you can receive your refund in about 12 days. Compare that to the 12 weeks it can take when you use a paper return from this booklet.

Try filing your return electronically this year. If you do, we'll give you until May 3 to file. (That deadline applies only to those filing electronically and only to South Carolina tax returns. Federal returns must be filed by April 15.)

Tough times or not, we do not intend to rest on our laurels. We'll continue to look for ways to serve South Carolina citizens conveniently and efficiently. We've had some practice at it.

A handwritten signature in blue ink that reads "Burnet Maybank".

Burnet R. Maybank, III
Director

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SC1040A, SC1040, Schedule NR, SC1040TC, I-319, UT-3W/UT-3, I-320 and SC1040V are located in the center of the booklet.

www.sctax.org

Look what's on our website!

- Fast Facts. Get updates on current processing times, yearly statistics and more.
- Fast File options. Get your refund faster! See page 3.
- Check the status of your current year refund. You will need a copy of your return, your social security number and your expected refund amount. See page 26.
- Individual Income Tax Frequently Asked Questions (FAQ's). Look under Tax Information, Income Tax, Individual.
- File an SC4868 Request for Extension of Time to File your Return! File a zero or balance due extension. Pay by credit card (MasterCard or VISA) or EFW.
- Make your estimated tax payments (SC1040ES) by credit card (MasterCard or VISA) or EFW.
- Download the change of address form SC8822. Look under Forms & Instructions, Current Year, Miscellaneous.
- Download forms for back year returns. Returns for the years 1996-2002 can be found under Forms & Instructions, Past Years Forms.
- Register your business. See DORBOS, The Business One Stop
- If you file your return electronically, you can make your individual income tax (SC1040-V) payment for 2003 by credit card (MasterCard or Visa) or EFW.

Common Errors that Delay Refundsand How to Avoid Them!



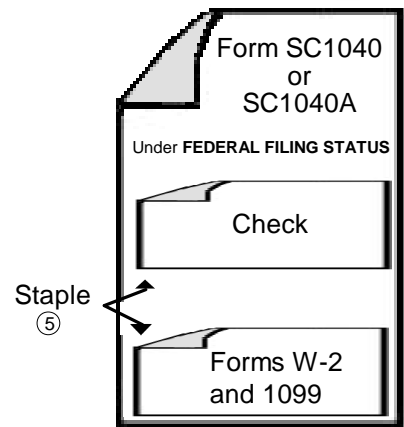
It is important to follow these guidelines to avoid delays in processing your return!

- | | |
|---|--|
| <ul style="list-style-type: none"> ☑ DO Use a Fast File Method. See page 3 for more information. ☑ DO Use the proper form. If you are filing a return for any year besides 2003, you must obtain a different form. See page 7, WHAT FORM DO I USE? ☑ DO Include all Social Security Numbers (SSNs) and make sure they are correct. ☑ DO Use the pre-addressed mailing label we have provided only if all information is correct. ☑ DO Mark your filing status. Generally, it should match the filing status marked on your federal return. (See NOTE on page 6) | <ul style="list-style-type: none"> ☑ DO If you have Schedule NR, attach it to your SC1040 and make sure you mark the NR box. ☑ DO Sign your return! Both spouses must sign a married filing joint return. ☑ DO Sign your check payable to South Carolina Department Of Revenue and make sure the wording matches the dollar amount. DON'T Claim the two wage earner credit unless your filing status is married filing jointly. DON'T Claim state withholding that was paid to another state. |
|---|--|

▶ Failure to follow these guidelines can slow down processing of your return and **delay your refund!** Your return may be mailed back to you if all requested information is not furnished.

Before you file your return.....

- ▶ Make sure you have received **ALL** of your W-2's and other tax documents.
- ▶ You will need to have your correct Social Security Number. If you cannot get a Social Security Number, you will need to apply for an Individual Taxpayer Identification Number from the Internal Revenue Service.
- ▶ Double check all Social Security Numbers, your name, address and all of your math calculations.
- ▶ Make a copy of your complete return for your records.
- ▶ See diagram at right for assembling your return.



REMITTANCE (CHECKS)

1. Checks must be made payable to: SC DEPARTMENT OF REVENUE
2. Verify the dollar and written amount of the check.
3. List form number and Social Security Number.
4. Complete signature must be provided.
5. Staple payment to the front of your return in the indicated area.

Your Name Your Address Any town, State Zip	_____ 20 ____
SAMPLE	
Pay to _____ ①	\$ _____ ② Dollars
FOR _____ ③	_____ ④
■ 123456789 ■ 123456 ■ 1234	

ELECTRONIC FILING OPTIONS



Fed/State Electronic Filing

Taxpayers may electronically file federal and state returns through a tax practitioner. You may find tax practitioners by checking the Yellow Pages of your telephone book under the topic Tax Return Preparation and Filing.

Taxpayers interested in finding a tax practitioner in their area that files returns electronically may go to the the SC Department of Revenue's website (www.sctax.org) to initiate a search by zip code. The search by zip code is offered by the IRS and can be found by clicking on Electronic Services, then FastFile, then Fed/State Electronic Filing, and finally IRS Listing of Electronic Filing Providers.

South Carolina is participating in the Fed/State State Only filing program that will allow tax preparers to file federal and South Carolina returns together or separately. Taxpayers may still be required to file the federal return electronically first by a tax preparation software package.

Filers that need to claim a tax credit on form SC1040TC will be able to file their return electronically. SC1040TC was formerly known as the Schedule TC.



Fed/State On-line Filing

Taxpayers may use commercial tax preparation software to file federal and state tax returns. Generally, there is a cost; however, some software companies may offer free filing. Information regarding commercial tax preparation software can be accessed via the agency's website: www.sctax.org by clicking on Electronic Services, then FastFile, and finally Fed/State On-line Filing.

South Carolina is participating in the Fed/State State Only filing program that will allow tax preparers to file federal and South Carolina returns together or separately. Taxpayers may still be required to file the federal return electronically first by a tax preparation software package.

Filers that need to claim a tax credit on form SC1040TC will be able to file their return electronically. SC1040TC was formerly known as the Schedule TC.



SCnetFile is available to most full-year residents, who are filing either SC1040 or SC1040A (short form) returns. Taxpayers eligible to use SCnetFile are provided a four digit Personal Identification Number

(PIN) in the upper right corner of the pre-addressed label located on the back cover of this booklet. If you misplace your PIN, call (803) 898-5709 to have your PIN reissued **BY MAIL**.

SCnetFile allows taxpayers filing federal Schedule C, D, E or F to participate. We request a limited amount of federal schedule information in order to keep SCnetFile paperless. **Not all entries made on federal schedules are requested and therefore, not all lines are provided on the SCnetFile.**

Taxpayers must have completed their federal and SC tax forms before accessing SCnetFile. The system is available beginning January 9, 2004 and ending October 15, 2004. **SCnetFile is for South Carolina tax returns only.** You must use another method if you wish to file your federal (IRS) tax return electronically (see Fed/State On-line Filing or Fed/State Electronic Filing).

Taxpayers can file zero or balance due extensions (SC4868) on SCnetFile and submit payment by EFW (Electronic Funds Withdrawal) or credit card. SCnetFile only allows an extension to be filed that extends the filing deadline until August 15th. An extension only grants an extension of time to file, not an extension of time to pay. SCnetFile for Extensions is for South Carolina extensions ONLY. Please see www.irs.gov for information on filing a federal extension.



Taxpayers may file their balance due return via SCnetFile and pay by credit card. At this time, the Department of Revenue accepts both VISA and MasterCard. **There is no additional charge for paying your balance due return by credit card.**



FastFile Incentive

Taxpayers using any FastFile option have until May 3, 2004 to pay the balance due without penalty or interest. Failure to file and pay the balance due by May 3, 2004 will result in penalties and interest from April 15, 2004 until the return is filed and the tax is paid. **THIS INCENTIVE DOES NOT APPLY TO PAPER RETURNS.** This incentive will not extend the time for amending your return to claim a refund. If the original return is received after April 15, 2004 without a valid extension, you will have until April 15, 2007 to amend your return to claim a refund.

NOTE: THIS SPECIAL INCENTIVE APPLIES ONLY TO THE FILING OF YOUR STATE INCOME TAX RETURN BY NON-PAPER METHODS.

ELECTRONIC FILING OPTIONS



Electronic Funds Withdrawal

File your 2003 Individual Income Tax return using one of the filing methods and pay your balance due by Electronic Funds Withdrawal (EFW). Automatic withdrawal from your checking or savings account is available on the payment date you select. However, you must pay your balance due in full by May 3, 2004 to avoid paying penalties and interest. See FastFile Incentive. If you use SCnetFile, EFW is also available for SC1040ES (Declaration of Estimated Tax for Individuals) and SC4868 (Extension of Time to File). EFW is a FREE service to taxpayers.

New for the 2003 tax year, taxpayers will be able to submit their 2003 Individual Income Tax Payment Voucher (SC1040-V) electronically. Taxpayers, who file electronically, can submit the voucher and payment by going to www.sctax.org and clicking on EPay. Payment by credit card (MasterCard or Visa) or EFW (electronic funds withdrawal) will be accepted.

Electronic Filing --- Frequently Asked Questions

Which forms may not be transmitted electronically?

- SC1040X - SC amended or corrected income tax returns
- Return of deceased taxpayer or spouse
- SC4852 - Substitute W-2 form
- Prior year returns
- Return of non-calendar year filers

When will SC Department of Revenue start accepting electronic filed returns?

The SC Department of Revenue will follow the IRS calendar. The IRS is scheduled to begin accepting electronic returns on January 9, 2004.

I requested a Refund Anticipation Loan for my federal refund with my tax preparer. How will I receive my state refund?

If you request a Refund Anticipation Loan (RAL) from your preparer, that will not speed up in any way the receipt of your refund issued by the SC Department of Revenue. If you allow the preparer to receive your state refund in the form of a direct deposit, the deposit should be made into the account set up by the preparer for you with the preparer's bank within two weeks from your filing date. Your preparer will be authorized to issue you a check from the preparer's bank and call you to come pick it up or may even mail it to you.

You DO NOT have to allow the preparer to receive your state refund either by check or by refund if you elect to receive a Refund Anticipation Loan for your federal refund. You can request that the SC Department of Revenue mail your check to your address or have it direct deposited into your OWN bank account. Remember if you do allow the preparer to receive your state refund by direct deposit, the preparer will be the party you need to contact if you do not receive your refund.

REMINDERS

USE YOUR LABELS

Use the label provided. It speeds up your refund. Not having a label requires special handling and can delay your refund.

ITIN - INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER

It is mandatory that you provide your social security number on any tax form. If you are a nonresident or resident alien and cannot get a Social Security number, you may contact the Internal Revenue Service to apply for and obtain an Individual Taxpayer Identification Number (ITIN) for the purpose of filing income tax returns. South Carolina will accept this number in lieu of a Social Security number for the purposes of processing your individual income tax returns. For information on obtaining an ITIN, please contact the Internal Revenue Service at 1-800-829-1040.

RECORD KEEPING

You should keep a complete copy of you return, including attachments. Do not mail your only copy of any tax document.

What's New?

INCOME TAX CONFORMITY

South Carolina now conforms to the Internal Revenue Code, as amended through December 31, 2002, but does not recognize bonus depreciation. Sections 12-6-40(A) and 12-6-50(4), effective June 18, 2003.

- South Carolina does not recognize the federal accelerated marriage penalty relief provisions of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003. This requires an add-back for married taxpayers using the standard deduction. The amounts will be \$1,550 for Married Filing Jointly and \$775 for Married Filing Separately.
- South Carolina does recognize the \$250 federal educator expenses deduction.
- South Carolina does not recognize 30% or 50% federal bonus depreciation. This requires an add-back in the first year and a subtraction for all other years of depreciation.
- South Carolina does not recognize the increase in the Section 179 expense deduction limit from \$25,000 to \$100,000. This requires separate accounting for federal and state purposes, an addition in year 1, and adjustments in later years.

SC COLLEGE INVESTMENT PROGRAM

Starting in 2004, South Carolina permits contributors to the SC College Investment (Future Scholar) to apply contributions made between January 1 and April 15 to the preceding taxable year. Section 59-2-80(D), effective for taxable years beginning after 2002.

HISTORIC REHABILITATION CREDITS

A taxpayer who is allowed a federal income tax credit under IRC Section 47 for qualified rehabilitation expenditures for a certified historic structure located in South Carolina is allowed a credit of 10% of qualified rehabilitation expenditures.

A taxpayer not eligible for a federal income tax credit under IRC Section 47, who makes rehabilitation expenses for a certified historic residential structure located in this State, is allowed a credit of 25% of the rehabilitation expenses. Before any work begins, the taxpayer must first allow the State Historic Preservation Officer to review all planned

improvements to the property. Also, the State Historic Preservation Officer must certify the improvements at the completion of the work.

Both credits must be taken in equal installments over a 5-year period. They may be carried forward for 5 years. Section 12-6-3535, effective for property placed in service after June 30, 2003, for costs paid in taxable years beginning after 2002.

DEDUCTION FOR VOLUNTEERS OF HAZARDOUS MATERIALS RESPONSE TEAMS

A \$3,000 deduction is available to volunteers of hazardous materials response teams who complete the required number of points established by the State Fire Marshal. Section 12-6-1140(10), effective for taxable years beginning after 2002.

NEW CHECK-OFFS

- The South Carolina Litter Control Enforcement Program (Section 12-6-5085)
 - The South Carolina Law Enforcement Assistance Program (Police Chaplains) (Section 12-6-5090)
- Both are effective for taxable years after 2002. Please see the page on Contribution Check-offs.

INTEREST AND PENALTIES FOR GUARD AND RESERVES

Guard members and Reservists are exempted from having to pay interest or penalties on failure to file estimated tax for active duty income because of Iraq and the war on terrorism. Temporary Proviso in the FY 2003-2004 budget.

NO MORE TELEFILE!

Beginning with tax year 2003, SC Department of Revenue will no longer offer the Telefile program where returns could be filed by telephone. If you previously used Telefile to file your SC return, you will need to choose another filing option. **KEEP THIS BOOKLET!** You may need it depending on the filing option you choose.

GENERAL INSTRUCTIONS (Rev. 8/22/03)

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**:

- Single - Is your gross income greater than the federal gross income filing requirement amount plus \$15,000?
- Married Filing Jointly (Both 65 or older) - Is your gross income greater than the federal gross income filing requirement amount plus \$30,000?
- 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 income taxed by South Carolina?

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 IN 2003?

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.**

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.

NOTE: South Carolina law requires that North Carolina residents must file as married filing separately when only one spouse has income taxable to SC. The taxpayer shall calculate taxable income as a married person filing separately to determine the federal taxable income to be used to compute the SC return. For more information, please contact our office.

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.

WHAT FORM DO I USE?

Use SC1040A (Short Form) if all of the following apply to you:

- You are a full-year South Carolina resident.
- Your income is only from wages, interest, ordinary dividends or unemployment.
- You either have no adjustments to your federal taxable income for South Carolina purposes or your only adjustment is the deduction for dependents under 6 years of age.
- Your federal taxable income is less than \$50,000.

Use SC1040 if **any one** of the following applies to you:

- You itemized your deductions on your federal return.
- You paid estimated tax to South Carolina in 2003.
- You claimed tax credits on SC1040TC or a Tuition Tax Credit.
- You have any adjustments to your federal taxable income as discussed on pages 12 - 17.
- You are a part-year resident who elects to file as a resident.
- You and/or your spouse are age 65 or older.
- You are claiming a Capital Gains tax deduction.

Use SC1040 with Schedule NR if **any one** of the following applies to you:

- You are a part-year resident electing to file as a nonresident.
- You are a nonresident.
- One spouse is a full-year resident, and the other spouse is a nonresident.

If you need to file a return other than for tax year 2003, please **do not** use a current year tax form. Visit our website www.sctax.org/forms or call 1-800-768-3676, Fax-On-Demand.

WHEN SHOULD I FILE MY RETURN?

RETURNS FOR CALENDAR YEAR 2003: file on or before April 15, 2004.

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.

FAST FILE: See page 3 for May 3, 2004 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 your extension on-line through our website: 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, 2004.

- When you file your return, simply 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, 2004.
- If you need additional time to file, you may use your additional approved federal extension or make a separate request to the Department.
- Be sure to enter any South Carolina payments paid on an extension request on SC1040, line 13.

Be sure to attach a copy of the extension to the back of your South Carolina return when you file. Also write "**EXTENSION**" in bold letters in the upper right hand corner of the income tax return.

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

You will owe interest from April 15, 2004 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, 2004, 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. See information on Tax Helpline.

DECEASED TAXPAYERS

If a person received income in 2003 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. Print "Deceased" and the date of death 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 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 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 2004 if you estimate that your tax will be \$1000 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 2004 income tax return,
- or**
2. 100% of the tax shown on your 2003 income tax return (if your 2003 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 2003 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 by March 1, 2004.

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). The South Carolina Department of Revenue mails SC1040ES (declaration vouchers) to taxpayers who may need to pay estimated tax, based on past estimates. If you need to file but did not get your vouchers, contact the SC Department of Revenue.

MOVING?

Let us know your new address. Complete SC8822, which is available on our website www.sctax.org or write to: South Carolina Department of Revenue, Address Correction, Columbia, South Carolina 29214-0015.

SC1040 INSTRUCTIONS 2003 (Rev. 8/21/03)

For tax year 2003, unless you have a valid extension, the due date is April 15, 2004 and the deadline to claim a refund is April 15, 2007.

COMPLETE YOUR FEDERAL RETURN BEFORE YOU BEGIN YOUR SOUTH CAROLINA TAX RETURN. YOUR COMPLETED FEDERAL RETURN WILL CONTAIN INFORMATION WHICH YOU MUST ENTER ON THE SOUTH CAROLINA RETURN.

If you were required to use federal schedules C, D, E and/or F with your federal return or filed a Schedule NR, SC1040TC and/or I-319 with your South Carolina return, attach a copy of your completed federal return and schedule(s) to your South Carolina return.



Complete your federal return first!

NAME, ADDRESS AND SOCIAL SECURITY NUMBER

Use the preaddressed label from the back cover of this booklet only if **ALL** information is correct. It is best to complete your entire return before placing the label on it. **If any information is incorrect, please discard the label.** If you did not receive a preaddressed label or if it was incorrect, print or type your name, address, Social Security number and the code of the county in which you live. For a list of county codes see page 28.

If you are married and filing a joint return, fill in your spouse's name and your spouse's Social Security number.

If you are married and filing separate returns, **do not include your spouse's name or Social Security number in this section. Fill in your spouse's Social Security number next to box # 3 in the filing status section.**

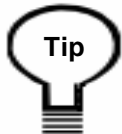
In compliance with the Federal Privacy Act of 1974, Public Law 93-579, the disclosure of the individual's social security number on this form is mandatory. 42 U.S.C. 405(c)(2)(C)(I) allows a State (or a political subdivision hereof) to utilize an individual's social security number in connection with the administration of any tax and SC regulation 117-201 provides that any person required to make a return, statement or document to the Department of Revenue must include identifying numbers on such return, statement or document if the Department requests such information. Social security numbers are primarily used for the purposes of identifying taxpayers and monitoring tax compliance and/or fraud.



NOTE: DO YOU REALLY NEED A BOOKLET NEXT YEAR?

The box just below the city, state, and zip code line should be checked if you use a tax preparer to complete your return or for some other reason you do not need a tax booklet next year. Most tax preparers have a supply of the needed forms and do not need tax booklets. The full SC booklet is also available on our website. (www.sctax.org) If you check this box, next year you will receive a pre-addressed label only. This is a savings of your tax dollars for printing and postage.

If you are filing a composite return for a partnership or S corporation, use the company name and the company's federal identification number. You need not use "Composite return for" or "Shareholders of" in the name section.



It is important to mark your filing status and exemptions to avoid delays in processing your return!

SCHEDULE NR

Nonresidents for the entire year and part year residents electing to file as a nonresident should check this box and attach Schedule NR to the completed SC1040. **Do not submit the Schedule NR separately.**

INFORMATION FROM FEDERAL RETURN

FILING STATUS

You **must** check the same filing status you checked on your federal return. Check only one box. **Special rules** may apply to **NC residents**. See first page of General Instructions.

EXEMPTIONS

You **must** enter the same number of exemptions claimed on your federal return. Attach federal Form 8332, Dependency Exemption for Child of Non-Custodial Parent, if you are required to file this form with your federal return.

If you are claiming a deduction for children under six, you must enter in the space provided the number of children under six. Also, be sure to complete the information required on line 56.

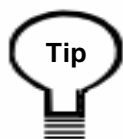
NOTE: If you are filing a composite return for a partnership or S Corporation, mark single filing status and one exemption.

ROUND-OFF ALL AMOUNTS TO THE NEAREST WHOLE DOLLAR.

Line 1 Enter your Federal Taxable Income from your federal Form 1040, line 40; 1040A, line 27; or 1040EZ, line 6. Also enter this figure on line 35 of this return. **If your Federal Taxable Income is zero or less, enter zero** here and enter your negative amount on line 52.

Line 2 Resident filers complete lines 36 - 60 and enter figure from line 60 here. See pages 12-17 for further instructions. Nonresident/Part Year filers complete Schedule NR. Enter amount from line 48 here. See Schedule NR instructions.

If line 60 of the SC1040 or line 48 of the Schedule NR is less than zero, place a zero on line 2.



Lines 1 and 2 should not be blank. Refer to instructions for these lines.



Do Not enter the federal 10% penalty on line 4.

SOUTH CAROLINA TAX

Line 3 TAX

If your "income subject to tax" on line 2 is less than \$100,000 use the tax tables on pages 29 through 32 to determine your South Carolina tax and enter the amount of tax on line 3.

If your "income subject to tax" on line 2 is \$100,000 or more, use tax rate schedule on page 32 to compute your tax and enter the amount of tax on line 3.

Line 4 TAX ON LUMP SUM DISTRIBUTION

South Carolina provisions for lump sum distributions are the same as the federal provisions except South Carolina does not impose a premature distribution penalty. If you used federal Form 4972 for a lump sum distribution, you must use the South Carolina SC4972 to compute the South Carolina tax.

CREDITS

Line 6 CHILD AND DEPENDENT CARE

The South Carolina Credit for Child and Dependent Care expense is 7% of the federal expense for a full year resident. A part year/nonresident is allowed 7% of their prorated federal expenses. See examples below. **Married filing separately cannot claim this credit.** The maximum credit allowed for one child is \$168. The maximum credit for two or more children is \$336.

Example A: Full Year Resident (In this example, the allowable credit is \$140.00.)

Federal Child Care Expense from Form 2441, line 6 or 1040A, Schedule 2, line 6 is \$2,000

$\$2000 \times .07 = \140.00

Example B: Part Year/Nonresident (In this example, the allowable credit is \$42.00.)

Federal Child Care Expense from Form 2441, line 6 or 1040A, Schedule 2, line 6 is \$2,000 and your proration percent from line 43 of SC Schedule NR is 30%, your computation should be:

$\$2000 \times .30 = \$600 \times .07 = \$42.00$

You may **not** claim this credit if you are a resident of a state which does not offer a credit for child and dependent care expenses to a South Carolina resident.

Line 7 TWO WAGE EARNER CREDIT (MARRIED COUPLE)

This credit can only be claimed by a **married couple filing jointly** when both spouses have earned income. This credit is **not** allowed on returns with a filing status of single, married filing separately or head of household.

Example - You earned a salary taxed to South Carolina of \$20,000. Your spouse earned \$17,000 taxed to South Carolina and had an IRA deduction taxed to South Carolina of \$1,000. Your SC qualified earned income is \$20,000 and your spouse's is \$16,000 (\$17,000 minus \$1,000). Because your spouse's qualified earned income is less than yours, the credit is based on your spouse's income. Therefore, the credit is \$112.00 (\$16,000 x .007).

Compute your earned income separately for yourself and your spouse. South Carolina earned income is generally income you receive for services you provide. It includes wages, salaries, tips, commissions and sub-pay. It also includes income earned from self-employment, business income or loss, partnership income or loss, farm income or loss and any other earned income taxed to South Carolina. Earned income does not include interest, dividends, Social Security benefits, IRA distribution, unemployment compensation, deferred compensation nor non-taxable income. **It also does not include any amount your spouse paid you.**

	(a) You	(b) Your Spouse
1. Wages, salaries, tips, etc., taxed to South Carolina from South Carolina Schedule NR, Column B; line 1, federal Form 1040, line 7; 1040A, line 7 or 1040EZ, line 1. (Do not include pensions or annuities.)	_____	_____
2. Net profit or (loss) from self-employment (from Schedules C and on Schedule K-1 of Form 1065) and any other earned income taxed to South Carolina.	_____	_____
3. Add lines 1 and 2. This is your total earned income taxed to SC.	_____	_____

South Carolina qualified earned income. This is the amount on which the credit is based. Compute it by subtracting certain adjustments from South Carolina earned income. The adjustments are:

- IRA deduction (from line 24, 1040, or line 17, 1040A)
- One half of self-employment tax (from line 28 of 1040)
- KEOGH retirement plan and self-employed SEP deduction
- Repayment of sub-pay

continued on next page



The two wage earner credit **cannot** be claimed on returns with a filing status of single, married filing separately or head of household.

4. Add amounts entered on federal Form 1040 lines 24, 28 through 30. If filing South Carolina Schedule NR, enter amounts from lines 18, 23 through 25 and any repayment of supplemental unemployment benefits (sub-pay) allocable to South Carolina income. (a) You (b) Your Spouse

5. Subtract line 4 from line 3. This is your qualified earned income taxed to South Carolina. If the amount in column (a) or (b) is zero (-0-) or less, stop here. You may not take this credit. _____

Compute the credit.

6. Enter the smaller of 5(a) or 5(b). **Do not enter more than \$30,000.** _____

7. Multiply the amount on line 6 by .007. **Do not enter more than \$210.** Enter the amount here and on SC1040, line 7. _____

Line 8 OTHER NON-REFUNDABLE CREDITS

See SC1040TC instructions for an explanation of the other non-refundable credits. The appropriate schedules must be attached to your return.

TAX PAYMENTS/CREDITS

Line 11 SC INCOME TAX WITHHELD FROM WAGES

Enter the total SC tax withheld from your wages as shown on your W-2s under "State Income Tax." Enter only amounts withheld to South Carolina. Withholding paid to any other state cannot be claimed on your South Carolina return.

If you have South Carolina withholding from any federal Form 1099, include that amount on line 15.

NOTE: Amounts reported on a 1099G/INT **are not** South Carolina withholding.

Attach READABLE copies of your W-2s to the front of your return, right side up, at the place provided. **Copies of your W-2s are available only from your employer.** If you do not have a W-2 form, complete SC4862 and provide proof of any tax withheld.

Line 12 2003 ESTIMATED TAX PAYMENTS

Enter the total estimated tax payments you made before filing your 2003 South Carolina tax return plus any amount transferred from your 2002 tax return.

Line 13 PAYMENTS ON EXTENSION

If you requested an extension for more time to file your return, enter the amount you paid with the extension. Also write "EXTENSION" in bold letters in the upper right hand corner of the income tax return.

Line 14 NONRESIDENT SALE OF REAL ESTATE

A nonresident of South Carolina who sells real property located in this state is subject to withholding of South Carolina income taxes. Such sale must be reported to South Carolina on an individual income tax return. If state income taxes were withheld at the time of sale, claim the amount withheld on line 14 and **attach a copy of the I-290** to your return. See closing attorney for a copy of I-290.

Line 15 SC INCOME TAX WITHHELD - FORM 1099

Enter the total SC tax withheld from each Form(s) 1099 and attach a copy of each Form(s) 1099 to the front of your return. Form W-2 withholding should be entered on line 11.

NOTE: Amounts reported on a 1099 G/INT **are not** South Carolina withholding.

Line 16 TUITION TAX CREDIT

Refer to I-319 to see if you qualify to claim this credit. If you qualify, complete all information on I-319 and attach it to your return. If you have more than one qualifying student, complete a separate I-319 for each student. For more information, visit our website: www.sctax.org

This credit can only be claimed on SC1040. Attach a copy of your federal return.

Line 20 SOUTH CAROLINA USE TAX

If your use tax has not been remitted during the year, see South Carolina Use Tax Worksheet UT-3W for instructions. Enter the amount from Line 5 of UT-3W (worksheet) on line 20 of SC1040. Purchases subject to use tax are taxed at your county's state and local sales and use tax rate.

Purchases subject to Use Tax
 \$ _____ @ _____ % (your county's rate) = \$ _____



Attach all W-2's and/or 1099's! Credit for withholding can be allowed **only** if all supporting documents are provided.

Line 21 ESTIMATED TAX

If you want to apply any or all of your overpayment toward next year's tax, enter the amount on line 21.

Line 22 - 31 CONTRIBUTION CHECK-OFFS

See contribution page for specific information about the various funds to which you may contribute.

REFUND OR AMOUNT YOU OWE

Line 33 REFUND

If line 32 is larger than line 18, go to line 34. Otherwise, subtract line 32 from line 18 and enter the "Amount to be Refunded to You" on line 33. The SC Department of Revenue will not refund amounts less than \$1.00.

Line 34 NET DUE - AMOUNT YOU OWE

If you have an amount on line 32, add lines 32 and 19 and enter the "Amount You Owe" on line 34; otherwise, enter the amount from line 19. **Attach a check or money order to your return and write your Social Security number and "2003 SC1040" on it.** Make check or money order payable to the "SC Department of Revenue." Note the SC2210 penalty instructions below.

 **UNDERPAYMENT OF ESTIMATED TAX - SC2210**

You may owe a penalty for underpayment if you did not pay at least the smaller of: 90% of your tax liability for 2003; or 100% of your tax liability for 2002. 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 2002 income tax return. Use SC2210 to determine any penalty that may be due. If you are due a refund, subtract the penalty amount from the difference of line 18 and line 32 and enter the result on line 33. If you owe tax, add the penalty amount to the sum of the amount due on line 19 and line 32 and enter the result on line 34.

ADDITIONS TO FEDERAL TAXABLE INCOME

Enter all numbers on line 36 through 41 as **positive** numbers even if they are negative numbers on the federal return. Lines 36 through 41 are adjustments which **must be added** to your federal taxable income to determine your South Carolina taxable income. Line 42 is the total of these additions.

Line 36 MARRIED CLAIMING STANDARD DEDUCTION

This adjustment is necessary due to a federal law change not adopted by South Carolina. If you are married filing joint and claiming a standard deduction, enter \$1,550. If you are married filing separate and claiming a standard deduction, enter \$775.

Line 37 STATE INCOME TAXES, IF ITEMIZING ON FEDERAL RETURN

If you deducted state and local income taxes while itemizing on your 2003 federal income tax return, you are required to add all or part of this amount to federal taxable income to arrive at your South Carolina taxable income. Use the worksheet below to figure the adjustment. (Keep this worksheet for your records.)

Worksheet A State Income Tax Adjustment

1. Total itemized deductions from 2003 federal Schedule A, line 28. 1. _____
2. Enter the following amount based on your filing status.

Filing Status	Enter	
Married filing jointly and qualifying widower . . .	\$7,950	
Head of household	7,000	
Single	4,750	
Married filing separately	3,975	2. _____
3. Subtract line 2 from line 1. (Enter zero if line 2 is greater than line 1.) 3. _____
4. Enter the amount of state income taxes from line 5 of federal Schedule A. If your federal itemized deductions were limited due to your adjusted gross income being more than \$139,500 (\$69,750 married filing separate), go to Worksheet B. 4. _____
5. The lesser of line 3 or line 4. Enter this amount on SC1040 line 37. 5. _____

Worksheet B State Income Tax Adjustment. Complete when federal adjusted gross income is more than \$139,500 (\$69,750 married filing separate) and federal itemized deductions are limited:

1. State income taxes from line 5 of federal Schedule A. 1. _____
2. Enter the amount from line 3 of the itemized deductions worksheet in the instruction booklet for federal Form 1040. 2. _____



See "Common Errors" on page 2 for reasons your refund may be delayed.



Your state income tax add back cannot be less than zero.

- | | |
|--|----------|
| 3. Divide line 1 by line 2, and enter the result here. | 3. _____ |
| 4. Enter the amount from line 9 of the itemized deductions worksheet in the instruction booklet for federal Form 1040. | 4. _____ |
| 5. Multiply line 3 by line 4, and enter the result here. | 5. _____ |
| 6. Subtract line 5 from line 1. Enter this amount on line 4 of Worksheet A. | 6. _____ |

Line 38 OUT-OF-STATE LOSSES

If you have reported losses from out-of-state rental property, a business located outside South Carolina, or losses from real property located out of state, enter the amount shown on your federal return on line 38. You must also include any related expenses, such as investment interest. Enter the total of these losses and related expenses on line 38.

Personal service income (W-2 or business wages) is taxable to South Carolina no matter where it is earned.

Line 39 EXPENSES RELATED TO RESERVE INCOME

Because inactive duty military reserve income is taxed for federal purposes but deductible on your South Carolina return, you must add back the amount of the federal deduction for expenses related to this income. Enter the amount of these expenses on line 39.

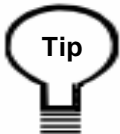
Line 40 INTEREST INCOME

Interest income on obligations of states and political subdivisions other than South Carolina **must be added**. In the case of a mutual fund, add back the percentage of exempt interest income attributable to out-of-state non federal obligations. Enter the amount of taxable interest income on line 40.

Line 41 OTHER ADDITIONS TO INCOME

Attach an explanation of your entry for this line. Some examples of items which you must enter on this line are:

- Taxpayers that claim 30% or 50% bonus depreciation under federal law must add back the difference between the bonus depreciation taken and the depreciation which would have been allowed without bonus depreciation.
- The increase in the Section 179 expense deduction limit from \$25,000 to \$100,000 does not apply to South Carolina. Add back the difference in the allowable deduction.
- Taxpayers that claim a child care program credit for donations to a nonprofit corporation (Sch. TC-9) are not allowed a deduction for those donations. The disallowed deductions are an addition to federal taxable income.
- Taxpayers that claim a credit for wages paid to employees terminated due to a base closure (Sch. TC-10) must reduce the deduction for wages paid by the amount of the credit. The amount of this credit is an addition to federal taxable income.
- Federal net operating loss when claiming a different amount for state purposes **is an addition. In no event is the same loss to be deducted more than once.** No carryback losses are allowed.
- Expenses deducted on the federal return related to any income exempt or not taxed by South Carolina **is an addition. Some examples are investment interest to out-of-state partnerships and interest paid to purchase United States obligations.**
- Foreign areas allowances, cost of living allowances and/or income from possessions of the United States are **additions** to federal taxable income.
- Annuity costs recovered in full for state purposes are **additions** to federal taxable income if using the federal ratio for cost recovery.
- Miscellaneous federal estate tax deductions on income in respect of decedent are **additions.**
- Effective for qualifying investments made after June 30, 1998, taxpayers must reduce the basis of the qualifying property to the extent the Economic Impact Zone Investment Tax Credit is claimed. An addition to federal taxable income must be made for the resulting reduction in depreciation.



For further information about additions to federal taxable income visit our website: www.sctax.org

Depending upon how a particular item was reported or deducted, the following items may be an addition or a subtraction:

- A change in the accounting method to conform in the same manner and the same amount to the federal. **This may be an addition or a subtraction.** At the end of the federal adjustment, any balance will continue until fully adjusted.
- The installment method of reporting is to be adjusted if the entire sale has been reported for state purposes or to continue on an installment basis if the entire sale has been reported for federal purposes. **This may be an addition or a subtraction.**

- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis. **This may be an addition or a subtraction.**

SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

Enter all numbers on lines 44 through 58 as positive numbers even if they are negative numbers on the federal return.

Lines 44 through 58 are adjustments which **should be subtracted** from your federal taxable income to determine your South Carolina taxable income. Line 59 is the total of these subtractions.

Line 44 STATE TAX REFUND

If your state tax refund was included on line 10 of your federal Form 1040, that amount should be entered on line 44.

Line 45 INTEREST FROM US OBLIGATIONS

If you included your interest income from U.S. obligations (such as U.S. savings bonds, treasury notes and bills, etc.) as income on your federal income tax return for 2003, enter this amount on line 45. Interest income from a mutual fund is excludable by the percentage the fund's assets consist of South Carolina and/or federal obligations.

Interest income from the following obligations **are taxable** for state purposes:

- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (Fannie Mae)
- Government National Mortgage Association (Ginnie Mae)

Line 46 NATIONAL GUARD and RESERVE ANNUAL TRAINING and DRILL PAY

The amount of income received for weekend drills and customary training periods when serving in the military reserves or National Guard **should be subtracted**. Generally, the customary training period is one weekend a month and two weeks per year of active duty. Enter the amount on line 46. **Income for active duty or full-time reserves is not tax exempt and should not be included on this line.**

Do not include Military Reserve and National Guard pay which is included in retirement income on this line. See line 58 instructions for other subtractions, page 16.

Line 47 PERMANENT DISABILITY RETIREMENT INCOME INCLUDED ON FEDERAL RETURN

If **disability retirement income** was taxed on your federal income tax return for 2003 and you qualify as being **permanently and totally disabled**, you may be able to exclude this income for South Carolina purposes. To qualify as totally and permanently disabled, you must be unable to be gainfully employed and otherwise eligible for the homestead exemption under Section 12-37-250. Qualifying for disability from one job while still being able to perform another job **would not** qualify you as totally and permanently disabled and **would not** qualify you for this deduction. Attach a copy of a physician's statement that you are permanently and totally disabled.

Line 48 SOCIAL SECURITY AND/OR RAILROAD RETIREMENT AMOUNT IF TAXED BY FEDERAL

If you are taxed on any Social Security benefits under Title 2 of the Social Security Act or Tier I railroad retirement income on your federal return for 2003, enter the amount that was taxed on your federal return on line 48.

Line 49 RETIREMENT DEDUCTION

An **individual** who is **under age 65** may claim a retirement deduction of no more than \$3,000 of **qualified retirement** income from his or her own plan.

An individual who is age **65 or older** may claim a retirement deduction of no more than \$10,000 of **qualified retirement** income from his or her own plan.

Husband and wife must each have their own qualified retirement income to claim their separate retirement deduction. Line 49a applies to the taxpayer whose name appears first on the return. Line 49b applies to the spouse whose name appears second on the return.

"QUALIFIED RETIREMENT INCOME" is income from plans defined in I.R.C. 401, 403, 408 and 457, and all public employee retirement plans of the federal, state and local governments, including individual retirement plans, Keogh plans, and military retirement.

Social Security income, railroad retirement income, and disability retirement income due to permanent and total disability do NOT qualify because these items are not taxed by South Carolina. See lines 47 and 48.

Any amount of qualified retirement income subject to a **federal premature withdrawal penalty** does **NOT** qualify for a retirement deduction.

A **surviving spouse** receiving qualified **retirement** income attributable to the deceased spouse may deduct up to



Third party sick pay reported on W-2 cannot be treated as permanent disability retirement income.



Provide birth dates for taxpayers claiming the retirement deduction.

\$3,000 or \$10,000 of the qualified retirement income, based on the age the deceased spouse would have been had he or she lived. To claim the deduction on line 49c, a surviving spouse must receive the decedent's qualified retirement income as a surviving spouse. The surviving spouse retirement deduction is in addition to the **individual** retirement deduction. Enter the birthdate(s) of the decedent(s).

Worksheet for Taxpayer line 49a:

1. Maximum deduction allowed for taxpayer based on age (\$3,000 or \$10,000) 1. _____
2. Taxpayer's individual qualified retirement income included in federal Form 1040, lines 15b and 16b, or 1040A, lines 11b and 12b 2. _____
3. Amount on line 1 or 2, whichever is smaller. Enter on line 49a. 3. _____

Worksheet for Spouse line 49b:

1. Maximum deduction allowed for spouse based on age (\$3,000 or \$10,000) 1. _____
2. Spouse's individual qualified retirement income included in federal Form 1040, lines 15b and 16b, or 1040A, lines 11b and 12b 2. _____
3. Amount on line 1 or 2, whichever is smaller. Enter on line 49b. 3. _____

Worksheet for Surviving Spouse line 49c:

NOTE: Calculate separately for each deceased spouse and include total on line 46c.

1. Maximum deduction allowed for surviving spouse based on age of deceased spouse had he/she lived (\$3,000 or \$10,000 per deceased spouse) 1. _____
2. Qualified retirement income received as surviving spouse included in federal Form 1040, lines 15b and 16b, or 1040A, lines 11b and 12b 2. _____
3. Amount on line 1 or 2, whichever is smaller. Enter on line 49c. 3. _____



Provide birth dates for taxpayers age 65 and older.

Line 50 AGE-65-AND-OLDER DEDUCTION

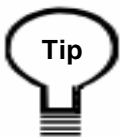
Beginning in the tax year in which a **resident** reaches age sixty-five, he or she is entitled to a deduction of \$15,000 against any SC income. Line 50a applies to the taxpayer whose name appears first on the return. Line 50b applies to the spouse whose name appears second on the return. The amount of the deduction on 50a is reduced by any individual retirement deduction claimed on line 49a. The amount of the deduction on 50b is reduced by any individual retirement deduction claimed on line 49b. The age-65-and-over deduction is not reduced by any surviving spouse retirement deduction claimed on line 49c.

Worksheet for Taxpayer line 50a:

1. Maximum deduction allowed for taxpayer 1. \$15,000.00
2. Amount claimed on line 49a for the taxpayer who is age 65 or older 2. _____
3. Subtract line 2 from line 1. Enter this amount on line 50a. Do not enter an amount less than zero. 3. _____

Worksheet for Spouse line 50b:

1. Maximum deduction allowed for spouse 1. \$15,000.00
2. Amount claimed on line 49b for the taxpayer who is age 65 or older 2. _____
3. Subtract line 2 from line 1. Enter this amount on line 50b. Do not enter an amount less than zero. 3. _____



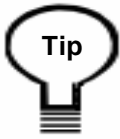
Do not enter wages earned in another state on SC1040 line 51. See SC1040TC.

Line 51 OUT-OF-STATE RENTAL/BUSINESS OR REAL ESTATE INCOME NOT TAXABLE TO SOUTH CAROLINA

If you have income from out-of-state rental property; a business located outside South Carolina; or gain from real property located out of state, as reported on your federal return, enter this amount on line 51. **However, personal service income (W-2 or business wages) is taxable to South Carolina no matter where it is earned.**

Line 52 NEGATIVE FEDERAL TAXABLE INCOME

Include the negative amount from the federal taxable income on line 52. **DO NOT** enter a number less than zero on line 1 or line 35.



South Carolina Capital Gains holding period is the same as the federal holding period (generally more than one year)

Line 53 NET CAPITAL GAIN DEDUCTION

Net capital gains which have been held for a period of more than one year and have been included in the SC taxable income are reduced by 44% for SC income tax purposes.

The term "**net capital gain**" means the **excess** of the **net long-term** capital gain for the taxable year **over** the **net short-term** capital loss for such year. Income received from installment sales as well as capital gain distribution qualifies for this deduction **provided the more than one year holding period has been met**. Multiply the net gain which meets the above guidelines by 44% (.44) and enter the results on line 53 of SC1040.

Example: Taxpayer's gain on stock (held since 1980) is \$10,000. Also reported is a short term (ST) loss on stock held for six months of \$5,000 and a long term (LT) loss on stock held since 1985 which amounts to \$3,000.

SC Net LT Capital Gain (more than one year)	\$7,000 (10,000 gain-3,000 loss)
- SC Net ST Capital Loss	- 5,000 (one year or less)
<u>SC Net Capital Gain</u>	<u>\$2,000</u>
<u>X Net LT Capital Gain Deduction</u>	<u>X44%</u>
Amount to be deducted on line 53	\$880.00

Line 54 SUBSISTENCE ALLOWANCE

Police and all commissioned law enforcement officers paid by South Carolina municipal, county, state governments or the federal government, **full-time** firefighters and **full-time** emergency medical service personnel are entitled to subsistence allowances of \$5 per regular workday. Your employer should provide you with the number of work days.

Line 55 VOLUNTEER FIREFIGHTERS/RESCUE SQUAD/HAZ-MAT MEMBERS DEDUCTION

Volunteer firefighters and rescue squad/HAZ-MAT members are allowed a **\$3000 deduction** from his or her SC taxable income. **Only** those volunteer firefighters and rescue squad/HAZ-MAT members receiving annually a minimum number of points as set by the state fire marshal are eligible for the deduction. Your employer should provide you with a form stating the number of points earned. If you qualify, enter \$3000 on line 55.

Line 56 DEPENDENTS UNDER SIX YEARS OF AGE

An additional deduction is allowed for each dependent claimed on the federal income tax return who had **not** reached the age of six years by December 31, 2003. Birthdate(s) and social security number(s) are required. Use the following worksheet to compute the deduction:

2003 Federal Personal Exemption Amount.....	3,050
Number of dependents claimed on your 2003 federal return who had not reached age six during 2003	x _____
Allowable deduction, enter this amount on line 56	_____

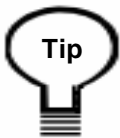
Line 57 CONTRIBUTIONS TO THE SC TUITION PREPAYMENT PROGRAM OR SC COLLEGE INVESTMENT PROGRAM

You may deduct 100% of any contributions made to the SC Tuition Prepayment Program in 2003. You may deduct 100% of any contribution made to the SC College Investment (Future Scholar) Program made in 2003 and through April 15, 2004.

Line 58 OTHER SUBTRACTIONS FROM INCOME

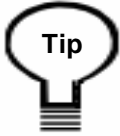
Since these subtractions apply only to a few people, they are not fully explained in this booklet. **Attach an explanation** of your entry on this line. Some examples of items which may be subtracted on line 58 are:

- A deduction is allowed to an individual for the purchase of economic impact zone stock. The deduction is equal to twenty percent of the total amount paid in cash by the taxpayer during the taxable year for the purchase of economic impact zone stock.
- If you itemized and claimed a federal tax credit for qualified mortgage credit certificates (MCC), you may subtract the amount of the tax credit as interest on line 58 of SC1040.
- South Carolina net operating loss. **In no event is the same loss to be deducted more than once.** (Attach your own worksheet.) No carryback losses are allowed.
- South Carolina and federal depreciation expenses are the same. Any asset with a different basis must be adjusted at the end of the federal depreciation as follows: personal property must be depreciated by the straight line method at the rate of 50 percent per year and real property must be depreciated by the straight line method at the rate of 20 percent per year.
- Capital expenses amortized under federal statutes will be the same for state purposes. At the end of the federal amortization, the balance of capital expense amortized will continue until fully amortized for state purposes. The amortized amount is a **subtraction** from your income.



South Carolina does not allow carrybacks of net operating losses.

- Legislators within a 50-mile radius of the State House are allowed to **subtract** travel expenses.
- SC deduction due to Federal 30% bonus depreciation in a prior year.
- Depreciable assets with a higher state basis because of: (1) taxable corporate liquidation prior to January 1, 1985; (2) exchange of property corporate liquidation prior to January 1, 1985; (3) exchange of property prior to January 1, 1985, as a result of not having a situs in South Carolina; or (4) IRC Section 179 expensing prior to January 1, 1985, may continue the state depreciation in the same manner. If you elect to continue this option, **subtract** the excludable portion from your income.
- Job credit wage reductions for federal purposes are subtractions from income for South Carolina purposes.
- Military Reserve and National Guard pay which is included in retirement income is not taxed for South Carolina purposes.



Be sure to attach the calculations verifying the amount of military retirement income being excluded.

Determine the percentage of your military retirement income which is excludable by dividing the length of time you served in the Reserves and/or National Guard (not full time) by the length of time of your total military service as follows:

$$\frac{\text{Inactive Reserve time} + \text{National Guard time}}{\text{Total Military time (Active and Inactive)}} = \text{---} \% \text{ exclusion}$$

Determine the excludable amount of your military retirement income by multiplying it by the percentage of exclusion as follows:

$$\text{---} \% \text{ exclusion} \times \begin{matrix} \text{total taxable military} \\ \text{retirement income shown} \\ \text{on federal return} \end{matrix} = \begin{matrix} \text{excludable military} \\ \text{retirement} \\ \text{income} \end{matrix}$$

Include the amount of excludable military retirement income as a subtraction on line 58.

- If you have adopted a "special needs child", you may **subtract** \$2,000 per year as long as the adopted child qualifies as a dependent on your federal return.

Attach a copy of the letter you received at the time of adoption which certified the person as a "special needs child."

A "special needs child" means a person under the age of 18 at the time of adoption, who is a dependent of a public or private non-profit adoption agency, is legally free for adoption and has been determined by the agency to have specific conditions.

Depending upon how a particular item was reported or deducted, the following items may be an addition or subtraction.

- A change in accounting method to conform in the same manner and same amount as federal. At the end of the federal adjustment, any balance will continue until fully adjusted. **This may be an addition or subtraction.**
- The **installment method of reporting** is to be adjusted if the entire sale has been reported for state purposes or to continue on an installment basis if the entire sale has been reported for federal purposes. **This may be an addition or subtraction.**
- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis. **This may be an addition or subtraction.**

SIGN AND DATE YOUR RETURN

Your return must be signed. Both spouses must sign a joint return.

For deceased taxpayers, returns must be signed by surviving spouse, executor or administrator.

For surviving spouse, write "filing as surviving spouse" by your signature.

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.

AUTHORIZATION

The signature section of the return contains a "check the box" authorization for release of confidential information. A check in the "yes" box authorizes the Director of the Department of Revenue or delegate to discuss the return, its attachments and any notices, adjustments or assessments with the preparer.

If a person is paid to prepare the income tax return, his/her signature and federal identification number are required in the spaces provided. Penalties are applicable for failure to comply.



Sign and date your return. Double check your SSN(s) and math calculations.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

SC USE TAX WORKSHEET

UT-3W

(Rev. 9/5/03)
3276

The 5% State sales and use tax is used 100% to fund public education.

Column A	Column B	Column C	Column D	Column E
Date of Purchase	Name of Store/ Company/ Vendor	Total Price of Purchases (includes shipping & handling, and sales tax paid, any warranty costs accompanying the purchase)	Sales or Use Tax paid to another state or local jurisdiction	Amount Taxable (subtract Column D from Column C)
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
Line 1		Total of Column C: \$	Total of Column D: \$	Total of Column E: \$
Line 2	Your County's state and local sales and use tax rate. SC state rate is 5% plus applicable local tax rate. See instructions on back.			%
Line 3	Multiply Line 1, Column E, by the rate on Line 2			\$
Line 4	Tax paid other state and local jurisdictions (Enter total from Line 1, Column D here)			\$
Line 5	SC Use Tax Due. Subtract Line 4 from Line 3. Enter here and on your Use Tax Payment Return, or Individual Income Tax Return, or when filing online at www.sctax.org Round to the nearest dollar and make check or money order payable to: SC Department of Revenue.			\$

cut here



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

USE TAX PAYMENT RETURN

UT-3

(Rev. 9/5/03) 3276

TAX YEAR: _____

First Name	Last Name	Social Security Number ▶	
Street Address	City	State	Zip
County	Municipality Name	Office Use Only ▶	

Mail To:
South Carolina Department of Revenue, Sales Tax, Columbia, SC 29214-0110
When signing this form, it is important that the information contained in your report be correct and complete. To willfully furnish a false or fraudulent statement to the Department is a misdemeanor.

SC USE TAX (Enter From Line 5 of the Worksheet). 14-3712	▶ _____ .00
---	-------------

Taxpayer's Signature _____ Date _____

Instructions for SC Use Tax Worksheet

DO NOT USE THIS RETURN IF YOU ARE CURRENTLY A SALES TAX LICENSEE OR HAVE A USE TAX REGISTRATION NUMBER.

Please keep the top portion of this worksheet with your records. Record purchases subject to use tax. You pay your use tax on the detachable bottom portion of this form, on your individual income tax return, or when filing on-line at www.sctax.org

Use Tax: Purchases of tangible goods for use in South Carolina on which no South Carolina sales or use tax has been paid are subject to the use tax. Examples include: catalog purchases, goods bought on-line over the internet, or furniture purchased out of state and delivered in South Carolina on which no or insufficient South Carolina tax was paid. (Contrary to popular misconception, the federal Internet Tax Freedom Act governs taxation of access to the internet through your internet-access provider. Goods purchased over the internet are not tax free.) **When figuring your use tax liability, please review any credit card statements from the taxable year. In addition, please recall any large purchases made during the taxable year.**

Credit: You are allowed a credit against SC use tax for the amount of tax paid to another state or local jurisdiction. For example, if you purchased furniture and took delivery of the furniture in another state, and paid that state's 4% sales tax, you would calculate the SC use tax at 5%, plus local option taxes, and subtract from the total 4% paid to the other state.

SALES AND USE TAX RATES BY COUNTY

Use the sales tax rate of the county in which you are located or other applicable rate wherever tangible personal property was delivered. The state's basic sales tax rate is five percent (5%). Currently, some counties impose a local sales and use tax of one percent (1%) to two percent (2%) in addition to the state's basic rate. To verify a county's tax rate or determine if a county's tax rate has changed, please call (803) 898-5743.

SALES AND USE TAX RATES BY COUNTY FOR 2003

COUNTY	RATE	COUNTY	RATE
Abbeville	6%	Greenwood	5%
Aiken	6%	Hampton	6%
Allendale	7%	Horry	5%
Anderson	5%	Jasper	7%
Bamberg	6%	Kershaw	6%
Barnwell	6%	Lancaster	6%
Beaufort	5%	Laurens	6%
Berkeley	6%	Lee	6%
Calhoun	5%	Lexington	5%
Charleston	6%	McCormick	6%
Cherokee	6%	Marion	6%
Chester	6%	Marlboro	6%
Chesterfield	7%	Newberry	6%
Clarendon	6%	Oconee	5%
Colleton	6%	Orangeburg	6%
Darlington	6%	Pickens	6%
Dillon.....	6%	Richland	5%
Dorchester	5%	Saluda	6%
Edgefield	6%	Spartanburg	5%
Fairfield	5%	Sumter	6%
Florence	6%	Union	5%
Georgetown	5%	Williamsburg	6%
Greenville	5%	York	6%

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 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.

CONTRIBUTION CHECK-OFFS

South Carolinians have the opportunity to make certain contributions through their tax returns. See Lines 15 through 24 of Form SC1040A or Lines 22 through 31 of Form SC1040. Contributions can be made to the following organizations.

For more information, contact the agencies at the addresses shown.



Endangered Wildlife Fund - Thanks to your generous support, the number of bald eagles in South Carolina has increased over 1000%! With this success, the bald eagle will be coming off the endangered species list. However, there are over 200 more wildlife species which may become endangered in our lifetime. Make your investment in the future - **Help us keep wildlife in YOUR life.** South Carolina Department of Natural Resources, Wildlife Diversity Section, P. O. Box 167, Columbia, SC 29202, www.dnr.state.sc.us



Children's Trust Fund - PREVENTION WORKS!
 * Nurture Children * Teach Parents * Strengthen Families - Be a champion of South Carolina's children by contributing to the Children's Trust Fund. When you check-off Children's Trust Fund, your contribution helps prevent child abuse and neglect by strengthening and supporting families in South Carolina. Prevent Child Abuse and Neglect. ✓THE POWER OF CHECK-OFF! Today's Children Are South Carolina's Future! *Children's Trust Fund of South Carolina, 2711 Middleburg Drive, Suite 307, Columbia, SC 29204, (803)*



Eldercare Trust Fund - Your donation will help South Carolina's seniors remain in their homes and communities with comfort and dignity for as long as possible. The Trust provides grants to local agencies and organizations for creative and innovative projects that will accomplish this goal. If you have already filed your taxes, you may make a donation directly to the ElderCare Trust, C/O DHHS, PO Box 8206, Columbia, SC 29202-8206. Bureau of Senior Services at 1-800-868-9095.



SC Veterans' Trust Fund - South Carolinians helping veterans! As veteran's benefits continue to erode, this Trust Fund ensures that your voice is heard via supporting veteran's programs designed to benefit veterans and their families. This Fund complements many State and Federal initiatives. It is managed by veterans for veterans. Veterans' Trust Fund, Office of Veterans' Affairs, 1205 Pendleton Street, Suite 226, Columbia, SC 29201, (803) 734-0200.



Gift Of Life Trust Fund - Your tax-deductible contribution will help save lives by educating our citizens on the need for organ and tissue donation. Your gift will benefit transplant recipients in need of financial assistance. By donating you become part of the miracle of transplantation. You could be saving the life of a loved one or neighbor. Please give generously! Gift of Life Trust Fund, P. O. Box 1214, Newberry, SC 29108, www.giftoflife-sc.org, toll free 1-87-PASS-IT-ON (1-877-277-4866).



The Drug Abuse Resistance Education Fund - The DARE program taught in this State and in many schools nationally provides an effective and proven awareness of instilling drug resistance skills in our school children, and promoting the hope of a secure and healthy future for these children. Contributions will supplement existing funding for development and promotion of the DARE Program in South Carolina. SC Criminal Justice Academy, 5400 Broad River Road, Columbia, South Carolina 29212.



South Carolina First Steps to School Readiness Fund - Research shows every \$1 invested in quality early childhood education yields \$7 in savings to the public from higher graduation rates and reduced costs of remedial education, welfare and crime. Your tax-deductible contribution to First Steps will be invested in early childhood initiatives designed by local partnerships with families to help children enter first grade healthy and ready to succeed. First Steps, 1300 Sumter Street, Suite 100, Columbia, SC 29201, www.scfirststeps.org, toll free at 1-877-621-0865.



War Between the States Heritage Trust Fund - This fund was established to preserve representative lands and related structures which illustrate periods, events, styles, and uses of the land in our state's historical and cultural heritage for present and future generations. Your contribution to this fund will enable preservation of historic areas throughout the state. Special Projects and Governmental Affairs, SCPRT, 1205 Pendleton Street, Suite 248, Columbia, South Carolina 29201.



SC Litter Control Enforcement Program - This fund helps support enforcement of litter laws and help catch those that trash our beautiful state. Palmetto Pride, P.O. Box 50217, Columbia, SC 29250, 1-877-PAL-PRDE (1-877-725-7733) www.palmettopride.org



Police Chaplains - South Carolina Law Enforcement Assistance Program is a partnership program of state agencies that provides assistance to state police officers, local police departments and sheriffs' offices, and non-sworn employees, and to their families. It provides peer support, crisis intervention, employee assistance and volunteer chaplain services all over the state. The staff and volunteers are on-call 24 hours per day. SCLEAP, PO Box 9552, Columbia SC 29290-9552; (803) 783-3024; www.scleap.org

TAXPAYER SERVICES

Visit our website: www.sctax.org

VOLUNTEER INCOME TAX ASSISTANCE

The Volunteer Income Tax Assistance (VITA) program provides free tax assistance to lower income, elderly and handicapped people. Generally, those who receive these services cannot afford professional tax assistance. Volunteers are located throughout the state, in both small towns and large cities, in such places as shopping malls, schools and community centers. The local newspaper in your area will advertise places and times to receive assistance through this program, or you may call the Department of Revenue office nearest you for more information.

TAX COUNSELING FOR THE ELDERLY

Tax Counseling for the Elderly (TCE) provides free tax assistance to people age 60 or older, especially those who are disabled or have other special needs. The American Association of Retired Persons under a cooperative agreement provides local assistance. The local newspaper in your area will advertise places and times for TCE assistance, or you may call the Department of Revenue office nearest you for more information.

COPIES OF PRIOR YEAR RETURNS

You can obtain a copy of a prior year tax return by completing SC4506, Request for Copy of Tax Form or Tax Account Information. There is a \$5.00 charge for each copy (plus sales tax). If you do not have a SC4506, you can send a written request containing the following information: your name, Social Security number, and, if you filed a joint return, the name and Social Security number of your spouse, the form number, the tax period or year, and your current address. You must sign the request. Allow 45 days to receive your copy.

If you need tax account information but do not need a copy of a prior year's tax return, you should also use SC4506. The tax account information you will receive includes: marital status, type of return filed, tax shown on the return, federal taxable income and the number of exemptions. There is a charge of \$2.50 (plus sales tax) for each period requested.

Send SC4506 or your written request to:
South Carolina Department of Revenue
Photocopy Section
Columbia SC 29214-0014

PROBLEM RESOLUTION PROGRAM

The Problem Resolution Program is for taxpayers who have been unable to resolve their problems through normal department channels. **If you have a tax problem you should first contact taxpayer assistance or, in the case of a letter or notice from the Department, call the telephone number provided on the letter or notice.** Usually, questions are answered and problems are solved right then - but not always. That's when the Problem Resolution Program steps in. Officers in Problem Resolution have the ability to cut through red tape and handle problems promptly. The taxpayer usually deals with one person and is kept informed of the case's progress.

While Problem Resolution officers do everything they can to help taxpayers, there are some things they cannot do. Appeals of decisions made in tax examinations, Freedom of Information Act requests, Privacy Act requests, and complaints about hiring practices are all outside of the Problem Resolution officer's authority. If you need assistance from the Problem Resolution Office, call 803-898-5873. **Please do not call the Problem Resolution Office to check the status of a refund.**

Automated REFUND Information 1-803-898-5300
or check the status of your refund via our website: www.sctax.org

SOUTH CAROLINA TAX HELPLINE

The South Carolina Department of Revenue provides an automated method for checking the status of your current year refund check as well as accessing information on various tax topics. This system is available through touch tone telephones 24 hours a day, 7 days a week.

Automated REFUND Information 1-803-898-5300
or check the status of your refund via our website: www.sctax.org

This system can tell you whether or not your current year refund check has been processed. This system is not able to confirm receipt of the return, unless it has been processed. It can take up to twelve weeks to process a paper return, depending upon how early the return is received. When calling to check on the status of your refund, you will need:

- a copy of your current individual income tax return
- the social security number that appears first on your return
- your expected refund amount

Follow the recorded instructions as they walk you through the steps to access your refund information. Enter your refund amount in whole dollars. Do not enter cents. Then press the # sign.

NOTE: You cannot access refund information by calling the toll-free number for tax topics.

Allow at least fourteen weeks for your refund to arrive before calling us.

Forms may also be downloaded from our website: www.sctax.org

FAX ON DEMAND FORMS ORDERING 1-800-768-3676 or (in Columbia) 898-5320

The Fax on Demand system allows you to call using either your Fax phone or regular touch tone phone to order single copies of forms. Dial the appropriate phone number listed above and follow the menu. If you call from your fax phone, the system faxes the forms immediately. If you use a regular touch tone phone, the system will request the fax number and will fax the forms after normal hours (11 p.m. - 8 a.m.). You may also request the fax menu listing all information available on the Fax on Demand system. This menu will be sent to you immediately whether you are using a Fax or touch tone phone. A maximum of six (6) forms may be requested in one call. The system will make three (3) attempts to fax the requested forms.

Document Retrieval numbers may changed each year. Order the menu each year for a listing of all forms available on the Fax On Demand system. **The document retrieval number for the menu is 001.**

Reminder: If you do not have a plain paper fax machine, you must copy the document onto plain paper before submitting to the South Carolina Department of Revenue. **We will not process returns filed on thermal fax paper.**

Frequently Requested Forms	Document Retrieval	Frequently Requested Forms	Document Retrieval
SC1040 - Individual Income Tax Return	4003	Schedule NRI - Schedule NR Instructions	4009
SC1040I - Individual Income Tax Instructions	4002	SC1040TT - Tax Tables	4007
SC1040A - Short Form	4005	SC1040X - Amended Return	4011
Schedule NR - Nonresident Schedule	4008	SC4868 - Request for Extension of Time	4018
SC1040ES - Estimated Tax	4012	I-319 - Tuition Tax Credit	9010

AUTOMATED TAX TOPIC INFORMATION

1(803)898-5280 (This is not a refund information number)

Information pertaining to each of the Tax Topics listed below can be found in your 2003 Individual Income Tax Forms and Instructions booklet. Tax Topics provides answers to frequently asked questions related to Individual Income Tax, Electronic Services, and Taxpayer Services.

Responses to general questions are available by calling Tax Topics or by accessing the agency's website at www.sctax.org

1 Individual Income Tax

- 1 Filing Requirements
- 2 Residency Status
- 3 Frequently Asked Questions
- 4 Adjustments to Federal Taxable Income
- 5 Tax Payments
- 6 Tax Credits
- 7 Penalties
- 8 Contributions
- 9 Nonresident Schedule

2 Electronic Services

- 1 Fed/State
- 2 SCnetFile
- 3 PIN Reissuance
- 4 Filing Incentive

4 Taxpayer Services

- 1 Taxpayer Service Centers
- 2 General Information/Services

Automated REFUND Information 1-803-898-5300
or check the status of your refund via our website: www.sctax.org

TAXPAYERS' BILL OF RIGHTS

The Taxpayers' Bill of Rights gives you certain rights when dealing with the South Carolina Department of Revenue. These include the right to:

1. File an application for relief with the taxpayer advocate in a situation where you are suffering or about to suffer a significant hardship as a result of the manner in which the Department is administering the tax laws.
2. Receive advance notification that your hearing may be recorded and be furnished a copy of that hearing.
3. Receive the publication of clear, concise and non-technical

statements of taxpayer rights mailed with each notice of audit.

4. Have your attorney, accountant or other designated agent present at a hearing.
5. Have the Department establish an appeals process for modifying or releasing liens.
6. Bring action against the state for damages suffered because of disregard of Department policy by an employee.

COUNTY CODES

COUNTY	CODE NO	COUNTY	CODE NO	COUNTY	CODE NO
Abbeville	01	Dillon	17	Lexington	32
Aiken	02	Dorchester	18	McCormick	33
Allendale	03	Edgefield	19	Marion	34
Anderson	04	Fairfield	20	Marlboro	35
Bamberg	05	Florence	21	Newberry	36
Barnwell	06	Georgetown	22	Oconee	37
Beaufort	07	Greenville	23	Orangeburg	38
Berkeley	08	Greenwood	24	Pickens	39
Calhoun	09	Hampton	25	Richland	40
Charleston	10	Horry	26	Saluda	41
Cherokee	11	Jasper	27	Spartanburg	42
Chester	12	Kershaw	28	Sumter	43
Chesterfield	13	Lancaster	29	Union	44
Clarendon	14	Laurens	30	Williamsburg	45
Colleton	15	Lee	31	York	46
Darlington	16				
APO/FPO Addresses				99	
Outside of South Carolina				99	
Outside of United States				88	

SERVICES

Copies of Tax Return	(803) 898-5866
Forms	(803) 898-5320
Toll Free	1-800-768-3676
Hearing Impaired (TTY)	1-800-735-8583
Publications	(803) 898-5419
Questions via e-mail	www.sctax.org
Refunds (24 Hours Daily)	(803) 898-5300
Web Site	www.sctax.org
Speakers Bureau	(803) 898-5464
Taxpayer Rights Advocate	(803) 898-5444
Tax Topics	(803)-898-5280

Check the Status of Your Current Refund



on the
INTERNET
www.sctax.org
or call 803-898-5300
(24 hours daily)

REMINDERS

USE YOUR LABELS

Use the label provided. It speeds up your refund. Not having a label requires special handling and can delay your refund.

ITIN - INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER

It is mandatory that you provide your social security number on any tax form. If you are a nonresident or resident alien and cannot get a Social Security number, you may contact the Internal Revenue Service to apply for and obtain an Individual Taxpayer Identification Number (ITIN) for the purpose of filing income tax returns. South Carolina will accept this number in lieu of a Social Security number for the purposes of processing your individual income tax returns. For information on obtaining an ITIN, please contact the Internal Revenue Service at 1-800-829-1040.

RECORD KEEPING

You should keep a complete copy of you return, including attachments. Do not mail your only copy of any tax document.

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.

Starting a New Business?

To register online,
go to **www.sctax.org**
and click on DORBOS.



Current registrations include:

Sales and Use	Withholding and ESC *
Corporate	Accommodations
Aviation	Solid Waste
Business Personal Property	

* Now you can register with Employment Securities Commission when you establish a new Withholding Account

Need information? Let SCBOS guide you in the right direction. Log onto **www.myscgov.com** and click on the Business Tab.



PROCESSING CENTER
P.O. BOX 101100
Columbia, SC 29211-0100

IMPORTANT: USE THE REMOVABLE PREAMDRESSED LABEL BELOW IF ALL INFORMATION IS CORRECT.

After completing your return:

- Remove the label if correct and affix it to the name and address area of your return.
- Discard label if incorrect.
- If someone else prepares the return, please give the preparer the label and the enclosed envelope to use with your return.
- If filing SCnetFile, use the pin number on the mailing label in the upper right hand corner.

PRESORTED
STANDARD
U. S. Postage
PAID
SC Department
of Revenue

MAIL RETURNS TO:

SC 1040 - Refunds or No Tax Due

Long Form Processing Center
PO Box 101100
Columbia, SC 29211-0100

SC 1040A - Refunds

Short Form Processing Center
PO Box 101104
Columbia, SC 29211-0104

All Balance Dues

Taxable Processing Center
PO Box 101105
Columbia, SC 29211-0105

TAXPAYER SERVICE CENTERS

MAIN OFFICE

Columbia Mill Building
301 Gervais Street
P.O. Box 125
Columbia, SC 29214, **(803) 898-5000**

CHARLESTON

Southpark Office Building
3 Southpark Circle, Suite 202
Charleston, SC 29407,
(843) 852-3600, (843) 556-1780 (FAX)

FLORENCE

1452 West Evans Street
P.O. Box 5418
Florence, SC 29502
(843) 661-4850, (843) 662-4876 (FAX)

MYRTLE BEACH

1330 Howard Parkway
Myrtle Beach, SC 29577

GREENVILLE

211 Century Drive, Suite 210-B
Greenville, SC 29607
(864) 241-1200, (864) 232-5008 (FAX)

ROCK HILL

Business and Technology Center
454 South Anderson Road, Suite 202
P.O. Box 12099
Rock Hill, SC 29731
(803) 324-7641, (803) 324-8289 (FAX)

"Satellite" locations and office hours can be found @ sctax.org>contact DOR> other locations

2004 Sales Tax Holiday

The South Carolina sales tax holiday exemption is scheduled to begin Friday, August 6, 2004 at 12:01 AM and end on Sunday, August 8, 2004 at midnight. The exemption affects the sale of: clothing; clothing accessories; footwear, school supplies; computers, printers, printer supplies, and computer software.

NO MORE TELEFILE!

Beginning with tax year 2003, SC Department of Revenue will no longer offer the Telefile program where returns could be filed by telephone. If you previously used Telefile to file your SC return, you will need to choose another filing option. **KEEP THIS BOOKLET!** You may need it depending on the filing option you choose.