



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**ECONOMIC IMPACT ZONE PROPERTY
INVESTMENT CREDIT**

SC SCH. TC-11

(Rev. 9/8/05)
3348

20 _____

Attach to Forms SC1040, SC1041, SC1065, SC1120, SC1120S or SC1120U.

Name as Shown on Tax Return	EIZ County	Social Security or Employer ID Number
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This schedule must be completed and filed with the income tax return in order to claim an investment tax credit for the cost basis of economic impact zone property. The definitions on the reverse side should be carefully read before completing this schedule, as there are certain requirements that must be met before qualifying for this tax credit.

Purpose: Use this form to claim the income tax investment credit for qualifying Economic Impact Zone Property for investments made after June 30, 1998.

Enter Economic Impact Zone Property on the schedule below. (Qualifying property is used as an integral part of manufacturing or production or used as an integral part of extracting or or furnishing transportation, communications, electrical energy, gas, water or sewage disposal services in the economic impact zone. **A credit cannot be taken on property transferred from somewhere else (either in-state or out-of-state) unless the original use of such property commences with the taxpayer inside the economic impact zone. Recapture of the credit will be required if the taxpayer disposes of or removes the property from the economic impact zone before the useful life (per section 168(e) of the Internal Revenue Code) of the property.**)

	(1) Basis	(2) Credit Percentage	(3) Credit Amount (column 1 x column 2)
1. Three-year Property	_____	1%	1. _____
2. Five-year Property	_____	2%	2. _____
3. Seven-year Property	_____	3%	3. _____
4. Ten-year Property	_____	4%	4. _____
5. Fifteen-year Property or greater	_____	5%	5. _____
6. Total of lines 1 through 5			6. _____
7. Maximum Credit (Form SC1120U filers)			7. \$5,000,000
8. Carryover of unused credits from 1997 and later			8. _____
9. Credit - Total of lines 6 and 8			9. _____

Caution: SC1120U filers add the **lesser** of lines 6 or 7 to line 8

GENERAL INSTRUCTIONS

- (1) Effective for qualifying investments made after June 30, 1998, the amount of the credit is equal to the aggregate of:
 - Three-year Property** - one percent of total aggregate bases for all three-year property that qualifies;
 - Five-year Property** - two percent of total aggregate bases for all five-year property that qualifies;
 - Seven-year Property** - three percent of total aggregate bases for all seven-year property that qualifies;
 - Ten-year Property** - four percent of total aggregate bases for all ten-year property that qualifies;
 - Fifteen-year Property or greater** - five percent of total aggregate bases for all fifteen-year or greater property that qualifies. **Note:** See Definitions on reverse.
- (2) Also effective for qualifying investments made after June 30, 1998, the basis of the qualifying property must be reduced by the amount of the credit claimed with respect to the property. The corresponding decrease in the depreciation deduction will result in an addition to federal taxable income for South Carolina income tax purposes.
- (3) Effective for qualifying investments made after June 30, 1998, the amount of the credit is limited to no more than five million dollars for any entity subject to the license tax provided in Section 12-20-100 (Form SC1120U filers). Note: the credit offsets income tax, not license tax.

DEFINITIONS:

For the purpose of this credit:

- (1) **Economic impact zone qualified manufacturing and productive equipment property**" means any property:
 - (a) which is used as an integral part of manufacturing or production, or used as an integral part of extraction of or furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services in the economic impact zone;
 - (b) which is tangible property to which Section 168 of the Internal Revenue Code applies;
 - (c) which is Section 1245 property (as defined in Section 1245(a)(3) of the Internal Revenue Code); and
 - (d)(i) the construction, reconstruction, or erection of which is completed by the taxpayer in the economic impact zone; or
(ii) which is acquired by the taxpayer if the original use of such property commences with the taxpayer inside the economic impact zone.
- (2) In the case of any computer software which is used to control or monitor a manufacturing or production process inside the economic impact zone and with respect to which depreciation (or amortization in lieu of depreciation) is allowable, the software must be treated as qualified manufacturing and productive equipment property.
- (3) This section does not apply to any property to which the other tax credits would apply unless the taxpayer elects to waive the application of the other credits to the property.
- (4) Whether property is three-year property, five-year property, seven-year property, ten-year property or fifteen-year property is determined based on the applicable recovery period for such property under Section 168(e) of the Internal Revenue Code.
- (5) (A) **"Economic impact zone"** means a county or municipality, any portion of which is located within fifty miles of the boundaries of an applicable federal military installation, and any area not otherwise included as part of the economic impact zone if the State Budget and Control Board determines the area to be adversely impacted by the closing or realignment of an applicable federal military installation. An applicable federal military installation is one 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.(B) The following counties are Economic Impact Zone Counties:

Aiken	Calhoun	Edgefield	Jasper	Richland
Allendale	Charleston	Florence	Lexington	Saluda
Bamberg	Clarendon	Georgetown	Marion	Williamsburg
Barnwell	Colleton	Greenwood	McCormick	
Beaufort	Dillon	Hampton	Newberry	
Berkeley	Dorchester	Horry	Orangeburg	

GENERAL INFORMATION

- (A) For tax years beginning after 1996, any unused credit allowed pursuant to this section may be carried forward for ten years from the close of the tax year in which the credit was earned.
- (B) **For any qualifying investments made after June 30, 1998, if during any taxable year and before the end of applicable recovery period for such property as determined under Section 168(c) of the Internal Revenue Code, the taxpayer disposes of or removes from the economic impact zone, economic impact qualified manufacturing and productive equipment property, then the income tax due under Chapter 6 by the taxpayer for the current taxable year must be increased by the full amount of any credit claimed in prior years with respect to such property. See SC SCH TC-11-R.**
- (C) For South Carolina income tax purposes, the basis of the economic impact zone qualified manufacturing and productive equipment property must be reduced by the amount of any credit claimed with respect to the property. For any qualifying investments made after June 30, 1998, if a taxpayer is required to recapture the economic impact zone investment tax credit, the taxpayer may increase the basis of the property by the amount of any basis reduction attributable with claiming the economic impact zone investment tax credit in prior years. The basis must be increased in the year in which the credit is recaptured.
- (D) The credit allowed by this section for investments made after June 30, 1998 is limited to no more than five million dollars for any entity subject to the license tax as provided in Section 12-20-100.

Effective June 1, 2005, this section applies for credits earned in taxable years beginning after 1996.

If a taxpayer (1) has made a total capital investment of not less than \$50,000,000 in South Carolina in the previous 5 years, (2) is engaged in an activity or activities in South Carolina listed under Section 31, 32 or 33 of the North American Industry Classification System (NAICS) Manual, and (3) either (a) employs 1,000 or more full-time workers in South Carolina while having a total capital investment here of at least \$500,000,000 or (b) employs 850 or more full-time workers in South Carolina while having a total capital investment here of not less than \$750,000,000, any credit unused within the initial 10 year period can be carried forward for use in any subsequent tax years. Credits carried forward beyond the initial 10 year period may not reduce a taxpayer's state income tax liability in any tax year by more than 25%.

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.