



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

TAX CREDITS

SC1040TC
(Rev. 10/29/04)
3913
2004

NAME	YOUR SOCIAL SECURITY NUMBER
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These credits are computed on separate forms. Attach the appropriate form(s) to this schedule for the credit you are claiming. **Credits may be disallowed if necessary schedules are not attached to your return.** For lines 2 through 23 see SC1040TC instructions for other nonrefundable credits.

		Dollars	Cents
1. Total Credit for taxes paid to another state (Attach SC1040TC worksheet for each state)	1 ▶		00
2. Carryover of unused qualified credits	2 ▶		00
3. Nursing Home Credit	3 ▶		00
4. Scenic River Tax Credit (Attach TC-5)	4 ▶		00
5. Drip/Trickle Irrigation Credit (Attach TC-1)	5 ▶		00
6. Minority Contractor Business Credit (Attach TC-2)	6 ▶		00
7. Water Resources Credit (Attach TC-3)	7 ▶		00
8. New Jobs Credit (Attach TC-4)	8 ▶		00
9. Palmetto Seed Capital Credit (Attach TC-7)	9 ▶		00
10. Employer Child Care Credit (Attach TC-9)	10 ▶		00
11. Base Closure Credit (Attach TC-10)	11 ▶		00
12. Economic Impact Zone Credit (Attach TC-11)	12 ▶		00
13. Family Independence Payments Credit (Attach TC-12)	13 ▶		00
14. Additional Family Independence Payments Credit (Attach TC-12A)	14 ▶		00
15. Motion Picture Credits before July 1, 2004 (Attach TC-13)	15 ▶		00
16. Qualified Retirement Plan Contribution Credit	16 ▶		00
17. Community Development Credit (Attach TC-14)	17 ▶		00
18. Qualified Conservation Contribution Credit (Attach TC-19)	18 ▶		00
19. Certified Historic Structure Credit (Attach TC-21)	19 ▶		00
20. Certified Historic Residential Structure Credit (Attach TC-22)	20 ▶		00
21. Textiles Rehabilitation Credit (Attach TC-23)	21 ▶		00
22. Commercials Credit (Attach TC-24)	22 ▶		00
23. Motion Picture Credits after June 30, 2004 (Attach TC-25)	23 ▶		00
24. Total Credits. Add lines 1 through 23. Enter the total.	24 ▶		00
25. Enter the tax from SC1040, line 8.	25		00
26. Enter the lesser of line 24 or 25. Also, enter this amount on the SC1040, line 11. If filing a Fiduciary income tax return, enter this amount on SC1041, line 10.	26		00

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

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

SC1040TC Worksheet Credit for Taxes Paid to Another State

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

Enter name of state.

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

SC1040TC Worksheet Credit for Taxes Paid to Another State

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

Enter name of state.

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

SC1040TC WORKSHEET INSTRUCTIONS CREDIT FOR TAXES PAID TO ANOTHER STATE

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

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

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

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

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

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

LINE 1

SC1040 filers:

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

Complete the following worksheet:

Total income from federal Form 1040, line 22;
1040A, line 15; or 1040EZ, line 4 **received**
while a resident of South Carolina A. _____
Add amounts from SC1040, line 30 and 32
and enter here B. _____
Add lines A and B. C. _____
Add amounts from SC1040, lines 35 - 39,
41 - 45 and 47. Enter here D. **< _____ >**

Subtract line D from line C. Enter on line 1,
SC1040TC Worksheet. E. _____

Line 33, (other additions), and 49, (other subtractions), are used rarely. Items entered on these lines must be considered individually to determine whether line 1 of SC1040TC Worksheet is affected.

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

SC Schedule NR filers:

For line 1 use the amount from line 16, Column B minus line 40, Column B.

LINE 2

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

Example 1. Mr. R is a resident of South Carolina who works in another state. The other state's return shows wages of \$20,000. No other income sources appear on the other state's return. Line 2 would be \$20,000 as that gross amount (before deductions and exemptions) was included in line 1 and is being taxed by another state.

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

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

LINE 6

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

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

$$\frac{\$5,000}{\$20,000} \times \$546 = \$137$$

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

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

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

SC1040TC INSTRUCTIONS FOR OTHER NON-REFUNDABLE CREDITS

SC1040TC is a summary of the available non-refundable tax credits. Be sure to attach the appropriate form(s) to SC1040TC for the credit you are claiming. The following instructions pertain to lines on SC1040TC.

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

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

TC Line 3 NURSING HOME CREDIT: A credit is allowed for expenses paid by an individual for his own support or the support of another to an institution, in any state, providing nursing facility level of care or to a provider for in-home or community care. A physician must certify that nursing care is needed. No credit is allowed for expenses paid from public source funds (such as Medicaid or Veterans Administration). The credit is computed by multiplying the paid expenses by 20% not to exceed a maximum credit of \$300.00. No carryover is permitted if credit exceeds tax due. Enter the amount on SC1040TC, line 3.

TC Line 4 SCENIC RIVER TAX CREDIT: A credit is available to taxpayers who donate certain lands adjacent to designated rivers or sections of a river. Enter the amount from the appropriate line of TC-5 on SC1040TC, line 4.

TC Line 5 DRIP/TRICKLE IRRIGATION SYSTEMS CREDIT: A taxpayer may claim a tax credit for the purchase and installation of the following:

- Conservation tillage equipment;
- Drip/trickle irrigation system; or
- Dual purpose combination truck and crane equipment.

Enter the amount from the appropriate line of TC-1 to SC1040TC, line 5.

TC Line 6 MINORITY CONTRACTOR BUSINESS CREDIT: An income tax credit is allowed to a contractor who awards a subcontract to a South Carolina-based minority business certified by the Small and Minority Business Assistance Office. Enter the final amount from the appropriate line of TC-2 to SC1040TC, line 6.

TC Line 7 WATER RESOURCES CREDIT: A tax credit is allowed to encourage the private sector of our economy to invest in the construction of water storage and control structures for soil and water

conservation, wildlife management, agriculture and aquaculture purpose. Enter the amount from the appropriate line of TC-3 to SC1040TC, line 7.

TC Line 8 NEW JOBS CREDIT: The new jobs credit is available to taxpayers who operate manufacturing, tourism, processing, warehousing, distribution, research and development, corporate office, and qualifying service related facilities. Employers which create the required number of new full-time jobs qualify for the tax credit. It is first claimed in the year **after** the required number of jobs have been created. See TC-4 for computation of the allowable credit.

TC Line 9 PALMETTO SEED CAPITAL CREDIT: A tax credit is allowed for taxpayers who invest in the Palmetto Seed Capital Corporation. The Palmetto Seed Capital Corporation was established to increase the rate of capital formation, to stimulate new growth-oriented business formations, to create new jobs, and to supplement conventional business financing. Enter the amount from the appropriate line of TC-7 to SC1040TC, line 9.

TC Line 10 EMPLOYER CHILD CARE CREDIT: A tax credit is allowed to an employer who establishes a child care program for the benefit of his/her employees. A credit is also allowed for donations to a non-profit corporation that provides child care services to his/her employees. Enter the amount from the appropriate line of TC-9 on SC1040TC, line 10.

TC Line 11 BASE CLOSURE CREDIT: An income tax credit is allowed to employers who hire employees terminated from employment as a result of the closing or realignment of a federal military installation. Enter the amount from the appropriate line of TC-10 to SC1040TC, line 11.

TC Line 12 ECONOMIC IMPACT ZONE CREDIT: An income tax investment credit is allowed for qualifying property placed in service in a taxable year in an economic impact zone. For detailed legislative changes, see instructions to TC-11. Enter the amount from the appropriate line of TC-11 to SC1040TC, line 12.

TC Line 13 FAMILY INDEPENDENCE PAYMENTS CREDIT: An income tax credit is allowed to employers who paid qualified wages to qualifying recipients of Family Independence Payments. Enter the amount from the appropriate line of TC-12 to SC1040TC, line 13.

TC Line 14 ADDITIONAL FAMILY INDEPENDENCE PAYMENTS CREDIT: Employers are allowed an additional income tax credit for hiring qualified Family Independence Payment recipients in a least developed county. Enter the amount from the appropriate line of TC-12A to SC1040TC, line 14.

TC Line 15 MOTION PICTURES CREDITS BEFORE JULY 1, 2004: Before July 1, 2004, an income tax credit of 33%, but not more than \$15,000, is allowed for investment in a qualified South Carolina motion picture project or in a motion picture production or post-production facility in South Carolina. Enter the amount from the appropriate line of TC-13 on SC1040TC, line 15.

TC Line 16 QUALIFIED RETIREMENT PLAN CONTRIBUTION CREDIT: A credit in an amount equal to taxes paid on qualified retirement plan contributions made by a taxpayer while residing in another state which did not exempt such contributions from its state income tax is allowed. The credit must be spread over the life expectancy of the taxpayer. Contact the Department of Revenue for more information concerning the computation of this credit.

TC Line 17 COMMUNITY DEVELOPMENT CREDIT: A credit exists against income for amounts invested in a community development corporation or financial institution. The credit is not allowed if the amount invested is claimed as an IRC Section 170 deduction. The credit may not exceed five million dollars for all taxpayers. A taxpayer must first obtain a certificate from the SC Department of Commerce attesting that the entity invested in qualifies for the credit and that the credit remains available. The credit is limited to 33% of the amount invested. The credit may be carried forward to any tax year beginning before ten years from the date of stock acquisition. If the entity invested in redeems the stock or other equity interest within five years, the credit is disallowed retroactively. The credit is effective for tax years after 2000 and expires on June 1, 2005. Enter the amount from the appropriate line of TC-14 on SC1040TC, line 17.

TC Line 18 QUALIFIED CONSERVATION CONTRIBUTION CREDIT: A credit is allowed for a gift of land for conservation or for a qualified conservation contribution on any qualified real property interest. The gift or contribution has to be made after May 31, 2001. The taxpayer must qualify for and claim a federal charitable deduction for the gift or

contribution. The credit is limited to 25% of the allowable federal deduction, to \$250 per acre of property, and to a total of \$52,500. The credit may be carried forward and is transferable upon written notification to and approval by the SC Department of Revenue. Enter the smaller amount from the appropriate line of TC-19 on SC1040TC, line 18.

TC Line 19 CERTIFIED HISTORIC STRUCTURE CREDIT: A credit is allowed for a project that meets the requirements of IRC Section 47. The credit is equal to 10% of qualifying costs incurred after 2002, for property placed in service after June 30, 2003. The credit must be taken in five equal installment, beginning in the year the property was placed in service. Any unused credit may be carried forward for five years. Enter the amount from the appropriate line of TC-21 to SC1040TC, line 19.

TC Line 20 CERTIFIED HISTORIC RESIDENTIAL STRUCTURE CREDIT: A credit is allowed for a project that does not qualify under IRC Section 47 and that is pre-approved by the State Historic Preservation Officer. Upon completion of the project, the taxpayer must obtain certification from the State Historic Preservation Officer. The credit is equal to 25% of qualifying costs incurred after 2002, for property placed in service after June 30, 2003. The credit must be taken in five equal installments beginning in the year the property was placed in service. Any unused credit may be carried forward for five years. Enter the amount from the appropriate line of TC-22 to SC1040TC, line 20.

TC Line 21 TEXTILES REHABILITATION CREDIT: A credit against property tax or income tax is allowed for rehabilitation of a textile manufacturing facility. The taxpayer must elect the type of tax and receive approval from the SC Department of Commerce before the property is placed in service. A taxpayer who fails to obtain approval will receive only the income tax credit. The credit is equal to 25% of the taxpayer's rehabilitation expenses for property placed in service after June 30, 2004. The credit must be taken in five equal installments beginning in the year the property is placed in service. Any unused credit may be carried forward for five years. Enter the amount from the appropriate line of TC-23 on SC1040TC, line 21.

TC Line 22 COMMERCIALS CREDIT: After June 30, 2004, an income tax credit is allowed to a production company that produces one or more commercials with a total base investment of \$500,000 in a state-certified production during a calendar year. The credit equals 10% of the taxpayer's actual amount invested in South Carolina. Any unused credit may be carried forward for 10 years. Enter the amount from the appropriate line of TC-24 on SC1040TC, line 22.

TC Line 23 MOTION PICTURES CREDITS AFTER JUNE 30, 2004: After June 30, 2004, an income tax credit of 20%, but not more than \$100,000, is allowed for investment in a qualified South Carolina motion picture project or in a motion picture production or post-production facility in South Carolina. Enter the amount from the appropriate line of TC-25 on SC1040TC, line 23.

These tax credits apply only against your tax liability. The amount of credit cannot exceed the tax you owe.