



# TAX ON LUMP-SUM DISTRIBUTIONS

From Qualified Retirement Plans

**SC4972**  
(Rev. 8/28/06) 3107  
**2006**

▶ Attach to form SC1040 or form SC1041.

▶ See federal instructions.

Name of recipient of distribution

Identifying number

## Part I Complete this part to choose capital gain election. (See federal instructions.)

- 1 Capital gain part from Box 3 of Form 1099-R.....
- 2 Multiply line 1 by 3.92% (.0392)  
If you choose to use Part II, go to line 3. Otherwise, enter the amount from line 2 of this form on SC1040, line 7; or SC1041, line 9.....

## Part II Complete this part to choose the 10-year tax option. (See federal instructions.)

- 3 Amount from line 10 of federal Form 4972 .....
- 4 **Caution: Retirement Deduction - (See instructions)**
  - a) Taxpayer: Date of Birth .....
  - b) Spouse: Date of Birth .....
  - c) Surviving Spouse: Date of Birth of Deceased Spouse .....
- 5 Age 65 and older deduction - (See instructions)
  - a) Taxpayer: Date of Birth .....
  - b) Spouse: Date of Birth .....
- 6 Add lines 4 and 5.....
- 7 Total taxable amount (subtract line 6 from line 3) .....
- 8 Current actuarial value of annuity (from Form 1099-R, box 8) .....
- 9 Adjusted total taxable amount. Add lines 7 and 8. If this amount is \$70,000 or more, **skip** lines 10 through 13, and enter this amount on line 14 and go to line 15.....
- 10 Multiply line 9 by 50% (.50), but **do not** enter more than \$10,000... **10**
- 11 Subtract \$20,000 from line 9. If the result is less than zero, enter -0-.... **11**
- 12 Multiply line 11 by 20% (.20)..... **12**
- 13 Minimum distribution allowance. Subtract line 12 from line 10.....
- 14 Subtract line 13 from line 9 or enter the amount from line 9. if the amount is \$70,000 or more...
- 15 South Carolina estate tax attributable to lump-sum distribution.....
- 16 Subtract line 15 from line 14  
**If line 8 is blank, skip lines 17 through 19 and go to line 20.**.....
- 17 Divide line 8 by line 9 and enter the results as a decimal (round to at least four places) .....
- 18 Multiply line 13 by the decimal on line 17.....
- 19 Subtract line 18 from line 8.....
- 20 Multiply line 16 by 10% (.10).....
- 21 Tax on amount on line 20. Use the Tax Rate Schedule on back .....
- 22 Multiply line 21 by ten (10). If line 8 is blank, skip lines 23 through 25, and enter this amount on line 26 and go to line 27.....

**Part II 10-year tax option - CONTINUED**

10-year tax option	23 Multiply line 19 by 10% (.10).....	23		
	24 Tax on amount on line 23. Use the Tax Rate Schedule below.....	24		
	25 Multiply line 24 by (10).....		25	
	26 Subtract line 25 from line 22. (Multiple recipients, see federal instructions).....		26	
	27 <b>Tax on lump-sum distribution.</b> Add line 2 and line 26. Also, enter this amount on SC1040, line 7; or SC1041, line 9, whichever applies .....		27	

**Instructions:**

South Carolina provisions for lump sum distributions are the same as the federal provisions. If you used federal Form 4972 for a lump sum distribution, you must use the South Carolina SC4972 to compute the South Carolina tax.

**Line 4 retirement deduction:**

An **individual** may deduct up to \$3,000 of qualified **retirement** income, and, beginning in the tax year in which the individual reaches age 65, up to \$10,000 of qualified retirement income.

A **surviving spouse** receiving qualified **retirement** income attributable to a deceased spouse may deduct up to \$3,000 or \$10,000, whichever would have applied, based on age, had the deceased spouse lived. The surviving spouse retirement deduction is in addition to the **individual** retirement deduction.

The retirement deduction can be claimed here to the extent it is not claimed on SC1040 or Schedule NR. If an age-65-and-older deduction has been claimed on SC1040 or Schedule NR, **do not** include any **individual** retirement deduction on line 4.

See SC1040 instructions for additional information.

**Line 5 age-65-and-older deduction:**

Beginning in the tax year in which a **resident** reaches age 65, a deduction of \$15,000 can be claimed against **any** South Carolina income. However, it is reduced by the amount of any **individual** retirement deduction. The age-65-and-older deduction is not reduced by any **surviving spouse** retirement deduction.

The age 65-and-older deduction can be claimed on line 5 to the extent it is not claimed on SC1040 or Schedule NR.

See SC1040 instructions for additional information.

**2006 SOUTH CAROLINA TAX RATE SCHEDULE FOR LINES 21 AND 24 ONLY**

If the amount is Over--	But not Over--	Compute the tax as follows:
-0-	\$ 2,570	2.5% times the amount
\$ 2,570 -	5,140	3% times the amount less \$ 13
5,140 -	7,710	4% times the amount less 65
7,710 -	10,280	5% times the amount less 142
10,280 -	12,850	6% times the amount less 244
12,850 +	or more	7% times the amount less 373

**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.