



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
BASE CLOSURE/FEDERAL FACILITY
EMPLOYMENT REDUCTION HIRING CREDIT
Effective for Taxable Years After 1995.
Attach this form to your return.

Name
Address
SS# or Fed. EI #

This schedule must be completed and filed with the income tax return in order to take a tax credit for qualifying wage payments. The definitions on the reverse side should be carefully reviewed before completing this schedule.

COMPUTATION OF TAX CREDIT

- A. The one year credit period of employment occurring in the first tax year of hire.
1. Number of certified terminated employees hired during the tax year
2. Total wages paid to all employees listed in line A1 not to exceed \$10,000 per employee
3. Credit - Multiply line 2 by 10%
B. The one year credit period of employment occurring in the second tax year of hire.
1. Number of Part A, line 1 employees remaining employed
2. Total wages paid to all employees listed in line B1 not to exceed \$10,000 per employee
3. Credit - Multiply line 2 by 10%

GENERAL INSTRUCTIONS (continued on reverse)

PURPOSE: Effective for taxable years beginning after 1994 the General Assembly enacted legislation to allow an income tax credit for hiring employees terminated from employment as a result of the closing or realignment of a federal military installation. Effective for taxable years after 1995, the General Assembly has amended this legislation to allow an income tax credit for hiring employees terminated from employment as a result of an applicable federal facility reducing its employment by three thousand or more jobs after December 31, 1990. Also, the credit is ten percent times an increased qualified wage base of up to \$10,000. To obtain the credit the status of "terminated employees" must be certified by the South Carolina Employment Security Commission. See definitions for required location of work activity and for explanation of the terms used in the credit.

LINE INSTRUCTIONS

Lines A2 and B2: Qualified wages for a qualified terminated employee for a taxable year may not exceed \$10,000. Qualified wages for a qualified terminated employee are only those wages paid for services rendered during the one year beginning with the day the individual first works for an employer after becoming a certified terminated employee. See definitions.

Lines A3 and B3: The allowable credit must be entered on the appropriate tax credit schedule.

Note: Any income tax deduction for wages paid during the year must be reduced by the amount of the credit.

- If the credit exceeds the tax liability for the year, it may be carried forward for 10 succeeding taxable years.
You should begin a new form for each tax year during which qualifying employees are hired. This same form would be continued for the second tax year after hire to claim any remaining credit.

(See back for definitions.)

DEFINITIONS

- (1) Applicable federal military installation means a federal military installation or other facility which is closed or realigned under:
 - (a) The Defense Base Closure and Realignment Act of 1990;
 - (b) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act; or
 - (c) Section 2687 of Title 10, United States Code.
- (2) Applicable federal facility means a federal facility that has reduced its permanent employment by three thousand or more jobs after December 31, 1990.
- (3) Economic impact region means a county or municipality, any portion of which is located within twenty-five miles of the boundaries of an applicable federal military installation or applicable federal facility, and any area not otherwise included as part of the economic impact region if the Department of Commerce determines the area to be adversely impacted by the closing or realignment of an applicable federal military installation or applicable federal facility.
- (4) "Qualified wages" means wages paid by an employer to an employee if:
 - (a) at least ninety percent of the employee's services for the employer during the taxable year are directly related to the conduct of the employer's trade or business within an applicable federal military installation or economic impact region; or
 - (b) at least fifty percent of the services of the employee for the employer during the taxable year are performed within the installation or region;
- (5)
 - (a) "Qualified wages" include, with respect to an individual, only wages attributable to services rendered during the one year beginning with the day the individual first works for an employer after becoming a terminated employee.
 - (b) Qualified wages for a taxable year may not exceed ten thousand dollars.
 - (c) Qualified wages do not include wages paid for services performed as an employee of the federal government or an agency or instrumentality of the federal government.
- (6)
 - (a) "Terminated employee" means an individual who is certified by the South Carolina Employment Security Commission, under procedures similar to the procedures described in the Internal Revenue Code Section 51(d)(16), as being an individual, whether or not a federal employee:
 - (i) who was employed in an economic impact region, and
 - (ii) the close of the first year period beginning the date on which the employee **first** begins work for an employer after the job termination.
- (7) For purposes of this credit, the term "employee" includes an employee described in Internal Revenue Code Section 401(c)(1), relating to self-employed individual.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form if you are an individual taking this credit. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.

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