



## SC SCH. TC-2 INSTRUCTIONS

A taxpayer having a contract with the State of South Carolina, who subcontracts with a certified South Carolina based minority business, is eligible for an income tax credit of 4% of the payments to a minority subcontractor for work done pursuant to the state contract.

For payments made before June 13, 2006, the yearly credit is limited to \$25,000. Effective June 13, 2006, the annual credit is limited to \$50,000 annually and is available for 10 consecutive taxable years beginning with the taxable year in which the credit is first claimed. The credit is limited to the taxpayer's tax liability and there is no carry forward of unused credits.

A taxpayer claiming the credit must maintain evidence of work performed for the contract by the subcontractor. The subcontractor must be certified as a minority firm, as defined in S.C. Code § 11-35-5010 and regulations pursuant to it. Any payment made to a minority subcontractor prior to the date of certification does not qualify for the credit.

Keep a copy of the certification issued to the sub-contractor by the *Small and Minority Business Assistance Office* with your tax records.

Our Website address is: [www.sctax.org](http://www.sctax.org)

### **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.