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SC TECHNICAL ADVICE MEMORANDUM #87-10

TO: Mr. William R. Geddings, Jr., Director
Office Services Division

FROM: John Swearingen, Manager
Tax Policy and Procedures Department

DATE: September 16, 1987

SUBJECT: Nonresident Partners Filing Single Returns

REFERENCE: S.C. Code Section 12-7-1570
S.C. Regulation 117-76

AUTHORITY: S.C. Code Section 12-3-170

SCOPE: A Technical Advice Memorandum is a temporary document issued to an individual within the Commission, upon request, and it applies only to the specific facts or circumstances related in the request. Technical Advice Memoranda have no precedential value and are not intended for general distribution.

Question:

- 1) How are taxes computed when partners of a partnership file a single individual tax return pursuant to Regulation 117-76?
- 2) Can nonresident fiduciary and corporate partners be included on this single individual return?

Facts:

The nonresident partners of ABC partnership, consisting of fiduciary, corporate and individual partners, wish to file on a combined basis and take one standard deduction and one personal exemption for each partner.

Discussion:

- 1) Pursuant to 117-76, nonresident partners of a partnership may file a single individual income tax return and pay the tax applicable to individual taxpayers provided under Title 12 of the South Carolina Code of Laws. Section 12-7-210 outlines the rates applicable to individuals in accordance with their filing status. Each partner would be entitled to their prorated share of the standard deduction or itemized deduction in addition to the prorated exemption amount from his federal return pursuant to 12-7-410 and 12-7-450. Each partner's tax should be computed separately, then added together to arrive at the tax due. The return should be signed by the general partner. Nonresident partners having taxable income within South Carolina from sources other than the partnership may not be included. To assist the Commission in monitoring these combined returns, a schedule should be attached showing how this was computed.
- 2) Nonresident fiduciary partners may be included on the single individual return because their tax rate structure is the same as that for individuals pursuant to 12-7-210. Corporate partners may not be included on the single individual return because their rate structure differs from the individual rate and corporations are required to file an annual report and pay a license fee. Regulation 117-76 refers specifically to the tax levied and paid in accordance with the provisions applicable to individual taxpayers.

Conclusion:

Nonresident fiduciary and individual partners of a partnership may file a combined single individual return. The tax for each partner should be computed separately based on their filing status. Each partner is entitled to their prorated share of itemized deductions or the standard deduction and exemptions claimed on the federal return based on the formula outlined in 12-7-450.

Corporate partners may not be included on the combined single individual return.