

SOUTH CAROLINA DEPARTMENT OF REVENUE

2013 SC1040 INDIVIDUAL INCOME TAX FORM AND INSTRUCTIONS

www.sctax.org



SOUTH CAROLINA ELECTRONIC FILING

Go to www.sctax.org to check out Free File and other electronic filing options.

Click on the Free File link to see if you qualify to file electronically for **FREE** using any of the listed offers. If you do not, you can still EFile for **FREE** using South Carolina Fillable Forms!

DIRECT DEPOSIT
Simple. Safe. Secure.

FAST REFUNDS! CHOOSE DIRECT DEPOSIT-

a fast, simple, safe, secure way to have your refund deposited automatically into your checking or savings account! Available on paper and electronic

returns. See the SC1040 Instructions for more information.

CONFORMITY - South Carolina recognizes the Internal Revenue Code as amended through January 2, 2013 unless otherwise provided. The highlight of conformity this year is that the bill decoupled from the federal change that limits itemized deductions and personal exemptions of certain taxpayers in 2013 and later.

2013 LEGISLATIVE UPDATE - A list of significant changes in tax and regulatory laws and regulations enacted during the 2013 legislative session is provided on the Department's website at: www.sctax.org/Tax+Policy/New+Legislation.htm

NEW TAX DEDUCTION FOR CONSUMER PROTECTION SERVICES FOR 2013 - For individuals who filed returns between 1998 and 2012 or whose personally identifiable information was included on the return and who are not enrolled in the identity theft protection and resolution services offered free of charge by the State. The deduction is limited to \$300 for an individual taxpayer, and to \$1,000 on a joint return or a return claiming dependents. See the SC1040 Instructions for detailed information.

FORMS - Additional forms can be found on our website www.sctax.org or by calling the Forms Request Line at (803) 898-5320 or (800) 768-3676.

DUE DATE FOR FILING - The due date for filing your 2013 South Carolina individual income tax return is **April 15, 2014**.

MAIL RETURNS TO:

Refunds or Zero Tax: SC1040 Processing Center
PO Box 101100
Columbia, SC 29211-0100

Balance Due: Taxable Processing Center
PO Box 101105
Columbia, SC 29211-0105

WHAT'S INSIDE ?

- Taxpayer Services Information
- Electronic Filing Options
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TELEPHONE NUMBERS

Information/Columbia

(803) 898-5709

Refund Status/Columbia

(803) 898-5300

Forms Request/Columbia

(803) 898-5320

Forms Request/Toll Free

(800) 768-3676

Copies of Returns

(803) 896-1164

Hearing Impaired

(800) 676-3777

Relay South Carolina

Voice (800) 735-2905

TTY (800) 735-8583

Taxpayer Advocate

(803) 898-5444

ELECTRONIC FILING OPTIONS

You may qualify to file your Federal and South Carolina income tax returns for
FREE!

Go to our website at www.sctax.org and click on the Free File logo.



FREE FILE

South Carolina residents may qualify to have their federal and South Carolina returns electronically filed for **FREE**. Vendors that offer FREE federal and South Carolina return filing are listed on the Free File page. Each vendor has its own set of qualifications. Please review all vendors to find the best option for you. Be sure to access these Free File products from the SC Department of Revenue website, www.sctax.org to ensure free filing for both your federal and state returns. Also, it will be necessary to establish a new login name and password if you have previously PAID to use one of the products listed under Free File for South Carolina. If you DO NOT qualify to file your South Carolina return and federal return for FREE, you may still file your South Carolina return electronically at no cost. See South Carolina Fillable Forms below.



SOUTH CAROLINA FILLABLE FORMS

South Carolina Fillable Forms is a **FREE** product designed for taxpayers who need to file a very simple South Carolina return. South Carolina Fillable Forms allows you to file your return either by printing it out and mailing it to the agency or click on the EFile button to electronically submit the return. South Carolina Fillable Forms supports the filing of the forms SC1040, I-319 (Tuition Tax Credit), and I-330 (Contributions for Check-Offs) **ONLY**. Not all lines on form SC1040 are supported and you will not be able to file your federal return using South Carolina Fillable Forms. To access South Carolina Fillable Forms, go to www.sctax.org and click on the Free File page. Scroll down to the South Carolina Fillable Forms logo for complete information on this **FREE** filing option.



FED/STATE ELECTRONIC FILING

Taxpayers may electronically file federal and South Carolina returns through a tax practitioner. Taxpayers can locate a local practitioner by going to the SC Department of Revenue website www.sctax.org to search by zip code.

The zip code search is maintained by the IRS and can be accessed by clicking on Electronic Services and Individual Income. Then, click on Fed/State Electronic Filing and the IRS Listing of Electronic Filing Providers link.

SCnetFile EXTENSIONS

If you need more time to file, taxpayers can request an extension (SC4868) on SCnetFile for Extensions. SCnetFile for Extensions is for state extensions **ONLY**. Payment can be submitted by EFW (electronic funds withdrawal) or credit card. An extension is an extension of time to file and **NOT** an extension of time to pay.



ELECTRONIC PAYMENT METHODS

If you file your 2013 Individual Income Tax return electronically and have a balance due, you can set up an EFW (electronic funds withdrawal) at the time the return is transmitted. If you do not submit payment information at the time of filing, you can go to www.sctax.org and click on DORePay to submit the SC1040-V (Individual Income Tax Payment Voucher). Payment may be submitted by EFW or credit card. You must pay your balance due in full by May 1, 2014 to avoid paying penalties and interest.

ELECTRONIC FILING INCENTIVE

Taxpayers who file their South Carolina return electronically have until May 1, 2014 to pay the balance due without incurring penalty and interest. Failure to file and pay the balance due by May 1, 2014 will result in penalties and interest from April 15, 2014 until the return is filed and the tax is paid. The incentive does not extend the time for amending your return to claim a refund. ***THIS SPECIAL INCENTIVE APPLIES ONLY TO THE FILING OF YOUR SOUTH CAROLINA INCOME TAX RETURN BY NON-PAPER METHOD.***

Faster Refunds—Get your refund faster by ***E-Filing*** using direct deposit!



Simple. Safe. Secure.

INDIVIDUAL INCOME TAX GENERAL INFORMATION

(Rev. 3/1/13)
3556

SHOULD I FILE A SOUTH CAROLINA INCOME TAX RETURN?

Resident taxpayers under age 65:

- Were you required to file a federal income tax return which included income taxable by South Carolina? (Residents of South Carolina are taxed on their entire income, regardless of where earned, unless specifically exempted by law.)
- Did you have South Carolina income tax withheld from your wages?

Resident taxpayers age 65 or older:

- Married Filing Jointly (Both 65 or older) - Is your gross income greater than the federal gross income filing requirement amount plus \$30,000?
- Any Other Filing Status - Is your gross income greater than the federal gross income filing requirement amount plus \$15,000?
- Did you have South Carolina income tax withheld from your wages?

Nonresidents:

- Did you have South Carolina income tax withheld from your wages?
- Are you a nonresident or part-year resident with South Carolina whose gross income is greater than the federal personal exemption amount?

If you answered YES to any one of the questions above, file a South Carolina income tax return.

AM I A RESIDENT OR A NONRESIDENT?

The following definitions will help you decide:

You are a South Carolina **resident**, even if you live outside South Carolina, when:

1. Your intention is to maintain South Carolina as your permanent home, AND
2. South Carolina is the center of your financial, social and family life; AND
3. When you are away, South Carolina is the place to which you intend to return.

You are a **nonresident** if your permanent home is outside South Carolina all year and none of the above applies.

WHAT IS MY STATUS IF I MOVED INTO OR OUT OF SOUTH CAROLINA DURING THE TAX YEAR?

You are a part-year resident. As a part-year resident, you may consider yourself a full-year resident or a nonresident.

- If you elect to file as a full-year resident, file SC1040. Report all your income as though you were a resident for the entire year. You will be allowed a credit for taxes

paid on income taxed by South Carolina and another state. You must complete SC1040TC and attach a copy of the other state's income tax return.

- If you elect to file as a nonresident, file SC1040 with Schedule NR. You will be taxed only on income earned while a resident in South Carolina and will prorate your deductions and exemptions. All personal service income earned in South Carolina must be reported to this state.

You may **choose** the way that is most advantageous to you. **This option is only available for the year you are a part-year resident. You must also attach a copy of your federal return.**

I AM A NONRESIDENT OF SOUTH CAROLINA BUT WORK IN SOUTH CAROLINA. HOW SHOULD I FILE?

File SC1040 with Schedule NR. You will be taxed only on income earned in South Carolina and will prorate your deductions and exemptions. All personal service income (wages, consulting, etc.) earned in South Carolina must be reported to this state.

I AM A RESIDENT FOR ONLY PART OF THE YEAR. HOW SHOULD I FILE?

An individual who is a South Carolina resident for only part of the year may choose one of two filing methods:

1. Complete Schedule NR, including in Column B only those amounts that are taxable to South Carolina, and attach to SC1040, **or**
2. File SC1040, including all federal taxable income, and attach SC1040TC to claim a credit for taxes paid to another state.

I AM A FULL-YEAR SOUTH CAROLINA RESIDENT BUT MY SPOUSE IS NOT. HOW SHOULD WE FILE?

If you file a **joint** federal return, you must file a **joint** South Carolina return SC1040 with Schedule NR. The resident spouse will report to South Carolina all income for the entire year. The spouse who is not a resident on the joint return will only report income earned in this state, if any.

If you file **separate** federal returns, you must file a **separate** South Carolina return. Your spouse must also file a **separate** South Carolina return if he/she has income taxable by South Carolina.

I AM IN THE ARMED FORCES. WHAT IS MY RESIDENCY STATUS?

South Carolina Resident: If you enter the armed forces when you are a South Carolina resident, you do not lose your South Carolina residency status, even if you are absent from this state on military orders. You are subject to the same residency requirements as any other South Carolina resident and are required to file a South Carolina income tax return.

Nonresident: If you are not a South Carolina resident but are stationed in this state by military orders, **your military income** is not subject to South Carolina tax. However, if you have **other earned income** subject to South Carolina tax, file SC1040 with Schedule NR. Your spouse may be exempt from South Carolina income tax on income from

services performed in South Carolina under the Federal Military Spouses Residency Relief Act. See Schedule NR instructions for more information. South Carolina **DOES** tax other income earned in this state by you or your spouse.

WHEN SHOULD I FILE MY RETURN?

RETURNS FOR CALENDAR YEAR 2013: file on or before April 15, 2014.

RETURNS FOR FISCAL YEAR TAX PERIODS: due on or before the fifteenth (15th) day of the fourth month following the close of your tax year. Identify the fiscal year period at the top of the return in the space provided and write "FISCAL" in large letters across the face of the return.

Electronic Filing: See electronic filing options for May 1 incentive.

NEED MORE TIME TO FILE?

If you need more time to file your South Carolina return, note the following:

- You may file and pay with your extension on-line through our website: www.sctax.org
- **If you will receive a refund** of state income taxes, South Carolina will allow you the same length of time that is allowed by your federal extension. If you do not have a federal extension, then you must file a SC4868 by April 15, 2014.
- When you file your return, check the appropriate box on the front of the SC1040 and attach a copy of your federal extension or SC4868 to the back of your South Carolina return.

If you expect to owe additional tax by the April 15 due date, and you need more time to file your South Carolina income tax return:

- You must pay at least 90 percent of your state tax due to the Department of Revenue on either a copy of the federal Form 4868 marked "For South Carolina" or South Carolina SC4868 by April 15, 2014.
- Be sure to enter any South Carolina payments paid on an extension request on SC1040, line 18.

Be sure to attach a copy of the extension to the back of your South Carolina return when you file. Check the appropriate box on the front of the SC1040.

MORE TIME TO FILE DOES NOT MEAN MORE TIME TO PAY YOUR TAXES!

You will owe interest from April 15, 2014 to date of payment. A penalty may also be charged after April 15th if an additional payment is required. To avoid the penalty, you must: 1) pay at least 90 percent of the tax by April 15, 2014, and 2) pay the additional balance, if any, within the extended time period.

FRAUDULENT RETURN

Any person who deliberately fails to file a return, files a fraudulent return or attempts to evade the tax in any manner may be liable for a penalty up to \$10,000 or imprisoned for not more than five years or both.

I AM GETTING AN INCOME TAX REFUND THIS YEAR. WHEN WILL I GET MY REFUND?

Returns which are filed early are usually processed more quickly than returns filed closer to April 15th. Ordinarily, within six weeks after we receive your **complete** return we will mail your refund. Therefore, please allow at least eight weeks for your refund to arrive before you contact us. Visit our website at www.sctax.org or call 1-803-898-5300.

DECEASED TAXPAYERS

If a person received income during this tax year but died before filing a return, the South Carolina income tax return should be filed by the surviving spouse, executor or administrator. Use the same filing status that was used on the final federal income tax return. Check the appropriate box beside the decedent's social security number. The due date for filing is the same as for federal purposes. In the area where you sign the return write "Filing as a surviving spouse," if appropriate. A personal representative filing the return must sign in his or her official capacity and attach SC1310. Any refund will be issued to the decedent's surviving spouse or estate.

ROUND OFF CENTS TO THE NEAREST WHOLE DOLLAR.

You **must** round off cents to the nearest whole dollar on your return and schedules. You must drop amounts less than 50 cents. Increase amounts of 50 to 99 cents to the next dollar. For example: \$2.15 becomes \$2.00; \$4.75 becomes \$5.00; and \$3.50 becomes \$4.00.

WHAT TAX RECORDS DO I NEED TO KEEP?

Keep a copy of your return. Also, keep the original or a copy of any schedules, worksheets or statements used to prepare your return. Keep your records that support an item of income or a deduction appearing on a tax return until the limitations period for the return runs out. The limitations period is generally **THREE YEARS** from the date the return was filed or due to be filed, whichever is later.

Save any records concerning property, home, stocks, and business property you bought and may sell later. The records kept should show the purchase price, date and related cost, and for real property, cost and date of improvements. Your return may be audited by the IRS or the South Carolina Department of Revenue. If audited, the law requires you to show proof of your income, expenses, and cost of assets.

WHAT IF I AM AUDITED BY THE IRS?

If you receive a refund or owe additional federal tax, file an SC1040X (amended South Carolina return) after the federal audit report becomes final.

WHEN SHOULD I FILE AN AMENDED SOUTH CAROLINA RETURN?

File SC1040X (Amended Return) any time you need to correct your South Carolina return. If you amend your federal return, generally you will need to amend your state return. You may apply for a refund on either an amended or delinquent return for any tax period which is open under the statute of limitations. A refund will not be issued for requests received beyond the limitations period.

The limitations period for filing an original return is generally three years from the original due date. If you filed the original return by the original due date or by an extended due date, the limitations period for filing an amended return is three years from the date of filing, three years from the original due date, or two years from the date of payment, whichever is latest. If you filed the original return after the original due date and any extended due date, if applicable, the limitations period for filing an amended return is three years from the original due date or two years from the date of payment, whichever is later.

REFUND SETOFFS

The South Carolina Department of Revenue assists other State agencies, institutions of higher learning, political subdivisions of the state, and the Internal Revenue Service in the collection of overdue accounts. All or part of your refund can be sent directly to these "claimant" agencies if they notify the Department that you have a past due account with them.

The South Carolina Department of Revenue charges the taxpayer a \$25.00 administrative fee to complete a refund "setoff." If any of your refund is sent to a claimant agency, the Department will notify you in writing. If your refund exceeds the amount owed the claimant agency plus the administrative fee, the balance will be mailed to you.

If you believe you do not owe the debt, the amount sent was incorrect, or the debt has already been paid, you must contact the claimant agency.

WHO MUST FILE A DECLARATION OF ESTIMATED TAX?

Generally, you must file a Declaration of Estimated Tax, SC1040ES, for the year 2014 if you estimate that your tax will be \$100 or more and the total amount of income tax that will be withheld will be less than the lesser of:

1. 90% of the tax to be shown on your 2014 income tax return,
or
2. 100% of the tax shown on your 2013 income tax return (if your 2013 return covered all 12 months of the year). However, if your adjusted gross income is \$150,000 or more, the 100% rule is modified to be 110% of the tax shown on your 2013 income tax return.

Wage earners who do not have enough tax withheld from their wages must file a Declaration of Estimated Tax for the year. You have two methods for paying: 1) increase the amount your employer withholds from your wages, or 2) pay estimated tax in addition to the usual amount withheld from your wages.

Taxpayers earning personal service income in another state on which tax withholding was due to the other state and was withheld can be relieved of declaration penalty.

Self-employed people who do not have South Carolina tax withheld from their income must file a Declaration of Estimated Tax for the year. **Recipients of taxable pension and annuities** who do not have at least 90 percent of their South Carolina income tax liability withheld must file a Declaration of Estimated Tax for the year.

WHO DOES NOT HAVE TO FILE A DECLARATION OF ESTIMATED TAX?

Farmers and commercial fishermen do not have to file a declaration if at least two thirds of their gross income is from farming or fishing, but must file their return and pay all taxes due generally by March 1. If March 1 falls on a weekend, then the due date is the next business day.

HOW DO I FILE ESTIMATED TAX?

To file SC1040ES and pay on line by credit card or electronic funds withdrawal, see our website (www.sctax.org). Forms can also be printed from our website to use when mailing your payment.

CHANGE NAME OR ADDRESS

Let us know your new name and/or address. Complete SC8822, which is available on our website www.sctax.org

DO I NEED TO FILE A SOUTH CAROLINA USE TAX RETURN?

The use tax is a tax that applies to purchases of tangible personal property from out-of-state retailers for use, storage or consumption in South Carolina, and includes purchases from retailers made via the Internet (retailers' websites and retailers' sales on auction sites), through out-of-state catalog companies, home shopping networks or when visiting another state. The tax rate for the use tax is the same as the sales tax. This rate is determined by where the tangible personal property will be used, stored or consumed, regardless of where the sale takes place. Therefore, the tax rate for the use tax will be the 6% state rate plus the applicable local use tax rate for the location where the tangible personal property will be used, stored or consumed. The purchaser, as an individual, may report and remit their use tax on a SC1040 South Carolina Individual Income Tax Return or a UT-3 Use Tax Return. See the instructions on the UT-3W for additional information and use tax rates by county.

You may also get valuable use tax information by going to www.sctax.org and clicking on the **USE TAX LINK**.

SC1040 INSTRUCTIONS 2013 (Rev. 9/9/13)

IMPORTANT INFORMATION BEFORE YOU BEGIN

In order to modernize and streamline our tax return processing system, we have made certain modifications to page one of the SC1040 to accommodate barcode information. Taxpayers filing electronically or through tax preparation services will not notice these changes; however, those taxpayers filing paper returns will notice a change in the appearance and the order of some of the lines.

In addition, **ALL** taxpayers (including paper filers) are required to include the SC1040-V with their payments if not paying electronically.

Form SC1040X should be used to correct or change an SC1040 that you have previously filed. SC1040X can be filed only **after** you have filed an original return.

For tax year 2013, unless you have a valid extension, the due date is April 15, 2014 and the deadline to claim a refund is April 15, 2017.

COMPLETE YOUR FEDERAL RETURN BEFORE YOU BEGIN YOUR SOUTH CAROLINA TAX RETURN. YOUR COMPLETED FEDERAL RETURN WILL CONTAIN INFORMATION WHICH YOU MUST ENTER ON THE SOUTH CAROLINA RETURN.

If you were required to use federal schedules C, D, E and/or F with your federal return or filed a Schedule NR, SC1040TC, I-319 and/or I-335 with your South Carolina return, attach a copy of your completed federal return and schedule(s) to your South Carolina return.

NOTE ON CONFORMITY: Due to Publication Deadlines, Conformity issues are not addressed in our instructions.

NAME, ADDRESS AND SOCIAL SECURITY NUMBER

Print or type your Social Security number. A check box is provided to indicate if the taxpayer is deceased.

Print or type your name, mailing address, and the county code of the county in which you live. See county code listing in these instructions. A check box is provided to indicate if this is a new mailing address. **Make sure your mailing address is complete and accurate on your return.**

For a foreign address, check the box indicating that the address is outside the US. In the box provided print or type the complete foreign address including postal code.

If you are married and filing a joint return, fill in your spouse's name and your spouse's Social Security number.

If you are married and filing separate returns, **do not include your spouse's name or Social Security number in this section. Fill in your spouse's Social Security number next to box # 3 in the filing status section.**

If the taxpayer or spouse died during the taxable year, check the box by the decedent's Social Security number.

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 and to process any refund due you.

ITIN - INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER

If you are a nonresident or resident alien and cannot get a Social Security number, you may contact the Internal Revenue Service to apply for and obtain an Individual Taxpayer Identification Number (ITIN) for the purpose of filing income tax returns. South Carolina will accept this number in place of a Social Security number for the purposes of processing your individual income tax returns. For information on obtaining an ITIN, please contact the Internal Revenue Service at 1-800-829-1040 or go to **www.irs.gov**

CHECK BOXES

Nonresidents for the entire year and part year residents electing to file as a nonresident should check the box and attach Schedule NR to the completed SC1040. **Do not submit the Schedule NR separately.**

If you are filing a composite return for a partnership or S corporation, check the box and see I-348 Composite Instructions for more information on filing a composite return.

If you filed a federal or state extension, check the box.

If you served in a Military Combat Zone during the filing period, check the box and enter the combat zone.

If your return is affected by a federally declared Disaster Area, check the box and enter the disaster area.

FILING STATUS*

Check the same filing status you checked on your federal return. **Check only one box.**

*South Carolina does not recognize same sex marriage. If a same sex couple is able to file a federal return with a married status, they must file as single or head of household for South Carolina purposes.

EXEMPTIONS

You **must** enter the same number of exemptions claimed on your federal return. Attach federal Form 8332 if you are required to file this form with your federal return.

If you are claiming a deduction for children under six, you must enter in the space provided the number of children under six. Also, be sure to complete the information required on **line t** under subtractions from federal taxable income.

Enter the number of taxpayers who are age 65 or older.

Enter your dependents first and last name, Social Security number, relationship, and date of birth.

LINE INSTRUCTIONS FOR SC1040

The references to form numbers and line descriptions on federal income tax forms were correct at the time of printing. If they have changed and you are unable to determine the proper line to use, please contact the Department of Revenue. These instructions are to be used as a guide in the preparation of a South Carolina individual income tax return and are not intended to cover all provisions of the law.

ROUND-OFF ALL AMOUNTS TO THE NEAREST WHOLE DOLLAR.

Line 1 - FEDERAL TAXABLE INCOME

Enter your **Federal Taxable Income** from your federal form. **If your Federal Taxable Income is zero or less, enter zero** here and enter your negative amount on **line r**.

STOP! Nonresident/Part Year filers complete Schedule NR and go to line 5. See Schedule NR instructions.

ADDITIONS TO FEDERAL TAXABLE INCOME

Enter all numbers on **lines a through e** as **positive** numbers even if they are negative numbers on the federal return. **Lines a through e** are adjustments which **must be added** to your federal taxable income to determine your South Carolina taxable income. Line 2 is the total of these additions.

Line a - STATE TAX ADBACK, IF ITEMIZING ON FEDERAL RETURN

If you deducted state and local income taxes or general sales taxes while itemizing on your 2013 federal income tax return, you are required to add all or part of this amount to federal taxable income to arrive at your South Carolina taxable income. Use the worksheet below to figure the adjustment. (Keep this worksheet for your records.)

| Worksheet A - State Tax Adjustment | |
|---|----------|
| 1. Itemized deductions from 2013 federal Form 1040, Schedule A lines 4, 9, 15, 19, 20, 27 and 28. | 1. _____ |
| 2. Enter allowable federal standard deduction you would have been allowed if you had not itemized. Enter zero if married filing separate (MFS) returns. (See federal instructions) | 2. _____ |
| 3. Subtract line 2 from line 1. (Enter zero if line 2 is greater than line 1.) | 3. _____ |
| 4. Enter the amount of state and local income taxes or general sales taxes from federal Schedule A. | 4. _____ |
| 5. The lesser of line 3 or line 4. Enter this amount on SC1040 line a . | 5. _____ |

Line b - OUT-OF-STATE LOSSES

If you have reported losses from out-of-state rental property, a business located outside South Carolina, or losses from real property located out of state, enter the amount shown on your federal return on **line b** and check the appropriate box. You must also include any related expenses, such as investment interest. Enter the total of these losses and related expenses on this line. Personal service income (W-2 or business wages) is taxable to South Carolina **no matter where it is earned**.

Line c - EXPENSES RELATED TO RESERVE INCOME

Because inactive duty military reserve income is taxed for federal purposes but deductible on your South Carolina return, you must add back the amount of the federal deduction for expenses related to this income. Enter the amount of these expenses on this line.

Line d - INTEREST INCOME

Interest income on obligations of states and political subdivisions other than South Carolina **must be added**. In the case of a mutual fund, add back the percentage of exempt interest income attributable to out-of-state non-federal obligations. Enter the amount of taxable interest income on this line.

Line e - OTHER ADDITIONS TO INCOME

Attach an explanation of your entry for this line. Some examples of items which you must enter on this line are:

- Taxpayers that claim bonus depreciation under federal law must add back the difference between the bonus depreciation taken and the depreciation which would have been allowed without bonus depreciation.
- Taxpayers that claim a child care program credit for donations to a nonprofit corporation (Sch. TC-9) are not allowed a deduction for those donations. The disallowed deductions are an addition to federal taxable income.
- Taxpayers that claim credits such as the Community Development Credit (Sch. TC-14), the Industry Partnership Fund Credit (Sch. TC-36), and the Credit for Child Care Program (Sch. TC-9), may not claim a deduction for the same qualified contribution which results in the credit.
- Federal net operating loss when claiming a larger amount than for state purposes **is an addition**.
- Expenses deducted on the federal return related to any income exempt or not taxed by South Carolina **is an addition. Some examples are investment interest to out-of-state partnerships and interest paid to purchase United States obligations.**
- Foreign areas allowances, cost of living allowances and/or income from possessions of the United States are **additions** to federal taxable income.
- Effective for qualifying investments made after June 30, 1998, taxpayers must reduce the basis of the qualifying property to the extent the Capital Investment Tax Credit is claimed. An addition to federal taxable income must be made for the resulting reduction in depreciation.
- A deduction for domestic production activities under IRC Section 199 must be added back.
- A charitable contribution deduction under IRC Section 170 for a gift of land must be added back unless the contribution also meets the requirements of S.C. Code Section 12-6-5590.
- Include any withdrawals during the tax year from a Catastrophe Savings Account that were:
 - (1) necessary because contributions were more than the allowable limits; or
 - (2) more than the amount needed to cover qualified catastrophe expenses. (Qualified catastrophe expenses are expenses paid or incurred because of a major disaster as declared by the Governor.)
 Do not include any withdrawals made by a spouse surviving the spouse who set up the Account.
- As of January 1, 2009, a business must add back any amount paid for services performed by an unauthorized alien if the amount is \$600 or more a year. An "unauthorized alien" is a person who is not admitted for permanent residence and not authorized to be employed either under federal law or by the U.S. Attorney General. An add-back is not required if: (1) the business is a S.C. business exempt from compliance with federal employment verification procedures under federal law; or (2) the person being paid is not directly paid or employed by the business; or (3) the employment status of the person is verified using the procedures contained in the new law; or (4) the person was hired by the taxpayer before January 1, 2009; or (5) the business made a reasonable investigation of the person and did not know or should not have known that the person was an unauthorized alien.

Depending upon how a particular item was reported or deducted, the following items may be an addition or a subtraction:

- A change in the accounting method to conform in the same manner and the same amount to the federal. **This may be an addition or a subtraction.** At the end of the federal adjustment, any balance will continue until fully adjusted.
- The installment method of reporting is to be adjusted if the entire sale has been reported for state purposes or to continue on an installment basis if the entire sale has been reported for federal purposes. **This may be an addition or a subtraction.**
- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis. **This may be an addition or a subtraction.**

Line 2 - TOTAL ADDITIONS

Add **lines a through e** and enter total. These are your total additions.

SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

Enter all numbers on **lines f through v** as positive numbers even if they are negative numbers on the federal return.

Lines f through v are adjustments which **should be subtracted** from your federal taxable income to determine your South Carolina taxable income.

Line f - STATE TAX REFUND

If your state tax refund was included on your federal Form 1040, that amount should be entered on this line.

Line g - TOTAL AND PERMANENT DISABILITY RETIREMENT INCOME TAXED ON YOUR FEDERAL RETURN

If **disability retirement income** was taxed on your federal income tax return and you are **totally and permanently disabled**, you may be able to deduct this income from your South Carolina taxable income.

You must be totally and permanently disabled, unable to be gainfully employed in any capacity, receiving income from a disability retirement plan, and eligible for the homestead exemption under Section 12-37-250 to qualify. You do **not** qualify if you are receiving disability income from one job while able to perform another job. You must attach a copy of the physician's statement establishing that you are permanently and totally disabled.

NOTE: The deduction is limited to payments received from retirement plans. Payments from disability plans which are not retirement plans are not eligible for the deduction. Third party sick pay reported on a W-2 does not qualify for the total and permanent disability retirement deduction.

A surviving spouse may take a disability retirement deduction for amounts received in the year the disabled spouse died. For subsequent years, a surviving spouse is only eligible for the retirement deduction on **line p** and not the disability deduction.

Line h - OUT-OF-STATE RENTAL/BUSINESS OR REAL ESTATE INCOME NOT TAXABLE TO SOUTH CAROLINA

If you have income from out-of-state rental property; a business located outside South Carolina; or gain from real property located out of state, as reported on your federal return, enter this amount on this line and check the appropriate box. **However, personal service income (W-2 or business wages) is taxable to South Carolina no matter where it is earned.**

Line i - NET CAPITAL GAIN DEDUCTION

Net capital gains which have been held for a period of more than one year and have been included in the SC taxable income are reduced by 44% for SC income tax purposes.

The term "**net capital gain**" means the **excess** of the **net long-term** capital gain for the taxable year **over** the **net short-term** capital loss for such year. Income received from installment sales as well as capital gain distribution qualifies for this deduction **provided the more than one year holding period has been met.** (SC Capital Gains holding period is the same as the federal.) Multiply the net gain which meets the above guidelines by 44% (.44) and enter the results on this line.

Example: Taxpayer's gain on stock (held more than one year) is \$10,000. Also reported is a short term (ST) loss on stock held for six months of \$5,000 and a long term (LT) loss on stock held since 1985 which amounts to \$3,000.

| | |
|---|--|
| SC Net LT Capital Gain (more than one year) | \$ 7,000 (10,000 gain - 3,000 loss) |
| - SC Net ST Capital Loss | <u>- 5,000</u> (one year or less) |
| SC Net Capital Gain | \$ 2,000 |
| Net LT Capital | |
| X Gain Deduction | X 44% |
| Amount to be deducted | <u>\$ 880</u> |

Line j - VOLUNTEER DEDUCTION

Volunteer firefighters, rescue squad workers, volunteer hazardous material HAZMAT team members, reserve police officers, Department of Natural Resource (DNR) deputy enforcement officers, and members of the State Guard are allowed to deduct **\$3,000**. Volunteer firefighters, rescue squad workers and HAZMAT members qualify **only** if their employer provides them with a form stating that they have earned the minimum number of points established by the State Fire Marshal during the year. Reserve police officers, DNR deputy enforcement officers, and the State Guard members qualify only if the appropriate authority provides them with an I-332 certification form certifying their eligibility for this deduction. An individual is limited to one deduction of \$3,000. If a taxpayer and spouse both qualify, enter \$6,000. Enter the amount on **line j** and check the type of deduction.

Line k - CONTRIBUTIONS TO THE SC COLLEGE INVESTMENT PROGRAM ("FUTURE SCHOLAR") OR TO THE SC TUITION PREPAYMENT PROGRAM

You may deduct 100% of any contributions to the SC College Investment Program ("Future Scholar") made between January 1, 2013 and through April 15, 2014. You may deduct 100% of any contribution to the SC Tuition Prepayment Program made between January 1, 2013 and December 31, 2013.

Line l - ACTIVE TRADE OR BUSINESS INCOME DEDUCTION

Enter the amount from I-335, line 5.

Line m - INTEREST FROM U.S. OBLIGATIONS

If you included your interest income from U.S. obligations (such as U.S. savings bonds, treasury notes and bills, etc.) as income on your federal income tax return, enter the amount on this line. Deduct the interest income from South Carolina and/or federal obligations.

Interest income from the following obligations **are taxable** for state purposes:

- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (Fannie Mae)
- Government National Mortgage Association (Ginnie Mae)

Line n - CERTAIN NONTAXABLE NATIONAL GUARD OR RESERVE PAY

Income received from National Guard or Reserve members for customary annual training, weekend drills, and other inactive duty training is generally exempt from South Carolina income tax.

- Members of the National Guard or Reserves may deduct all inactive duty pay from the United States or any state for weekend drills and other inactive duty training actually attended.
- Members of the National Guard and active duty Reserve members may also deduct up to 15 days of customary annual training pay, also referred to as "active duty training" or "ADT".
- Inactive duty Reserve members may also deduct up to 14 days of customary annual training pay, also referred to as "active duty training" or "ADT" plus up to 2 days of travel time listed on official orders.
- Full-time Active Guard and Reserve (AGR) employees may deduct up to 15 days of annual training actually attended and up to 24 days of weekend drills (a maximum of 39 days) at the daily rate of pay.

For additional information see **SC Revenue Ruling #09-16** on our website www.sctax.org under Law and Policy, Advisory Opinions. Do not include Military Reserve and National Guard pay which is included in retirement income on this line. See **line v** instructions for other subtractions.

Line o - SOCIAL SECURITY AND/OR RAILROAD RETIREMENT AMOUNT IF TAXED BY FEDERAL

If you are taxed on any Social Security under Title 2 of the Social Security Act or railroad retirement income on your federal return, enter the amount that was taxed on your federal return.

Line p - RETIREMENT DEDUCTION

An **individual** who is under **age 65** may claim a retirement deduction up to \$3,000 of qualified retirement income from his or her own plan.

An **individual** who is **age 65** or older during the tax year may claim a retirement deduction up to \$10,000 of qualified retirement income from his or her own plan.

On **line p-1**, include only qualified withdrawals from the taxpayer's own qualified retirement plan. On **line p-2**, include only qualified withdrawals from the spouse's own qualified retirement plan.

"QUALIFIED RETIREMENT INCOME" is income from plans defined in I.R.C. 401, 403, 408 and 457, and all public employee retirement plans of the federal, state and local governments, including individual retirement plans, Keogh plans, and military retirement.

Social Security income, railroad retirement income, and disability retirement income due to permanent and total disability do NOT qualify because these items are not taxed by South Carolina. See **lines g and o**.

Any portion of qualified retirement income received this tax year that resulted in a **federal premature withdrawal penalty** does **NOT** qualify for a retirement deduction.

A **surviving spouse** receiving qualified **retirement** income attributable to the deceased spouse may deduct up to \$3,000 or \$10,000 of the qualified retirement income, based on the age the deceased spouse would have had he or she lived. To claim the deduction on **line p-3 and p-4** (if needed), a surviving spouse must receive the decedent's qualified retirement income as a surviving spouse. The surviving spouse retirement deduction is in addition to the **individual** retirement deduction from his or her own plan.

| Worksheet for Taxpayer line p-1: | |
|---|----------|
| 1. Maximum deduction allowed for taxpayer based on age (\$3,000 or \$10,000). | 1. _____ |
| 2. Taxpayer's individual qualified retirement income included in federal form. (Taxable IRA Distributions, Pensions, and Annuities) | 2. _____ |
| 3. Amount on line 1 or 2, whichever is smaller. Enter on line p-1 . | 3. _____ |

| Worksheet for Spouse line p-2: | |
|---|----------|
| 1. Maximum deduction allowed for spouse based on age (\$3,000 or \$10,000). | 1. _____ |
| 2. Spouse's individual qualified retirement income included in federal form. (Taxable IRA Distributions, Pensions, and Annuities) | 2. _____ |
| 3. Amount on line 1 or 2, whichever is smaller. Enter on line p-2 . | 3. _____ |

| Worksheet for Surviving Spouse, #1 line p-3: | |
|---|----------|
| NOTE: Calculate separately for each deceased spouse. | |
| 1. Maximum deduction allowed for surviving spouse based on age of deceased spouse had he/she lived (\$3,000 or \$10,000 per deceased spouse). | 1. _____ |
| 2. Qualified retirement income received as surviving spouse included in federal form. (Taxable IRA Distributions, Pensions, and Annuities) | 2. _____ |
| 3. Amount on line 1 or 2, whichever is smaller. Enter on line p-3 . | 3. _____ |

| Worksheet for Surviving Spouse, #2 line p-4: | |
|---|----------|
| NOTE: Calculate separately for each deceased spouse. | |
| 1. Maximum deduction allowed for surviving spouse based on age of deceased spouse had he/she lived (\$3,000 or \$10,000 per deceased spouse). | 1. _____ |
| 2. Qualified retirement income received as surviving spouse included in federal form. (Taxable IRA Distributions, Pensions, and Annuities) | 2. _____ |
| 3. Amount on line 1 or 2, whichever is smaller. Enter on line p-4 . | 3. _____ |

Line q - AGE 65 AND OLDER DEDUCTION

Beginning in the tax year in which a **resident** reaches age sixty-five, he or she is entitled to a deduction of \$15,000 against any SC income. **Line q-1** applies to the taxpayer whose name appears first on the return. **Line q-2** applies to the spouse whose name appears second on the return. **The amount of the deduction on line q-1 is reduced by any individual retirement deduction claimed on line p-1.** The amount of the deduction on **line q-2** is reduced by any individual retirement deduction claimed on **line p-2**. The age-65-and-over deduction is not reduced by any surviving spouse retirement deduction claimed on **line p-3 or p-4**.

| Worksheet for Taxpayer line q-1: | | | |
|----------------------------------|--|----|----------|
| 1. | Maximum deduction allowed for taxpayer | 1. | \$15,000 |
| 2. | Amount claimed on line p-1 for the taxpayer who is age 65 or older | 2. | _____ |
| 3. | Subtract line 2 from line 1. Enter this amount on line q-1 . Do not enter an amount less than zero. | 3. | _____ |

| Worksheet for Spouse line q-2: | | | |
|--------------------------------|--|----|----------|
| 1. | Maximum deduction allowed for spouse | 1. | \$15,000 |
| 2. | Amount claimed on line p-2 for the taxpayer who is age 65 or older | 2. | _____ |
| 3. | Subtract line 2 from line 1. Enter this amount on line q-2 . Do not enter an amount less than zero. | 3. | _____ |

Line r - NEGATIVE AMOUNT OF FEDERAL TAXABLE INCOME

For the SC1040 form, it is important that a negative number not be entered on line 1. Because the South Carolina return begins with federal taxable income, it is important that you get the benefit of the negative amount from the federal taxable income line of the federal return. On the SC1040 form, start with zero on line 1 and put the negative amount from the federal taxable income line of the federal return on this line of the SC1040.

Line s - SUBSISTENCE ALLOWANCE

Police and all commissioned law enforcement officers paid by South Carolina municipal, county, state governments or the federal government, **full-time** firefighters, and **full-time** emergency medical service personnel are entitled to subsistence allowances of \$8.00 per regular workday. Your employer should provide you with the number of work days.

Line t - DEPENDENTS UNDER SIX YEARS OF AGE

An additional deduction is allowed for each dependent claimed on the federal income tax return who had **not** reached the age of six by December 31 of the tax year. Birthdate(s) and Social Security number(s) are required. See worksheet below.

| EXEMPTION WORKSHEET | |
|--|---------|
| Federal personal exemption amount | \$3,900 |
| Number of dependents claimed on your federal return who had not reached age six during the tax year | X _____ |
| Allowable deduction, enter this amount on line t . | _____ |

Line u - CONSUMER PROTECTION SERVICES

An individual may deduct the costs incurred by him or her in the tax year to purchase a monthly or annual contract or subscription for identity theft protection and identity theft resolution services. The deduction is only for individuals who filed a return with the SC Department of Revenue for a tax year between 1998 and 2012 or when another's personal identifiable information was included on the return. **The deduction may not be claimed for an individual who either deducted the same actual costs as a business expense or is enrolled in the identity theft protection and resolution services offered free of charge by the State. The deduction is limited to \$300 for an individual taxpayer, and to \$1,000 on a joint return or a return claiming dependents.**

Identity theft protection includes products and services designed to prevent an incident of identify fraud or identity theft or otherwise protect the disclosure of a person's personal identifying information (for example your SSN) by preventing a third party from gaining unauthorized acquisition of another's personal identifying information to obtain financial resources or other products, benefits or services. Identity theft resolution services include products and services designed to assist persons whose personal identifying information was obtained by a third party, which results in minimizing the effects of the identity fraud or identity theft incident and restoring the person's identity to pre-theft status.

Line v - OTHER SUBTRACTIONS FROM INCOME

Attach an explanation of your entry on this line. Some examples of items which may be subtracted on this line are:

- **Phase-out Adjustment Worksheet.** Complete if itemized deductions and exemptions are limited on your federal return based on adjusted gross income over \$300,000 if married filing jointly or qualifying widow(er), over \$275,000 if head of household, or over \$250,000 if single; or over \$150,000 if married filing separately:

| Phase-out Adjustment Worksheet: | |
|---|----------|
| 1. Enter the total of Schedule A, lines 4, 9, 15, 19, 20, 27 and 28. | 1. _____ |
| 2. Enter total number of exemptions claimed on line 6d of Form 1040. | 2. _____ |
| 3. Multiply line 2 by \$3,900. | 3. _____ |
| 4. Add lines 1 and 3. | 4. _____ |
| 5. Enter the amount from federal Form 1040, line 40. | 5. _____ |
| 6. Enter the amount from federal Form 1040, line 42. | 6. _____ |
| 7. Add lines 5 and 6. | 7. _____ |
| 8. Subtract line 7 from line 4. Enter this amount on SC1040, line v Other Subtractions . | 8. _____ |

- South Carolina does not recognize bonus depreciation in IRC Section 168(k). With or without bonus depreciation, the depreciable life of the property is the same for federal and state purposes. For the tax year in which the property is placed in service, a taxpayer must add back the difference, in the line for other additions, between the depreciation deduction allowed for federal purposes and the deduction that would have been allowed without bonus depreciation. Therefore, the South Carolina adjusted basis is greater than the federal adjusted basis. For all other years of the depreciable life of the property, an additional depreciation deduction is available for South Carolina purposes.
- South Carolina net operating loss that is larger than the federal amount is a subtraction. **In no event is the same loss to be deducted more than once.** Attach your own worksheet or keep with your tax records. No carryback losses are allowed.
- Capital expenses amortized under federal statutes will be the same for state purposes. At the end of the federal amortization, the balance of capital expense amortized will continue until fully amortized for state purposes. The amortized amount is a **subtraction** from your income.
- Legislators within a 50-mile radius of the State House are allowed to **subtract** travel expenses.
- Retirement income paid by the United States government for service in the Reserves or National Guard is not taxed for South Carolina purposes. (You may deduct the entire amount of any stipend paid by the State of South Carolina for National Guard service.)

Determine the percentage of your military retirement income which is excludable by dividing the length of time you served in the Reserves and/or National Guard (not full time) by the length of time of your total military service as follows:

| MILITARY RETIREMENT EXCLUSION WORKSHEET | | |
|---|--|---|
| Inactive Reserve time | | |
| + Inactive National Guard time | | = _____% exclusion |
| Total Military time (Active and Inactive) | | |
| Determine the excludable amount of your military retirement income by multiplying it by the percentage of exclusion as follows: | | |
| _____ % exclusion X | total taxable military retirement income shown on federal return | = excludable military retirement income |

Include the amount of excludable military retirement income as a subtraction.

- If you have adopted a "special needs child", you may **subtract** \$2,000 per year per child as long as the adopted child qualifies as a dependent on your federal return.

Attach a copy of the letter you received at the time of adoption from the SC Department of Social Services which certified the person as a "special needs child."

A "special needs child" means a person under the age of 18 at the time of adoption, who is a dependent of a public or private non-profit adoption agency, is legally free for adoption and has been determined by the agency to have specific conditions.

- Include amounts contributed to a Catastrophe Savings Account and interest income earned by the account. If your legal residence is insured against hurricane, rising floodwaters, or other catastrophic windstorm event damage, you are allowed to contribute: (1) \$2,000 if the qualified deductible is \$1,000 or less; (2) twice the qualified deductible if it is between \$1,000 and \$7,500; or (3) \$15,000

if the qualified deductible is more than \$7,500.

If your legal residence is not insured against hurricane, rising floodwaters, or other catastrophic wind event damage, the limit is \$250,000 or the value of your legal residence, whichever is less.

Depending upon how a particular item was reported or deducted, the following items may be an addition or subtraction.

- A change in accounting method to conform in the same manner and same amount as federal. At the end of the federal adjustment, any balance will continue until fully adjusted. **This may be an addition or subtraction.**
- The **installment method of reporting** is to be adjusted if the entire sale has been reported for state purposes or to continue on an installment basis if the entire sale has been reported for federal purposes. **This may be an addition or subtraction.**
- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis. **This may be an addition or subtraction.**

Line 4 - TOTAL SUBTRACTIONS

Add **lines f through v** and enter the total. These are your total subtractions.

SOUTH CAROLINA TAX

Line 6 - TAX

If your "income subject to tax" on line 5 is less than \$100,000, use the SC1040 tax tables to determine your South Carolina tax and enter the amount of tax on line 6.

If your "income subject to tax" on line 5 is \$100,000 or more, use the tax rate schedule provided in the SC1040 tax tables to compute your tax and enter the amount of tax on line 6.

Line 7 - TAX ON LUMP SUM DISTRIBUTION

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.

This separate tax on lump sum distributions is in addition to the regular tax computed on line 6.

NOTE: Do not enter the federal 10% penalty on line 7.

Line 8 - TAX ON ACTIVE TRADE OR BUSINESS INCOME

Enter the amount from I-335, line 7.

Line 9 - TAX ON EXCESS WITHDRAWALS FROM CATASTROPHE SAVINGS ACCOUNTS

Withdrawals from a Catastrophe Savings Account are taxed an additional 2.5% unless:

- (1) the taxpayer no longer owns a qualified legal residence in South Carolina;
- (2) the amount contributed was within the allowable limits, and the withdrawal occurred after the taxpayer reached age 70; or
- (3) the withdrawal followed the death of the individual who set up the Account or the surviving spouse.

CREDITS

Line 11 - CHILD AND DEPENDENT CARE

The South Carolina Credit for Child and Dependent Care expense is 7% of the federal expense for a full year resident. A part year/nonresident is allowed 7% of their prorated federal expenses. See examples below. **Married filing separately cannot claim this credit.** The maximum credit allowed for one child is \$210. The maximum credit for two or more children is \$420.

Example A: Full Year Resident (In this example, the allowable credit is \$140.)

Federal Child Care Expense from Form 2441, is \$2,000

$\$2,000 \times .07 = \140

Example B: Part Year/Nonresident (In this example, the allowable credit is \$42.)

Federal Child Care Expense from Form 2441, is \$2,000 and your proration percent from line 44 of SC Schedule NR is 30%. Your computation should be:

$\$2,000 \times .30 = \$600 \times .07 = \$42$

You may **not** claim this credit if you are a resident of a state which does not offer a credit for child and dependent care expenses to a South Carolina resident.

Line 12 - TWO WAGE EARNER CREDIT (MARRIED COUPLE)

This credit can only be claimed by a **married couple filing jointly** when both spouses have earned income taxed to South Carolina. *(See adjustments below). This credit is **not** allowed on returns with a filing status of single, married filing separately or head of household. Do not include gambling or bingo winnings reported on federal form W-2G.

Example - You earned a salary taxed to South Carolina of \$20,000. Your spouse earned \$17,000 taxed to South Carolina and had an IRA deduction taxed to South Carolina of \$1,000. Your SC qualified earned income is \$20,000 and your spouse's is \$16,000 (\$17,000 minus \$1,000). Because your spouse's qualified earned income is less than yours, the credit is based on your spouse's income. Therefore, the credit is \$112 (\$16,000 x .007).

* **South Carolina qualified earned income.** This is the amount on which the credit is based. Compute it by subtracting certain adjustments from federal form SC1040 South Carolina earned income. The adjustments are:

- Deductible part of self-employment tax
- Self-employed SEP, simple, and qualified plans
- Self-employed health insurance deduction
- IRA deduction
- Repayment of sub-pay

Compute your earned income separately for yourself and your spouse. South Carolina earned income is generally income you receive for services you provide. It includes wages, salaries, tips, commissions and sub-pay. It also includes income earned from self-employment, business income or loss, partnership income or loss, farm income or loss and any other earned income taxed to South Carolina. Earned income does not include gambling or bingo winnings, interest, dividends, Social Security benefits, IRA distribution, unemployment compensation, deferred compensation or non-taxable income. **It also does not include any amount your spouse paid you.**

LINE 12 - TWO WAGE EARNER CREDIT WORKSHEET

| | (a) You | (b) Your Spouse |
|---|---------|-----------------|
| 1. Wages, salaries, tips, etc., taxed to South Carolina from South Carolina Schedule NR, Column B, line 1 or federal form . (Do not include pensions or annuities.) | _____ | _____ |
| 2. Net profit or (loss) from self-employment (from Schedule C and on Schedule K-1 of Form 1065) and any other earned income taxed to South Carolina. | _____ | _____ |
| 3. Add lines 1 and 2. This is your total earned income taxed to SC. | _____ | _____ |
| 4. Add the adjustment amounts entered on federal Form 1040. *(See adjustments above). If filing South Carolina Schedule NR, enter amounts from lines 21, 22, 23, 26 and any repayment of supplemental unemployment benefits (sub-pay) allocable to South Carolina income. | _____ | _____ |
| 5. Subtract line 4 from line 3. This is your qualified earned income taxed to South Carolina. If the amount in column (a) or (b) is zero (-0-) or less, stop here. You may not take this credit.* | _____ | _____ |
| Compute the credit. | | |
| 6. Enter the smaller of 5(a) or 5(b). Do not enter more than \$30,000. | _____ | _____ |
| 7. Multiply the amount on line 6 by .007. Do not enter more than \$210. Enter the amount here and on SC1040, line 12. | _____ | _____ |

Line 13 - OTHER NON-REFUNDABLE CREDITS

See SC1040TC instructions for an explanation of the other non-refundable credits. The appropriate schedules must be attached to your return. If filing electronically, keep a copy with your tax records.

TAX PAYMENTS/CREDITS**Line 16 - SC INCOME TAX WITHHELD FROM WAGES**

Enter the total SC tax withheld from your wages as shown on your W-2s under "State Income Tax." Enter only amounts withheld to South Carolina. Withholding paid to any other state cannot be claimed on your South Carolina return. Also include amounts withheld on SC41s.

If you have South Carolina withholding from any federal Form 1099, include that amount on line 20.

NOTE: Amounts reported on a South Carolina substitute 1099G/INT are not South Carolina withholding.

Attach READABLE copies of your W-2s to the front of your return, right side up. **Copies of your W-2s are available only from your employer.** If you do not have a W-2 form, complete SC4852 and provide proof of any tax withheld. You are responsible for submitting information to verify the withholding amount claimed.

Line 17 - 2013 ESTIMATED TAX PAYMENTS

Enter the total estimated tax payments you made before filing this South Carolina tax return plus any amount transferred from your 2012 tax return.

Line 18 - PAYMENTS ON EXTENSION

If you requested an extension for more time to file your return, enter the amount you paid with the extension, if any. Check the appropriate box on the front of the return below the address portion.

Line 19 - NONRESIDENT SALE OF REAL ESTATE

A nonresident of South Carolina who sells real property located in this state is subject to withholding of South Carolina income taxes. Such sale must be reported to South Carolina on an individual income tax return. If state income taxes were withheld at the time of sale, claim the amount withheld on this line and **attach a copy of the I-290** to your return. See closing attorney for a copy of I-290.

Line 20 - SC INCOME TAX WITHHELD - FORM 1099

Enter the total SC tax withheld from each Form 1099 and attach a copy of each Form 1099 to the front of your return. Form W-2 withholding should be entered on line 16.

NOTE: Amounts reported on a South Carolina substitute 1099 G/INT are not South Carolina withholding.

Line 21 - TUITION TAX CREDIT

Refer to I-319 to see if you qualify to claim this credit. If you qualify, complete all information on I-319 and attach it to your return. If you have more than one qualifying student, complete a separate I-319 for each student. Attach a copy of your federal return.

Line 22 - OTHER REFUNDABLE CREDITS

Enter amounts from I-333 refundable credit for anhydrous ammonia additive, I-334 refundable credit for production and sale of milk, and I-360 refundable credit for classroom teachers expenses, and check the box that applies. Attach the appropriate credit form to the SC1040. Refer to the I-333, I-334, and I-360 to see if you qualify to claim the credit.

Line 26 - SOUTH CAROLINA USE TAX

If your use tax has not been remitted during the year, see South Carolina Use Tax Worksheet UT-3W for instructions. Add the amounts from Line 5 of UT-3W worksheet. Purchases subject to use tax are taxed at your county's state and local sales and use tax rate. You may also get valuable use tax information by going to www.sctax.org and clicking on the **USE TAX LINK**.

Line 27 - ESTIMATED TAX

If you want to apply any or all of your overpayment toward next year's tax, enter the amount on this line.

Line 28 - CONTRIBUTIONS FOR CHECK-OFFS

See I-330 for specific information about the various funds to which you may contribute. Enter the total from Schedule I-330. Attach I-330 to your return. Your contribution cannot be made unless you attach I-330.

REFUND OR AMOUNT YOU OWE**Line 30 - REFUND**

If line 29 is larger than line 24, go to line 31. Otherwise, subtract line 29 from line 24 and enter the "Amount to be Refunded to You" on line 30. The SC Department of Revenue will not refund amounts less than \$1.00. **Required: Mark your refund choice below on line 30a.**

Line 30a - REFUND OPTIONS

You now have three ways to receive your refund. You can choose **direct deposit** to have the funds deposited directly into your bank account (the fastest option for most filers), or you can choose to have a **debit card** or a **paper check** mailed to you. Debit cards are issued by Bank of America and are subject to program limitations. Mark an **X** in **one box** to indicate your choice. If you choose direct deposit, you **must** enter your account information on **line 30b**.

Line 30b - DIRECT DEPOSIT INFORMATION

Choose direct deposit for a fast, simple, safe, secure way to have your refund deposited automatically to your checking or savings account. If you choose direct deposit, enter your account information on line 30b. If you don't enter complete and correct account information on line 30b, we'll mail you a paper check. Direct deposit of your refund is not available if the refund would go to an account outside of the United States.

Mark an **X** in the box for the type of account, **checking or savings**.

Enter your bank's **9-digit routing transit number (RTN)** in the space provided. The **RTN** should begin with 01 through 12, or 21 through 32. If not, the direct deposit will be rejected. **Do not use a deposit slip to verify the number.** It may contain internal routing numbers that are not part of the actual routing number.

Enter your **bank account number (BAN)** in the space provided. The number can contain up to 17 alphanumeric digits. If fewer than 17 digits, enter the number from left to right. Do not enter hyphens, spaces or special symbols. Do not include the check number.

Contact your bank if you need to verify that your bank account information is accurate prior to submitting your return. If we cannot make the direct deposit for any reason, we will send a paper check to the mailing address on your return. **Make sure your mailing address is complete and accurate on your return.**

Line 31 - NET TAX

If you have an amount on line 29, add lines 25 and 29 and enter on line 31; otherwise, enter the amount from line 25.

Line 32 - LATE FILING AND/OR LATE PAYMENT PENALTIES AND INTEREST

If you have calculated failure to file/pay penalties and interest, enter in the appropriate blanks and put the total of both on line 32.

Line 33 - UNDERPAYMENT OF ESTIMATED TAX- SC2210

You may owe a penalty for underpayment if you did not pay in **four equal amounts** by the required dates at least the smaller of 90% of your tax liability for 2013; or 100% of your tax liability for 2012.

However, if your adjusted gross income is \$150,000 or more, the 100% rule is modified to be 110% of the tax shown on your 2012 income tax return. See SC2210 to determine any penalty that may be due.

Exception to underpayment of estimated tax:

- Enter an "A" in the box if you completed federal Schedule AI-Annualized Income Installment Method for South Carolina purposes in determining the amount to enter on Line 33.
- Enter an "F" in the box if you are a farmer or fisherman. You will not owe interest if you are a farmer or fisherman and pay the tax due by March 1, 2014. You are a farmer or fisherman if you received at least two-thirds of your gross income for the year from farming and fishing.
- Enter a "W" if you are requesting a waiver of your entire penalty. See SC2210 instructions for information on what qualifies for a waiver of penalty.

Figure your penalty for underpayment and put the amount on line 33. If you are due a refund, subtract the penalty amount from the difference on line 24 and line 29 and enter the result on line 30. Attach SC2210 to your tax return when using an exception to waive the penalty.

Line 34 - BALANCE DUE – AMOUNT YOU OWE

Add lines 31 through 33 and enter on line 34. This is the amount you owe.

NOTE: A taxpayer owing fifteen thousand dollars or more in connection with any return to be filed with the department should pay electronically per SC Code of Laws Section 12-54-250(A) (1). See the SC1040-V for additional information on how to pay electronically free of charge or include SC1040-V with your check or money order for the full amount payable to SC Department of Revenue. Write your Social Security number and "2013 SC1040" on the payment. **File your SC1040 Individual Income Tax Return and your SC1040-V with payment attached.**

SIGN AND DATE YOUR RETURN

Your return must be signed. Both spouses must sign a joint return.

For deceased taxpayers, returns must be signed by surviving spouse, executor or administrator. For surviving spouse, write "filing as surviving spouse" by your signature.

A personal representative filing the return must sign in his or her official capacity and attach SC1310. Any refund check will be issued to the decedent's surviving spouse or estate.

AUTHORIZATION

The signature section of the return contains a "check the box" authorization for release of confidential information. A check in the "yes" box authorizes the Director of the Department of Revenue or delegate to discuss the return, its attachments and any notices, adjustments or assessments with the preparer.

If a person is paid to prepare the income tax return, his/her signature and preparer tax identification number (PTIN) or federal employer identification number (FEIN) are required in the spaces provided. Penalties are applicable for failure to comply.

1099-G/INT CHECK BOX

SCDOR will offer the option to receive your Form 1099-G/INT electronically instead of receiving it in the mail. Form 1099-G/INT is used when preparing your federal tax return. Check this box and provide a valid email address to receive more information and instructions about this new program.



Direct Deposit

Faster Refunds. Simple. Safe. Secure



Federal and State Electronic Filing

Locate a local tax practitioner to file electronically.



You may qualify to have your federal and South Carolina returns filed electronically for **FREE. Faster Refunds.**



Electronic Payment Methods

Pay income tax return balances due by EFW/credit card.

See www.sctax.org for information on all these options.

REMINDERS

REVIEW YOUR RETURN

- Attach a complete copy of your federal return if you filed federal schedules C,D,E and F or filed a SCH NR, SC1040TC, I-319 and or I-335 with your South Carolina return.
- Make sure you have received ALL of your W-2s and other tax documents.
- Verify all Social Security number(s) on your return.
- Double check your name, address and all math calculations.
- Make a copy of your complete return for your records.

BEFORE YOU FILE YOUR RETURN

- Attach all W-2s and 1099s with SC withholding.
- Attach balance due check to your completed SC1040-V.
- Mail your SC1040 Individual Income Tax return and your SC1040-V with payment attached to the proper address.

COUNTY CODES

| COUNTY | CODE | COUNTY | CODE | COUNTY | CODE |
|---------------------------------|------|------------------|------|--------------------|------|
| Abbeville | 01 | Dillon | 17 | McCormick | 33 |
| Aiken | 02 | Dorchester | 18 | Marion | 34 |
| Allendale | 03 | Edgefield | 19 | Marlboro | 35 |
| Anderson | 04 | Fairfield | 20 | Newberry | 36 |
| Bamberg | 05 | Florence | 21 | Oconee | 37 |
| Barnwell | 06 | Georgetown | 22 | Orangeburg | 38 |
| Beaufort | 07 | Greenville | 23 | Pickens | 39 |
| Berkeley | 08 | Greenwood | 24 | Richland | 40 |
| Calhoun | 09 | Hampton | 25 | Saluda | 41 |
| Charleston | 10 | Horry | 26 | Spartanburg | 42 |
| Cherokee | 11 | Jasper | 27 | Sumter | 43 |
| Chester | 12 | Kershaw | 28 | Union | 44 |
| Chesterfield | 13 | Lancaster | 29 | Williamsburg | 45 |
| Clarendon | 14 | Laurens | 30 | York | 46 |
| Colleton | 15 | Lee | 31 | | |
| Darlington | 16 | Lexington | 32 | | |
| | | | | | |
| APO/FPO Addresses | | | | | 99 |
| Outside of South Carolina | | | | | 99 |
| Outside of United States | | | | | 88 |



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

2013 INDIVIDUAL INCOME TAX RETURN

SC1040
(Rev. 8/20/13)
3075

| | |
|-------------------------------------|--|
| Your social security number | Check if deceased <input type="checkbox"/> |
| Spouse's social security number | Check if deceased <input type="checkbox"/> |

DO NOT USE THIS FORM TO FILE A CORRECTED RETURN. SEE SC1040 INSTRUCTIONS FOR ADDITIONAL INFORMATION.

| | | | | |
|--|---|-----------|------------|-------------------|
| For the year January 1 - December 31, 2013, or fiscal tax year beginning | | 2013 | and ending | 2014 |
| Print your first name and initial | | Last name | | Suff. |
| Spouse's first name, if married filing jointly | | Last name | | |
| Check if new address <input type="checkbox"/> | Mailing address (number and street, Apt. no or P. O. Box) Foreign address, see instructions | | | County code |
| City | State | Zip | Area code | Daytime telephone |
| Check if address is outside US <input type="checkbox"/> | Foreign country address including Postal code (see instructions) | | | |

Check this box if you are filing SC Schedule NR (Part year/Nonresident)

Check this box ONLY if filing a composite return on behalf of the nonresident partners/shareholders of a partnership or "S" corporation

Check this box if you have filed a federal or state extension

Check this box if you served in a Military COMBAT ZONE during the filing period

Enter the name of the combat zone: _____

Check this box if this return is affected by a federally declared DISASTER AREA

Enter the name of the disaster area: _____

CHECK YOUR FEDERAL FILING STATUS

(1) Single (3) Married filing separately. **Enter spouse's SSN here:** _____

(2) Married filing jointly (4) Head-of-household (5) Widow(er) with dependent child

Federal Exemptions

Enter the number of exemptions from your 2013 federal return

Enter the number of exemptions listed above that were under the age of 6 years on December 31, 2013

Enter the number of taxpayers age 65 or older, as of December 31, 2013

Dependents:

| First name | Last name | Social security number | Relationship | Date of birth (MM/DD/YYYY) |
|------------|-----------|------------------------|--------------|----------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |



INCOME AND ADJUSTMENTS

2013

| | | | |
|---|---|---------|-----------|
| 1 Enter federal taxable income from your federal form. If zero or less, enter zero here. | 1 | Dollars | 00 |
| Nonresident filers complete Schedule NR and enter total from line 50 on line 5 below | ▶ | | 00 |

ADDITIONS TO FEDERAL TAXABLE INCOME

| | | | | |
|--|-----|----|--|-----------|
| a State tax addback, if itemizing on federal return (See instructions) | ▶ a | 00 | | |
| b Out-of-state losses (See instructions) Check type of loss: <input type="checkbox"/> Rental <input type="checkbox"/> Business <input type="checkbox"/> Other | ▶ b | 00 | | |
| c Expenses related to National Guard and Military Reserve income | ▶ c | 00 | | |
| d Interest income on obligations of states and political subdivisions other than South Carolina | ▶ d | 00 | | |
| e Other additions to income. Attach an explanation (See instructions) | ▶ e | 00 | | |
| 2 Add lines a through e and enter the total here. These are your total additions | ▶ | 2 | | 00 |
| 3 Add lines 1 and 2 and enter the total here | ▶ | 3 | | 00 |

SUBTRACTIONS FROM FEDERAL TAXABLE INCOME

| | | | | |
|---|-------|----|--|---------|
| f State tax refund, if included on your federal return | ▶ f | 00 | | Dollars |
| g Total and permanent disability retirement income, if taxed on your federal return | ▶ g | 00 | | |
| h Out-of-state income/gain – Do not include personal service income (See instructions) Check type of income/gain: <input type="checkbox"/> Rental <input type="checkbox"/> Business <input type="checkbox"/> Other | ▶ h | 00 | | |
| i 44% of net capital gains held for more than one year (See instructions) | ▶ i | 00 | | |
| j Volunteer deductions (See instructions) Check type of deduction: <input type="checkbox"/> Firefighter <input type="checkbox"/> HazMat <input type="checkbox"/> Rescue Squad <input type="checkbox"/> DNR <input type="checkbox"/> Reserve Police <input type="checkbox"/> Other | ▶ j | 00 | | |
| k Contributions to the SC College Investment Program ("Future Scholar") or the SC Tuition Prepayment Program (See instructions) | ▶ k | 00 | | |
| l Active Trade or Business Income deduction (See instructions) | ▶ l | 00 | | |
| m Interest income from obligations of the US government | ▶ m | 00 | | |
| n Certain nontaxable National Guard or Reserve Pay (See instructions) | ▶ n | 00 | | |
| o Social security and/or railroad retirement, if taxed on your federal return | ▶ o | 00 | | |
| p Caution: Retirement Deduction (See instructions) | | | | |
| p-1 Taxpayer: date of birth | ▶ p-1 | 00 | | |
| p-2 Spouse: date of birth | ▶ p-2 | 00 | | |
| p-3 Surviving spouse #1: date of birth of deceased spouse | ▶ p-3 | 00 | | |
| p-4 Surviving spouse #2: date of birth of deceased spouse | ▶ p-4 | 00 | | |
| q Age 65 and older deduction (See instructions) | | | | |
| q-1 Taxpayer: date of birth | ▶ q-1 | 00 | | |
| q-2 Spouse: date of birth | ▶ q-2 | 00 | | |
| r Negative amount of federal taxable income | ▶ r | 00 | | |
| s Subsistence allowance ____ days @ \$8.00 | ▶ s | 00 | | |
| t Dependents under the age of 6 years on December 31 of the tax year | ▶ t | 00 | | |
| u Consumer Protection Services | ▶ u | 00 | | |
| v Other subtractions (See instructions) | ▶ v | 00 | | |

| | | | | |
|---|---|----|---|-------------|
| 4 Add lines f through v and enter here. These are your total subtractions | ▶ | 4 | < | 00 > |
| 5 Residents subtract line 4 from line 3 and enter the difference. Nonresidents enter amount from Schedule NR, line 50. If less than zero, enter zero here. This is your South Carolina INCOME SUBJECT TO TAX | ▶ | 5 | | 00 |
| 6 TAX: enter tax from SOUTH CAROLINA tax tables | ▶ | 6 | | 00 |
| 7 TAX on Lump Sum Distribution (Attach SC4972) | ▶ | 7 | | 00 |
| 8 TAX on Active Trade or Business Income (Attach I-335) | ▶ | 8 | | 00 |
| 9 TAX on excess withdrawals from Catastrophe Savings Accounts | ▶ | 9 | | 00 |
| 10 Add lines 6 through 9 and enter the total here. This is your TOTAL SOUTH CAROLINA TAX | ▶ | 10 | | 00 |
| 11 Child and Dependent Care (See instructions) | ▶ | 11 | | 00 |
| 12 Two Wage Earner Credit (See instructions) | ▶ | 12 | | 00 |
| 13 Other non-refundable credits. Attach SC1040TC and other state return(s) | ▶ | 13 | | 00 |
| 14 TOTAL non-refundable credits. Add lines 11 through 13 and enter the total here | ▶ | 14 | | 00 |
| 15 SUBTRACT line 14 from line 10. Enter the difference BUT NOT LESS THAN ZERO here | ▶ | 15 | | 00 |



PAYMENTS AND REFUNDABLE CREDITS

| | | | | | |
|--|-----------|----------------------|--|--|-----------|
| 16 SC INCOME TAX WITHHELD (Attach W-2 or SC41) ▶ | | 00 | 20 Other SC withholding (Attach Form 1099) ▶ | | 00 |
| 17 2013 estimated tax payments ▶ | | 00 | 21 Tuition tax credit (Attach I-319) ▶ | | 00 |
| 18 Amount paid with extension . . . ▶ | | 00 | 22 Other refundable credit(s) ▶ | | 00 |
| 19 NR sale of real estate ▶ | | 00 | <input type="checkbox"/> Anhydrous Ammonia (Attach I-333) Check type: <input type="checkbox"/> Milk Credit (Attach I-334) <input type="checkbox"/> Classroom Teacher Expenses (Attach I-360) | | |
| 23 Add lines 16 through 22 and enter the total here. These are your TOTAL PAYMENTS | | | | | |
| 24 If line 23 is LARGER than line 15, subtract line 15 from line 23 and enter the OVERPAYMENT | | | | | |
| 25 If line 15 is LARGER than line 23, subtract line 23 from line 15 and enter the AMOUNT DUE | | | | | |
| 26 USE TAX: (See instructions) ▶ | 26 | 00 | | | |
| 27 Amount of line 24 to be credited to your 2014 Estimated Tax ▶ | 27 | 00 | | | |
| 28 Total Contributions for Check-offs (Attach I-330) ▶ | 28 | 00 | | | |
| 29 Add lines 26 through 28 and enter the total here | | | | | |
| 30 If line 29 is larger than line 24, go to line 31. Otherwise, subtract line 29 from line 24 and enter the AMOUNT TO BE REFUNDED TO YOU (line 30a check box entry is required). REFUND ▶ | | | | | |
| REFUND OPTIONS (subject to program limitations) | | | | | |
| 30a Mark one refund choice: <input type="checkbox"/> Direct Deposit (30b required) <input type="checkbox"/> Debit Card* <input type="checkbox"/> Paper Check *SCDOR Income Tax Refund Prepaid Debit Card issued by Bank Of America | | | | | |
| 30b Direct Deposit (for US Accounts Only) Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings | | | | | |
| Routing Number (RTN) | | <input type="text"/> | Must be 9 digits. The first two numbers of the RTN must be 01 through 12 or 21 through 32 | | |
| Bank Account Number (BAN) | | <input type="text"/> | 1-17 digits | | |
| 31 Tax Due: Add lines 25 and 29. If line 29 is larger than line 24, subtract line 24 from line 29 and enter the amount | | | | | |
| 32 Late filing and/or late payment: Penalties _____ Interest _____ (See instructions) Enter total here ▶ | | | | | |
| 33 Penalty for Underpayment of Estimated Tax (Attach SC2210) | | | | | |
| (See instructions and enter letter in box if applicable) Exception to Underpayment of Estimated Tax <input type="checkbox"/> ▶ | | | | | |
| 34 Add lines 31 through 33 and enter the AMOUNT YOU OWE here BALANCE DUE ▶ | | | | | |

Pay electronically free of charge at www.sctax.org. Click on DORePay and pay with Visa, MasterCard or by Electronic Funds Withdrawal (EFW) or include SC1040-V with your check or money order for the full amount payable to "SC Department of Revenue". Write your social security number and "2013 SC1040" on the payment.

Go Paperless! SCDOR will offer the option to receive your Form 1099-G/INT electronically instead of receiving it in the mail. Form 1099-G/INT is used when preparing your federal tax return.

| | |
|---|---------------|
| <input type="checkbox"/> Check here and enter your email address if you wish to receive information about obtaining your 1099-G/INT Income Tax Refund statement electronically. | Email Address |
|---|---------------|

I declare that this return and all attachments are true, correct and complete to the best of my knowledge and belief.

| | | |
|---|------|--|
| Your signature | Date | Spouse's signature (if married filing jointly, BOTH must sign) |
| I authorize the Director of the Department of Revenue or delegate to discuss this return, attachments and related tax matters with the preparer. Yes <input type="checkbox"/> No <input type="checkbox"/> | | Preparer's printed name |

If prepared by a person other than the taxpayer, his declaration is based on all information of which he has any knowledge.

| | | | | |
|---------------------------------|--|------|---|-----------|
| Paid Preparer's Use Only | Preparer signature | Date | Check if self-employed <input type="checkbox"/> | PTIN |
| | Firm name (or yours if self-employed) and address and Zip Code | | FEIN | Phone No. |

MAIL TO:



| |
|----------------------------|
| REFUNDS OR ZERO TAX |
| BALANCE DUE |

SC1040 Processing Center, PO Box 101100, Columbia, SC 29211-0100

Taxable Processing Center, PO Box 101105, Columbia, SC 29211-0105



Get Your South Carolina Individual Income Tax Refund FAST...E-File!



The fastest way to get your South Carolina tax refund is to file electronically!
Over 1.8 million South Carolinians already know...

E-File is the way to go!



- FAST:** You could receive your refund by direct deposit in about 10 days!
- EASY:** Software does the math and walks you through the filing process!
- SAFE:** Your return is transmitted using the latest encryption technology!



FREE FILE: You may qualify to electronically file your return for FREE using tax preparation software. For more info, visit www.sctax.org and click on the Free File link to see if you qualify. If you don't qualify for any of the Free File offers and have a very simple state return to file, you may still file for FREE using South Carolina Fillable Forms. Scroll to the bottom of the Free File page on our website for more information and to access South Carolina Fillable Forms.

LOW COST FILING: If you have a more complex return, **E-File** both your Federal and South Carolina returns for less than \$20. Click on **Free File/ FedState Online Filing** to access tax prep software.



Individual Income Tax Payment Voucher

SC1040-V must be used to pay the BALANCE DUE for your South Carolina individual income tax return if paying by check or money order.

You may choose to pay your SC1040-V **electronically** at www.sctax.org. Click on **DOR ePay** and pay with VISA or MasterCard or by Electronic Funds Withdrawal (EFW). **Do not submit SC1040-V if payment is made by credit card or electronic funds withdrawal (EFW).**

NOTE: A taxpayer owing fifteen thousand dollars or more in connection with any return to be filed with the department should pay electronically per SC Code of Laws Section 12-54-250(A)(1).

INSTRUCTIONS FOR FORM SC1040-V

1. Use only black ink on this form and on your check.
2. Enter the primary taxpayer's Social Security number.
3. Enter the spouse's Social Security number.
4. "X" the box for composite filer if this payment will be claimed on a composite return filed for nonresident partnership/shareholders of a partnership/S corporation.
5. Enter the taxpayer's name control (the first 4 letters of the taxpayer's last name). Use all upper case letters. Do not use hyphens or apostrophes.
6. Enter the taxpayer's name(s) and address, including apartment number and zip code.
7. Enter the payment amount. Do not enter a dollar sign \$. If entering a whole dollar amount, you must enter "00" in the cents field. (Example: 154.00)
8. If filing a paper return, mail your return and SC1040-V with payment.
9. If filing electronically, mail your SC1040-V with payment only. Do not mail a copy of your return.

The total amount of tax due must be paid in full. As an incentive for using an electronic filing method, you will be given until May 1, 2014 to submit the return and full payment of taxes and still avoid interest and penalties. Failure to file and pay the tax due by May 1, 2014 will result in penalties and interest from April 15, 2014 until the return is filed and the tax is paid.

Make check payable to **SCDOR** and enter the Social Security number(s) and "2013 SC1040-V" in the memo section of the check. **Include your SC1040-V and payment in the envelope.** Coupon must accompany payment. **Do not** staple the check to the coupon. **Do not** fold coupon or check. **Only** use an original coupon. **Do not** send a photocopy.

If filing a paper return, mail your return, SC1040-V and payment to:

Taxable Processing Center
PO Box 101105
Columbia, SC 29211-0105

If filing electronically, mail only your SC1040-V and payment to:

SC Department of Revenue
Individual Income Tax Payment
Columbia, SC 29214-0020

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.

..... detach here



SC DEPARTMENT OF REVENUE
Individual Income Tax Payment Voucher

| | | | |
|---|--|---|--|
| Your Social Security Number | Spouse's Social Security Number (if joint) | Composite Filer <input type="checkbox"/> | Name Control (first 4 letters of last name) _____ |
| Name and Address (include spouse's name if joint) | | | PAYMENT AMOUNT 14-0801 _____ |
| | | | |

Do not send cash. Write your social security number and "SC1040-V" on check or money order and make payable to **SCDOR**.

2013 Tax Table

| If taxable income is: | | | If taxable income is: | | | If taxable income is: | | | If taxable income is: | | | If taxable income is: | | |
|-----------------------|---------------|--------------|-----------------------|---------------|--------------|-----------------------|---------------|--------------|-----------------------|---------------|--------------|--|---------------|--------------|
| AT LEAST | BUT LESS THAN | Your Tax Is: | AT LEAST | BUT LESS THAN | Your Tax Is: | AT LEAST | BUT LESS THAN | Your Tax Is: | AT LEAST | BUT LESS THAN | Your Tax Is: | AT LEAST | BUT LESS THAN | Your Tax Is: |
| 83,000 | | | 87,000 | | | 91,000 | | | 95,000 | | | 99,000 | | |
| 83,000 | 83,100 | \$5,329 | 87,000 | 87,100 | \$5,609 | 91,000 | 91,100 | \$5,889 | 95,000 | 95,100 | \$6,169 | 99,000 | 99,100 | \$6,449 |
| 83,100 | 83,200 | \$5,336 | 87,100 | 87,200 | \$5,616 | 91,100 | 91,200 | \$5,896 | 95,100 | 95,200 | \$6,176 | 99,100 | 99,200 | \$6,456 |
| 83,200 | 83,300 | \$5,343 | 87,200 | 87,300 | \$5,623 | 91,200 | 91,300 | \$5,903 | 95,200 | 95,300 | \$6,183 | 99,200 | 99,300 | \$6,463 |
| 83,300 | 83,400 | \$5,350 | 87,300 | 87,400 | \$5,630 | 91,300 | 91,400 | \$5,910 | 95,300 | 95,400 | \$6,190 | 99,300 | 99,400 | \$6,470 |
| 83,400 | 83,500 | \$5,357 | 87,400 | 87,500 | \$5,637 | 91,400 | 91,500 | \$5,917 | 95,400 | 95,500 | \$6,197 | 99,400 | 99,500 | \$6,477 |
| 83,500 | 83,600 | \$5,364 | 87,500 | 87,600 | \$5,644 | 91,500 | 91,600 | \$5,924 | 95,500 | 95,600 | \$6,204 | 99,500 | 99,600 | \$6,484 |
| 83,600 | 83,700 | \$5,371 | 87,600 | 87,700 | \$5,651 | 91,600 | 91,700 | \$5,931 | 95,600 | 95,700 | \$6,211 | 99,600 | 99,700 | \$6,491 |
| 83,700 | 83,800 | \$5,378 | 87,700 | 87,800 | \$5,658 | 91,700 | 91,800 | \$5,938 | 95,700 | 95,800 | \$6,218 | 99,700 | 99,800 | \$6,498 |
| 83,800 | 83,900 | \$5,385 | 87,800 | 87,900 | \$5,665 | 91,800 | 91,900 | \$5,945 | 95,800 | 95,900 | \$6,225 | 99,800 | 99,900 | \$6,505 |
| 83,900 | 84,000 | \$5,392 | 87,900 | 88,000 | \$5,672 | 91,900 | 92,000 | \$5,952 | 95,900 | 96,000 | \$6,232 | 99,900 | 100,000 | \$6,512 |
| 84,000 | 84,100 | \$5,399 | 88,000 | 88,100 | \$5,679 | 92,000 | 92,100 | \$5,959 | 96,000 | 96,100 | \$6,239 | \$100,000 or over use tax rate schedule below | | |
| 84,100 | 84,200 | \$5,406 | 88,100 | 88,200 | \$5,686 | 92,100 | 92,200 | \$5,966 | 96,100 | 96,200 | \$6,246 | | | |
| 84,200 | 84,300 | \$5,413 | 88,200 | 88,300 | \$5,693 | 92,200 | 92,300 | \$5,973 | 96,200 | 96,300 | \$6,253 | | | |
| 84,300 | 84,400 | \$5,420 | 88,300 | 88,400 | \$5,700 | 92,300 | 92,400 | \$5,980 | 96,300 | 96,400 | \$6,260 | | | |
| 84,400 | 84,500 | \$5,427 | 88,400 | 88,500 | \$5,707 | 92,400 | 92,500 | \$5,987 | 96,400 | 96,500 | \$6,267 | | | |
| 84,500 | 84,600 | \$5,434 | 88,500 | 88,600 | \$5,714 | 92,500 | 92,600 | \$5,994 | 96,500 | 96,600 | \$6,274 | | | |
| 84,600 | 84,700 | \$5,441 | 88,600 | 88,700 | \$5,721 | 92,600 | 92,700 | \$6,001 | 96,600 | 96,700 | \$6,281 | | | |
| 84,700 | 84,800 | \$5,448 | 88,700 | 88,800 | \$5,728 | 92,700 | 92,800 | \$6,008 | 96,700 | 96,800 | \$6,288 | | | |
| 84,800 | 84,900 | \$5,455 | 88,800 | 88,900 | \$5,735 | 92,800 | 92,900 | \$6,015 | 96,800 | 96,900 | \$6,295 | | | |
| 84,900 | 85,000 | \$5,462 | 88,900 | 89,000 | \$5,742 | 92,900 | 93,000 | \$6,022 | 96,900 | 97,000 | \$6,302 | | | |
| 85,000 | | | 89,000 | | | 93,000 | | | 97,000 | | | | | |
| 85,000 | 85,100 | \$5,469 | 89,000 | 89,100 | \$5,749 | 93,000 | 93,100 | \$6,029 | 97,000 | 97,100 | \$6,309 | | | |
| 85,100 | 85,200 | \$5,476 | 89,100 | 89,200 | \$5,756 | 93,100 | 93,200 | \$6,036 | 97,100 | 97,200 | \$6,316 | | | |
| 85,200 | 85,300 | \$5,483 | 89,200 | 89,300 | \$5,763 | 93,200 | 93,300 | \$6,043 | 97,200 | 97,300 | \$6,323 | | | |
| 85,300 | 85,400 | \$5,490 | 89,300 | 89,400 | \$5,770 | 93,300 | 93,400 | \$6,050 | 97,300 | 97,400 | \$6,330 | | | |
| 85,400 | 85,500 | \$5,497 | 89,400 | 89,500 | \$5,777 | 93,400 | 93,500 | \$6,057 | 97,400 | 97,500 | \$6,337 | | | |
| 85,500 | 85,600 | \$5,504 | 89,500 | 89,600 | \$5,784 | 93,500 | 93,600 | \$6,064 | 97,500 | 97,600 | \$6,344 | | | |
| 85,600 | 85,700 | \$5,511 | 89,600 | 89,700 | \$5,791 | 93,600 | 93,700 | \$6,071 | 97,600 | 97,700 | \$6,351 | | | |
| 85,700 | 85,800 | \$5,518 | 89,700 | 89,800 | \$5,798 | 93,700 | 93,800 | \$6,078 | 97,700 | 97,800 | \$6,358 | | | |
| 85,800 | 85,900 | \$5,525 | 89,800 | 89,900 | \$5,805 | 93,800 | 93,900 | \$6,085 | 97,800 | 97,900 | \$6,365 | | | |
| 85,900 | 86,000 | \$5,532 | 89,900 | 90,000 | \$5,812 | 93,900 | 94,000 | \$6,092 | 97,900 | 98,000 | \$6,372 | | | |
| 86,000 | 86,100 | \$5,539 | 90,000 | 90,100 | \$5,819 | 94,000 | 94,100 | \$6,099 | 98,000 | 98,100 | \$6,379 | | | |
| 86,100 | 86,200 | \$5,546 | 90,100 | 90,200 | \$5,826 | 94,100 | 94,200 | \$6,106 | 98,100 | 98,200 | \$6,386 | | | |
| 86,200 | 86,300 | \$5,553 | 90,200 | 90,300 | \$5,833 | 94,200 | 94,300 | \$6,113 | 98,200 | 98,300 | \$6,393 | | | |
| 86,300 | 86,400 | \$5,560 | 90,300 | 90,400 | \$5,840 | 94,300 | 94,400 | \$6,120 | 98,300 | 98,400 | \$6,400 | | | |
| 86,400 | 86,500 | \$5,567 | 90,400 | 90,500 | \$5,847 | 94,400 | 94,500 | \$6,127 | 98,400 | 98,500 | \$6,407 | | | |
| 86,500 | 86,600 | \$5,574 | 90,500 | 90,600 | \$5,854 | 94,500 | 94,600 | \$6,134 | 98,500 | 98,600 | \$6,414 | | | |
| 86,600 | 86,700 | \$5,581 | 90,600 | 90,700 | \$5,861 | 94,600 | 94,700 | \$6,141 | 98,600 | 98,700 | \$6,421 | | | |
| 86,700 | 86,800 | \$5,588 | 90,700 | 90,800 | \$5,868 | 94,700 | 94,800 | \$6,148 | 98,700 | 98,800 | \$6,428 | | | |
| 86,800 | 86,900 | \$5,595 | 90,800 | 90,900 | \$5,875 | 94,800 | 94,900 | \$6,155 | 98,800 | 98,900 | \$6,435 | | | |
| 86,900 | 87,000 | \$5,602 | 90,900 | 91,000 | \$5,882 | 94,900 | 95,000 | \$6,162 | 98,900 | 99,000 | \$6,442 | | | |

2013 Tax Rate Schedule for taxable income of \$100,000 or more

Caution: You must use the Tax Tables instead of this Tax Rate Schedule if your taxable income is less than \$100,000.

Use this rate schedule regardless of the filing status you checked on Form SC1040.

If the amount on SC1040 line 5, is **\$100,000 or more:**

Multiply the amount on line 5 by 7%;

Subtract \$485; and

Enter the difference on line 6.

Example of Tax Rate Schedule Computation

If South Carolina income subject to tax on SC1040 line 5, is \$101,000 the tax is calculated as follows:

| | |
|-----------|-------------------------------|
| \$101,000 | income from SC1040 line 5 |
| X .07 | (.07) |
| 7,070 | |
| - 485 | subtraction amount (constant) |
| \$6,585 | tax |

\$6,585 is the amount of tax to be entered on SC1040 line 6 in this example.

Common Errors that Delay Refunds ...and How to Avoid Them!

It is important to follow these guidelines to avoid delays in processing your return!

- | | | | |
|-----------|--|--------------|--|
| DO | Use an Electronic Filing option. | DO | Sign your return! Both spouses must sign a married filing joint return. |
| DO | Use direct deposit for a faster refund! | DO | Make sure your mailing address is complete and accurate on your return. |
| DO | Use the proper form. Make sure that the form you use is for the correct tax year. | DO | Sign your check! Make it payable to SC Department of Revenue and make sure the written amount matches the dollar amount. |
| DO | Include all social security numbers (SSNs) and make sure they are correct. | DO | Include SC withholding on line 16 for W-2s and line 20 for 1099s. |
| DO | Mark your filing status. Generally, it should match the filing status marked on your federal return. | DON'T | Claim the two wage earner credit unless your filing status is married filing jointly. |
| DO | Send all 3 pages of the SC 1040 plus any additional schedules and documents required. | DON'T | Claim state withholding paid to another state. |
| DO | If you have Schedule NR, attach it to your SC1040 and make sure you mark the NR box. | DON'T | Send additional copies of your tax return. If you file electronically, you do not need to submit a paper copy. |
| DO | Attach SC1040TC if you are claiming a tax credit. | DON'T | Use SC1040 to change or correct an original return that has been filed. Complete and submit SC1040X Amended Income Tax Return. |

Failure to follow these guidelines can slow down processing of your return and **delay your refund!** Your return may be mailed back to you if all requested information is not furnished.

Before you file your return.....

- ✓ Make sure you have received **ALL** of your W-2s and other tax documents.
- ✓ You will need to have your correct social security number. If you cannot get a social security number, you will need to apply for an Individual Taxpayer Identification Number from the IRS.
- ✓ Double check all social security numbers, your name, address and all of your math calculations.
- ✓ Make a copy of your complete return for your records.
- ✓ Documents and schedules (if present) should be placed in the following order:
 - Payments
 - W-2s
 - 1099s with South Carolina Withholding
 - SC1040 - ALL 3 pages
 - SC1040NR - Non-Resident Schedule
 - SC1040TC - Tax Credit
 - 1-319 - Tuition Tax Credit
 - 1-330 - Contributions for Check-Offs
 - Any other South Carolina forms/schedules
 - Any Federal forms/schedules

TAXPAYER SERVICES

TAXPAYER ADVOCATE

If you have a tax concern, you should first contact taxpayer assistance. In the case of a letter or notice from the department, call the telephone number provided on the letter or notice. The Taxpayer Advocate Section provides assistance for the following tax issues: innocent spouse requests for Department of Revenue debts, certificates of tax compliance, and lottery compliance. If you need assistance with any of the above tax issues handled by our department, call (803) 898-5199 for innocent spouse and (803) 898-5381 for compliance.

TAXPAYERS' BILL OF RIGHTS

- You have the right to apply for assistance from the Taxpayer Rights' Advocate within the Department of Revenue. The advocate or his designee is responsible for facilitating resolution of taxpayer complaints and problems.
- You have the right to request and receive forms, instructions and other written materials in plain, easy-to-understand language.
- You have the right to prompt, courteous service from us in all your dealings with the Department of Revenue.
- You have the right to request and receive written information guides, which explain in simple and nontechnical language, appeal procedures and your remedies as a taxpayer.
- You have the right to receive notices which contain descriptions of the basis for and identification of amounts of any tax, interest and penalties due.

Under the provisions of Section 12-4-340 of the 1976 code of laws, any outstanding liabilities due and owing to South Carolina Department of Revenue for more than 6 months may be assigned to a private collection agency for collecting actions.

VOLUNTEER INCOME TAX ASSISTANCE

The Volunteer Income Tax Assistance (VITA) program provides free tax assistance to lower income, elderly and handicapped people. Generally, those who receive these services cannot afford professional tax assistance. Volunteers are located throughout the state. Call 211 for more information.

COPIES OF PRIOR YEAR RETURNS

You can obtain a copy of a prior year tax return by completing SC4506, Request for Copy of Tax Form or Tax Account Information. There is a \$5.00 charge for each copy (plus sales tax). If you do not have a SC4506, you can send a written request containing the following information: your name, social security number, and if you filed a joint return, the name and social security number of your spouse, the form number, the tax period or year, and your current address. You must sign the request. Allow 45 days to receive your copy. Please see the SC4506 for additional information. Forms can be found on our website www.sctax.org.

Send SC4506 or your written request to:
South Carolina Department of Revenue
Photocopy Section
Columbia, SC 29214-0014

TAXPAYER SERVICE CENTERS

(Hours 8:30 a.m. to 5:00 p.m. EST)

COLUMBIA

300A Outlet Pointe Blvd.

(803) 898-5000

CHARLESTON

1 South Park Circle, Suite 100

(843) 852-3600

FLORENCE

1452 West Evans Street

(843) 661-4850

MYRTLE BEACH

1330 Howard Parkway

(843) 839-2960

GREENVILLE

545 North Pleasantburg Drive

(864) 241-1200

ROCK HILL

Business and Technology Center

454 South Anderson Road, Suite 202

(803) 324-7641

"Satellite" locations and office hours can be found at www.sctax.org>Contact Information>Satellite Offices