



STATE OF SOUTH CAROLINA DEPARTMENT OF REVENUE FIDUCIARY INCOME TAX RETURN

For the calendar year 2021 or Fiscal Taxable Year beginning ___-___-___ and ending ___-___-___ 2021

Name of estate or trust FEIN

Name and title of fiduciary Mailing address City State ZIP County Code

ATTACH COPY OF FEDERAL FORM 1041 AND ALL SCHEDULES, INCLUDING SCHEDULES K-1. Extension Requested: Yes

- A. Check all that apply: Address change, Amended return, Final return, Electing small business trust, Simple trust, Complex trust, Estate, Grantor trust. B. Trusts - check if: Testamentary, Inter vivos. C. Check if: Resident estate or trust, Nonresident estate or trust. D. Was the final distribution of assets made during the year? Yes/No.

E. During this taxable year, was this estate or trust notified of any federal change for any prior years? F. Is a federal Schedule K-1 attached for each beneficiary?

If a nonresident estate or trust with income from both South Carolina and non South Carolina sources, complete and attach Part III, page 3 of SC1041.

Table with 22 rows for tax calculations. Columns include line number, description, and amount. Includes items like Federal Taxable Income, South Carolina modifications, and BALANCE DUE/REFUND.

Sign Here: I declare that this return and all attachments are true, correct, and complete to the best of my knowledge and belief. Signature of fiduciary, Date, Taxpayer's email, Preparer's printed name, Preparer's signature, Date, Check if self-employed, Preparer's phone number, Firm's name and address, PTIN or FEIN, ZIP.



Name and FEIN from page 1 _____

PART I - SOUTH CAROLINA FIDUCIARY ADJUSTMENT

		Adjustments to amount included in federal distributable net income	
1.	Additions to federal taxable income:		
a.	State and local interest.....	1a	
b.	State or local taxes measured by income deducted on the federal return.....	1b	
c.	Federal net operating loss carryover.....	1c	
d.	Out-of-state losses.....	1d	
e.	Other additions to income (attach schedule).....	1e	
f.	Total additions to federal income (add line 1a through line 1e).....	1f	
2.	Subtractions from federal taxable income:		
a.	Interest on US obligations.....	2a	
b.	State Income Tax refunds reported as income on federal return.....	2b	
c.	South Carolina net operating loss carryover (attach schedule).....	2c	
d.	Active Trade or Business Income Deduction (I-335, line 5).....	2d	
e.	Other subtractions from income (attach schedule).....	2e	
f.	Total subtractions from federal taxable income (add line 2a through line 2e).....	2f	
3.	Total (subtract line 2f from line 1f).....	3	
4.	Fiduciary adjustment from other estates or trusts and partnership adjustment (attach schedule).....	4	
5.	South Carolina fiduciary adjustment (add line 3 and line 4) Addition <input type="checkbox"/> or Subtraction <input type="checkbox"/>	5	

PART II - ALLOCATION OF SOUTH CAROLINA FIDUCIARY ADJUSTMENT

Complete ONLY if Part I indicates a South Carolina fiduciary adjustment. It is allocated among all beneficiaries and the fiduciary in the same ratio as their relative shares of federal distributable net income. **Nonresident beneficiaries:** see Parts III and IV for computation of income.

1. Name of each beneficiary. Check box if beneficiary is a nonresident. All beneficiaries receiving a federal K-1 must be listed. Use attachment if more than eight beneficiaries. Social Security Number	Shares of Federal Distributable Net Income		4. Shares of South Carolina Fiduciary Adjustment Addition <input type="checkbox"/> or Subtraction <input type="checkbox"/>
	2. Amount	3. Percent	
a. <input type="checkbox"/>		%	
b. <input type="checkbox"/>		%	
c. <input type="checkbox"/>		%	
d. <input type="checkbox"/>		%	
e. <input type="checkbox"/>		%	
f. <input type="checkbox"/>		%	
g. <input type="checkbox"/>		%	
h. <input type="checkbox"/>		%	
i. Fiduciary		%	
Totals		100%	

COLUMN 2: Total federal distributable net income must be equal to the federal 1041, Schedule B, line 7.

COLUMN 3: Indicate percentages with two digits, such as 32%, 3.2% or .32%.

COLUMN 4: Enter South Carolina fiduciary adjustment from Part I, line 5 as the total of Column 4. Multiply each percentage in Column 3 times the total in Column 4. Indicate at the top of Column 4 whether the adjustments are additions or subtractions. If the adjustment is a subtraction, it may not offset more than the amount reportable from the fiduciary for federal tax purposes (except in the final or termination year).

COLUMNS 2, 3, AND 4: On a separate sheet, attach a detailed explanation of the allocation method used if there is no federal distributable net income or if the percentages do not agree with the relative shares indicated on the federal 1041, Schedule B and Schedule K-1.

COLUMN 4: The amount after each name is reported as a modification, either an addition to or subtraction from federal taxable income. Each resident beneficiary should add the explanation: **Fiduciary adjustment - (name of estate or trust)**. A copy of this schedule (or its information) must be provided to each resident beneficiary. The fiduciary's share of the adjustment is entered on page 1, line 4.



**FOR NONRESIDENT ESTATES AND TRUSTS OR RESIDENT ESTATES AND TRUSTS
WITH NONRESIDENT BENEFICIARIES**

**PART III - COMPUTATION OF FEDERAL TAXABLE INCOME OF THE ESTATE OR TRUST FROM
SOUTH CAROLINA SOURCES**

2021
Page 3

A. These items correspond to page 1 of the federal 1041.		B. Total income as reported on federal 1041	C. Portion of Column B from South Carolina sources	D. Nonresident fiduciary's portion of Column C and capital gains not distributed
INCOME	1. Interest income			
	2. Dividends			
	3. Business income or (loss)			
	4. Capital gain or (loss)			
	5. Rents, royalties, partnerships, other estates and trusts, etc.			
	6. Farm income or (loss)			
	7. Ordinary gain or (loss)			
	8. Other income			
	9. Total income (add line 1 through line 8)			
DEDUCTIONS	10. Interest			
	11. Taxes			
	12. Fiduciary fees			
	13. Charitable deduction			
	14. Attorney, accountant, and return preparer fees			
	15a. Other deductions NOT subject to the 2% floor			
	15b. Net operating loss deduction			
	16. Total (add line 10 through line 15b)			
	17. Subtract line 16 from line 9.			
	18. Distributions to beneficiaries			
	19. Federal Estate Tax (fiduciary)			
	Federal Estate Tax (beneficiary)			
	20. Exemption			
	21. Total (add line 18 through line 20)			
	22. Taxable income (subtract line 21 from line 17)			
	23. Total percent of all nonresident beneficiaries (from Part II, page 2)			%
24. Total South Carolina income of nonresident beneficiaries (multiply line 22 by line 23)				

PART IV - NONRESIDENT BENEFICIARIES' SHARES OF INCOME AND CREDITS

A. Name	B. Beneficiary's percentage from Part II	C. South Carolina capital gain (Part III, line 4, column C multiplied by column B)	D. South Carolina ordinary income (Part III, line 22, column C less capital gains multiplied by column B)	E. Less amounts exempt from withholding by I-41 Affidavit	F. Tax to be withheld (net amount of column C, column D, and column E multiplied by 7%)
a.					
b.					
c.					
d.					
e.					
TOTALS	%				

PART V - NONRESIDENT EXEMPTION ALLOWANCE FOR FIDUCIARY

1. Exemption allowance claimed on federal 1041	1	
2. Ratio of total South Carolina income (Part III, line 9, column D) to total federal income (Part III, line 9, column B)	2	%
3. South Carolina nonresident fiduciary exemption (multiply line 1 by line 2) Enter on page 1, line 6	3	

INSTRUCTIONS

SC1041 K-1

The SC1041 K-1, Beneficiary's Share of South Carolina Income, Deductions, Credits, Etc., is prepared by the estate or trust to show each beneficiary's share of the entity's income. Each item of income is adjusted as required by South Carolina law and allocated or apportioned to South Carolina or to states other than South Carolina.

REMINDERS

- You must add back the federal deduction for qualified business income provided in IRC Section 199A.
- You must add back any charitable deduction for a gift of land under IRC Section 170 unless the intent of the donor meets the requirements of SC Code Section 12-6-5590.
- South Carolina specifically does not recognize IRC Section 168(k) bonus depreciation.
- The SC8736 is the extension form for partnership and fiduciary returns.
- An amended SC1041 must be filed whenever the IRS adjusts a federal 1041.
- Attach the I-385 if claiming the refundable Motor Fuel Income Tax Credit. The allowable credit is the lesser of the increase in South Carolina Motor Fuel User Fee you paid during the tax year or the preventative maintenance costs you paid in South Carolina during the tax year. For more information about this credit, see the instructions on the I-385, available at dor.sc.gov/forms and SC Revenue Ruling #17-6, available at dor.sc.gov/policy.

FILING REQUIREMENTS

The fiduciary of a resident estate or trust must file a SC1041, South Carolina Fiduciary Income Tax return if the estate or trust:

- is required to file a federal Fiduciary Income Tax return for the taxable year
- had any South Carolina taxable income for the taxable year
- had a beneficiary who is a nonresident

The fiduciary of a nonresident estate or trust must file a South Carolina Fiduciary Income Tax return if the estate or trust had income or gain that came from South Carolina sources.

Income from South Carolina sources includes income or gain from:

- real or tangible personal property located within South Carolina
- a business, profession, or occupation carried on in South Carolina
- services performed within South Carolina

For a nonresident estate or trust, income from the following is not considered to come from South Carolina sources unless it is part of the income from a business, trade, profession, or occupation carried on within South Carolina:

- annuities
- interest
- dividends
- gain from the sale or exchange of intangible personal property

RESIDENT AND NONRESIDENT ESTATES AND TRUSTS

A resident estate is the estate of a person who was a South Carolina resident at the time of death. All other estates are nonresident estates.

A resident trust is any trust administered in South Carolina. All other trusts are nonresident trusts, including a trust administered outside of South Carolina that is required to follow the laws of South Carolina for administration of the trust.

WHEN AND WHERE TO FILE

The South Carolina Fiduciary Income Tax return is due by the 15th day of the fourth month after the close of the taxable year. Failure to file the return by the due date may result in a penalty. If you need additional time to file your SC1041, you must request an extension by the due date of the return.

The fastest, easiest way to request your extension to file is by paying your balance due using our free tax portal, MyDORWAY, at dor.sc.gov/pay. Select **Business Income Tax Payment** to get started. Your payment automatically submits your filing extension request. No additional form or paperwork is required. You can also request an extension by filing a paper copy of the SC8736, available at dor.sc.gov/forms.

The SCDOR will accept a federal extension instead of the SC8736 if the South Carolina Income Tax return does not have a balance due when the return is filed. If you use the federal extension instead of the SC8736, it is not necessary to send South Carolina a copy of the federal extension form. Attach a copy of the federal extension when you file your SC1041 within the extended period. Mark the **Extension Requested** box on your SC1041.

Taxpayers can file their SC1041 (along with their federal fiduciary return) electronically through Modernized Electronic Filing (MeF) in a single transmission using third party tax preparation software.

If filing by paper, mail balance due returns to **SCDOR, TAXABLE FIDUCIARY, PO BOX 125, COLUMBIA, SC 29214-0038**. Mail refunds or zero tax returns to **SCDOR, NONTAXABLE FIDUCIARY, PO BOX 125, COLUMBIA, SC 29214-0039**.

PAYMENT OF TAX

The balance of tax due on page 1, line 20 of your SC1041 must be paid in full. Failure to pay your tax on time can result in penalty and interest. Pay online using our free tax portal, MyDORWAY, at dor.sc.gov/pay. Select **Business Income Tax Payment** to get started. To file by paper, attach a check to your SC1041. Include the name and FEIN of the estate or trust, SC1041, and the tax year in the memo.

If you owe \$15,000 or more in connection with any SCDOR return, you must file and pay electronically according to SC Code Section 12-54-250.

ACCOUNTING PERIOD

The accounting period and the method of accounting used for the SC1041 must be the same as that used for federal tax purposes. If the estate's or trust's taxable year method of accounting is changed for federal purposes, the change applies to the SC1041.

FEDERAL ADJUSTMENTS

Any taxpayer whose income has been adjusted by the IRS should report the adjustments to the SCDOR after the federal adjustments become final between the taxpayer and the IRS. File an amended SC1041 for the appropriate tax year to report the federal adjustment to the SCDOR. Attach a copy of the IRS revenue agent's report showing the adjustments.

FIDUCIARY REPORTING OBLIGATIONS TO BENEFICIARIES

Fiduciaries must provide to each resident beneficiary the amount of fiduciary adjustment to be reported on the beneficiary's South Carolina Individual Income Tax return. (See column 4, Part II, page 2 of the SC1041.) Fiduciaries must also provide to each nonresident beneficiary the amount of the nonresident beneficiary's share of income and credits from Part IV, page 3 of the SC1041. Fiduciary adjustments, beneficiaries' shares of fiduciary adjustments, and beneficiaries' shares of income and credits are computed in Parts I, II, III, and IV, pages 2 and 3 of the SC1041. The following rules explain which of these parts should be completed.

- If a resident estate or trust has only resident beneficiaries, or if no amounts are distributable to nonresident beneficiaries, only complete Parts I and II.
- If a resident estate or trust has nonresident beneficiaries, it is generally necessary to complete all parts. You do not have to complete Part IV if amounts distributed to nonresidents are not taxable.
- If all income of a resident estate or trust is taxable to the fiduciary and no distributions are made, or required to be made, only Part I must be completed.
- If a nonresident estate or trust has resident and/or nonresident beneficiaries, all parts must be completed. If all the income is taxable to the fiduciary, only Parts III and V must be completed.

DEDUCTIBILITY OF EXPENSES OF ADMINISTRATION

Expenses of administering an estate must be deducted in the same way they are deducted for federal tax purposes. If these expenses are deducted on the federal 1041, they may be deducted on the SC1041. If these expenses are deducted for federal Estate Tax purposes, they may not be deducted on the SC1041.

EXEMPT TRUST

A trust exempt from federal Income Tax because of its purpose or activities is also exempt from South Carolina Income Tax.

CHARITABLE REMAINDER TRUSTS

South Carolina has adopted IRC Section 664, which outlines the basic rules for charitable remainder trusts. This means the South Carolina Income Tax treatment of these trusts is generally the same as for federal Income Tax. After preparing the required annual federal filing forms including Form 5227 (Split-Interest Trust Information Return), complete the information section on page 1 of the SC1041. At the top of page 1, type or print the following statement:

This is a charitable remainder trust as described in IRC Section 664. See attached Form 5227 for South Carolina income.

To prepare federal Form 5227 for South Carolina income, prepare a separate federal Form 5227, taking into account the differences in federal and state taxable income. For a summary of these differences, see the instructions for Part I of the SC1041. Divide the South Carolina taxable income by the federal taxable income. Use that fraction to prorate the beneficiaries' South Carolina fiduciary adjustment. Indicate the proration on each SC1041 K-1 form. Attach copies of all federal forms filed in the year to the South Carolina forms.

LINE INSTRUCTIONS

Heading: Enter the name, address, FEIN, and county code of the estate or trust in the fields on page 1. Answer all questions at the top of the SC1041. County codes are listed in these instructions.

Line 1 - Federal taxable income of fiduciary: Enter on line 1 the federal taxable income shown on page 1 of the federal 1041. Nonresident estates and trusts should enter on line 1 the amount reported on Part III, line 22, column D of the SC1041. See instructions for **Part III - Computation of the Federal Taxable Income of the Estate or Trust from South Carolina Sources**.

Line 2 - Federal fiduciary exemption: Enter on line 2 the fiduciary exemption claimed on the Federal Fiduciary Income Tax return to the extent it is included in the amount reported on line 1. (See the federal 1041, line 20, available at irs.gov).

Line 3 - Modifications related to principal or non-distributable income: Some of the modifications described in Part I may apply to gains allocated to principal or to other items not affecting federal distributable income. For example, gain (or loss) from sale of real estate located outside of South Carolina is not taxable to South Carolina. A line 3 modification is required if property sold has a different basis for South Carolina Income Tax purposes than it does for federal Income Tax purposes. An individual, trust, or estate may claim a deduction of 44% of net capital gain. The deduction is computed at the beneficiary level except for capital gains taxable to the trust or estate. Net capital gain is the excess of net long term capital gain over net short term capital loss, and is reduced by any carryover losses. If any of these or similar modifications apply, attach a schedule listing the adjustments.

Line 4 - South Carolina fiduciary adjustment: A resident fiduciary should enter on line 4 its portion of the fiduciary adjustment from Part II, line 1, column 4. A nonresident estate or trust should not make adjustments on this line. See instructions for **Part II - Allocation of South Carolina Fiduciary Adjustment**.

Line 5 - Net: Add amounts on line 1 through line 4. Enter the result on line 5.

Line 6 - South Carolina fiduciary exemption: Enter the South Carolina fiduciary exemption on line 6. The South Carolina fiduciary exemption for a resident estate or trust is the same amount of exemption allowable for federal Income Tax purposes. Nonresident estates or trusts should complete Part V to determine the portion of the federal fiduciary exemption which is allowed as the South Carolina fiduciary exemption. See instructions for **Part V - Nonresident Exemption Allowance of Fiduciary**.

Line 7 - South Carolina taxable income: Subtract line 6 from line 5 and enter the balance on line 7. Compute your tax on this amount.

Line 8 - South Carolina tax: To determine the amount of the Fiduciary Income Tax liability, refer to this tax computation schedule, and compute the tax. Enter the amount on line 8.

2021 Tax Computation Schedule for Estates and Trusts

Tax Computation Schedule

If the amount on line 7 of the SC1041 is:

At least	But less than	Compute the tax as follows:
\$0	\$3,110	0% times the amount
3,110	6,220	3% times the amount minus \$93
6,220	9,330	4% times the amount minus \$156
9,330	12,440	5% times the amount minus \$249
12,440	15,560	6% times the amount minus \$373
15,560	or more	7% times the amount minus \$529

Example of computation

South Carolina income subject to tax on line 7 of the SC1041 is \$16,940. The tax is calculated as follows:

\$16,940	income from line 7 of the SC1041
X .07	percent from tax computation schedule
1,186	
- 529	amount from tax computation schedule
\$ 657	tax to be entered on line 8 of the SC1041

Line 9 - South Carolina tax on lump sum distributions and/or on active trade or business income: If a resident estate or trust received a lump sum distribution and is taxed according to IRC Section 402(e), the resident estate or trust is also subject to a South Carolina tax on the lump sum distribution. Complete the SC4972, Tax on Lump-Sum Distributions, and attach to the return. If filing an I-335, Active Trade or Business Income Reduced Rate Computation, attach and include the amount of tax from line 7.

Line 10 - Nonrefundable credits: Enter nonrefundable credits from the SC1040TC, 2020 Tax Credits. Attach the appropriate credit form. The credit may not exceed the sum of the tax on line 8 and line 9.

Line 11 - Net tax: Add line 8 and line 9 less the amount on line 10. The balance cannot be less than zero.

Line 12 - South Carolina tax withheld for nonresident beneficiaries: Estates and trusts are required to withhold taxes at a rate of 7% on each nonresident beneficiary's share of income from South Carolina sources. For information on income from South Carolina sources see **FILING REQUIREMENTS** on page 1 of the instructions. Enter the amount withheld from each nonresident beneficiary in Part IV, column F. Prepare an SC41, Fiduciary Report on Nonresident Beneficiary Tax Withheld, for each nonresident beneficiary from whom an amount is withheld. A copy of this report must be forwarded to the beneficiary for whom the tax is withheld so that the beneficiary may attach it to their South Carolina Income Tax return.

Note: A trust or estate is not required to withhold taxes from South Carolina taxable income of a nonresident beneficiary who submits an I-41, Nonresident Beneficiary Affidavit and Agreement Income Tax Withholding, and agrees to file returns and pay applicable taxes. The trust or estate must remit all I-41 Affidavits to the SCDOR. Attach the I-41 Affidavits to the SC1041 or SC8736, Request for Extension of Time to File South Carolina Tax Return, by the 15th day of the fourth month following the close of the trust or estate's tax year.

Line 14 - Amount paid with request for extension and SC withholding: Enter amounts paid with **Request for Extension** on line 14a. Enter amount of withholding on line 14b and attach copies of your W-2s or 1099s. Include any Nonresident Seller Withholding paid with an I-290 on line 14b. Enter the total of 14a and 14b on line 14.

Line 15 - Estimated tax payments and refundable Motor Fuel Income Tax Credit: Enter in (a) the total SC1041ES Estimated Tax payments made before filing your South Carolina tax return. Enter in (b) any amounts transferred to your Estimated Tax account from your prior year tax return. Enter in (c) the allowable refundable Motor Fuel Income Tax Credit from the I-385. For more information on this credit, see the **REMINDERS** section on page 1 of these instructions.

Line 16 - Total payments: Reduce the amount on this line by any Estimated Income Tax assigned to beneficiaries. Write the assigned amount on the dotted line portion of this line.

Line 18 - 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 18.

Line 19 - Underpayment of Estimated Tax: If the fiduciary underpaid its Estimated Tax, complete the SC2210, Underpayment of Estimated Tax By Individuals, Estates, And Trusts, and attach it to the return. If the fiduciary owes a penalty, show the amount in the space provided. If the fiduciary is due a refund, subtract the penalty amount from the overpayment shown on line 17. If the fiduciary owes tax, add the penalty to the tax due and show the total on line 20. Find the SC2210, available at dor.sc.gov/forms.

Line 20 - Balance Due: Subtract line 16 from line 13, add line 18 and/or 19, if applicable, and enter the total on line 20.

Line 21 - Amount credited to Estimated Tax: To apply any or all of the refund toward next year's Estimated Tax, enter the amount on line 21.

Line 22 - Net refund: If you have an amount on line 21, subtract line 21 from line 17 and enter the **Net refund** on line 22. Otherwise, enter the amount from line 17.

Signature: The fiduciary of the estate or trust must sign the Fiduciary Income Tax return. Check the **Yes** box for release of confidential information. This authorizes the Director of the SCDOR or delegate to discuss this return, its attachments, and any notices, adjustments, or assessments with the preparer whose name is provided.

ATTACH COPY OF YOUR FEDERAL RETURN

You must attach a copy of your federal Fiduciary Income Tax return as filed with the IRS (including all schedules) to your SC1041. Failure to attach a copy of your federal Fiduciary Income Tax return will cause a delay in the processing of your SC1041.

PART I - SOUTH CAROLINA FIDUCIARY ADJUSTMENT

Part I is for the computation of the South Carolina fiduciary adjustment. This adjustment is the net amount of all the modifications of federal income and deductions that are permitted or required under the South Carolina Income Tax Act.

MODIFICATIONS THAT INCREASE FEDERAL TAXABLE INCOME

Line 1a - State and local interest: Enter on line 1a any state or municipal bond interest of states and political subdivisions, other than South Carolina.

Line 1b - State or local taxes measured by income: Enter on line 1b the total of any taxes measured by income or fees or payments in lieu of Income Taxes that were deducted on the federal Fiduciary Income Tax return.

Line 1c - Federal net operating loss carryover: Enter on line 1c the amount of any federal net operating loss (NOL) that you used in computing the federal taxable income reported on line 1, page 1 if you have South Carolina NOL. South Carolina recognizes federal NOL rules. No carrybacks are allowed.

Line 1d - Out-of-state losses: Enter on line 1d out-of-state losses from a business, trade, or profession claimed on the federal Fiduciary Income Tax return.

Line 1e - Other additions to income: Enter on line 1e any other additions required. Attach an explanation for the adjustments made. Additions to income include the federal Estate Tax deductions on income in respect of decedent; carryover of capital losses prior to January 1, 1985; any expense deducted on the federal Fiduciary Income Tax return related to any income exempt or not taxable by South Carolina; South Carolina tax exempt income allocable to charitable distributions; and any deduction for qualified business income under IRC Section 199A. Nonresident sellers of South Carolina real property and associated tangible personal property that elect out of installment sales treatment for state Income Tax purposes pursuant to Section 12-8-580 will have an addition to federal taxable income in the year of sale so as to include the entire gain in South Carolina taxable income.

Line 1f - Total additions: Add line 1a through line 1e. Enter total on line 1f.

MODIFICATIONS THAT DECREASE FEDERAL TAXABLE INCOME

Line 2a - Interest on US obligations: Enter interest income received from obligations of the United States or its possessions to the extent it is included in line 1, page 1.

Line 2b - State Income Tax refunds: Enter the amount of any state Income Tax refunds or any other Income Tax refunds to the extent included in line 1, page 1.

Line 2c - South Carolina net operating loss (attach schedule): Enter the amount of South Carolina net operating loss carryover to which the estate or trust is entitled. For losses occurring after December 31, 1984, compute the loss using the federal method.

Line 2d - Active Trade or Business Income Deduction: Enter the amount from I-335, line 5.

Line 2e - Other subtractions from income: Enter any other subtraction adjustment required. Additional subtraction adjustments include the following:

- **Accumulation Distribution:** If during the year the estate or trust received a distribution as a beneficiary of another estate or trust that was made from accumulated earnings from prior years, such amount may be excluded from the current South Carolina fiduciary income to the extent it was reported in line 1, page 1.
- **Out-of-State Income:** If you have reported income from a business, trade, or profession located outside South Carolina, enter this amount on line 2d. Personal service income of a resident is taxable to South Carolina.
- **Reduction of Basis Due to Federal Investment Credit:** If you elect to reduce basis for federal purposes due to investment credit, the amount of reduction will be an ordinary expense for South Carolina purposes.

Line 2f - Total subtractions: Add line 2a through line 2e. Enter the total on line 2f.

Line 3 - Total: Subtract line 2f from line 1f. Enter the balance on line 3.

Line 4 - Fiduciary and Partnership adjustment (attach schedule): If during the taxable year the estate or trust was a beneficiary of another estate or trust and is entitled to an adjustment from the other estate or trust, enter the amount of the adjustment on line 4. If during the taxable year the estate or trust received income from a Partnership, Joint Venture, or S Corporation, enter on line 4 the amount of the adjustment, if any.

Line 5 - South Carolina fiduciary adjustment: Add line 3 and line 4. Enter the total on line 5.

PART II - ALLOCATION OF SOUTH CAROLINA FIDUCIARY ADJUSTMENT

The South Carolina fiduciary adjustment is divided among the beneficiaries and the fiduciary in proportion to their share of the federal distributable net income. If the separate share rule is being used, allocate the fiduciary adjustment accordingly. If there is no federal distributable net income, each beneficiary's share of the South Carolina fiduciary adjustment must be in proportion to each share of the estate or trust income distributed. Any balance of the South Carolina fiduciary adjustment not allocated to the beneficiaries is allocable to the fiduciary. The estate or trust must advise each beneficiary of their share of the South Carolina fiduciary adjustment. The amount reported in column 4 is the amount which the fiduciary is required to submit to each beneficiary. Part II provides for the computation of the fiduciary's and beneficiary's share of the federal distributable net income. The Part II percentages are used in dividing the South Carolina fiduciary adjustment for both resident or nonresident beneficiaries.

Column 1 - Name of beneficiary: Enter the name of the beneficiary beside letters a-h. Check the box if the beneficiary is a nonresident of South Carolina and enter the Social Security Number.

Column 2 - Shares of federal distributable net income: Total federal distributable net income must be the same as line 7, Schedule B of your federal 1041.

Column 3 - Percent: Indicate percentages with two digits, such as 32%, 3.2% and .32%.

Column 4 - Shares of South Carolina fiduciary adjustment: Enter the South Carolina Fiduciary Adjustment from Part 1, line 5 as the total of Column 4. Multiply each percentage in Column 3 by the total in Column 4. Indicate at the top of column 4 whether the adjustments are additions or subtractions. The amount after each name is reported as a modification, either an addition to or subtraction from federal taxable income. If the adjustment is a subtraction, it may not offset more than the amount reportable from the fiduciary for federal tax purposes (except in the final or termination year). Each resident beneficiary should add the explanation: **Fiduciary adjustment - (name of estate or trust)**. A copy of this schedule (or its information) must be provided to each resident beneficiary. The fiduciary's share of the adjustment is entered on line 4 of page 1.

Column 2 through Column 4: Attach a detailed explanation of the allocation method used if there is no federal distributable net income, or if the percentages do not agree with the relative shares indicated on the federal 1041, Schedules B and K-1. For an estate or trust in which all beneficiaries are South Carolina residents, the remaining portion (Part III, Part IV, and Part V of page 3) of the return may be omitted. If a fiduciary has nonresident beneficiaries, Part III and Part IV must be completed.

PART III - COMPUTATION OF FEDERAL TAXABLE INCOME OF THE ESTATE OR TRUST FROM SOUTH CAROLINA SOURCES

Part III is to be completed by all resident estates and trusts with nonresident beneficiaries, and by all nonresident estates and

trusts with income or gain from South Carolina sources. Nonresident estates or trusts should report to South Carolina only that part of their federal taxable income derived from South Carolina sources. See **Income from South Carolina Sources** under **FILING REQUIREMENTS** for more information. In order to determine the income to be reported and the related modifications, complete Part III.

Column B: Enter the total income or deductions reported or claimed on the federal Fiduciary Income Tax return for each item listed in column A.

Column C: Enter the portion of each item of income reported in Column B that is derived from South Carolina sources. Use direct accounting whenever possible. Intangible income will not be considered to be from South Carolina sources except where it is a part of a business, trade, or occupation carried on in South Carolina. Any item entered in column C should reflect only the amount that remains after all modifications have been performed.

- State or local Income Taxes deducted on the federal return would not be included in column C.
- State Income Tax refunds reported as income on the federal return would not be included in column C.
- Any income from other estates, trusts, or partnerships should be modified, if necessary, before the item is entered in column C.
- Capital gains from South Carolina sources should be entered in column C only if the gain is distributed to the beneficiaries.
- Depreciation and depletion on income in respect of a decedent should be entered on the appropriate lines of column C (whether or not passed directly to the beneficiaries).
- Deductions should be directly allocated where possible. If it is not possible to directly relate those deductions to income from South Carolina sources, they should be apportioned by multiplying the deductions by the ratio of total South Carolina income (line 9, column C) divided by total federal income (line 9, column B).
- Net income of the estate or trust from South Carolina sources, after all modifications, is to be entered on line 22, column C.
- Enter on line 23, column C only the total percentages of all nonresident beneficiaries. These percentages come from Part II, page 2.
- Enter on line 24, column C the total income from South Carolina sources of all nonresident beneficiaries. This amount is computed by multiplying line 22, column C by the percentage entered on line 23, Column C.

Column D: Only nonresident fiduciaries complete this column. Enter the portion of column C applicable to the fiduciary. The amount to be entered in column D is computed by multiplying each entry in column C by the fiduciary's percentage of the South Carolina fiduciary adjustment as shown in Part II, page 2. A capital gain from South Carolina sources that is not distributed to the beneficiaries should be entered on line 4 of column D. Line 22, column D is the net income of the nonresident estate or trust from South Carolina sources applicable to the fiduciary which should be entered on line 1, page 1.

PART IV - NONRESIDENT BENEFICIARIES' SHARES OF INCOME AND CREDITS

Column A: Enter the names of the nonresident beneficiaries receiving distributable South Carolina income. If the Social Security Numbers are not listed on either page 2 or on the SC41, attach a schedule of this information. It is important that the correct Social Security Numbers be listed for each beneficiary to assure proper posting to their accounts.

Column B: Enter each nonresident beneficiary's percentage as computed in Part II, page 2.

Column C: Enter the capital gain (loss) reportable to South Carolina by each nonresident beneficiary.

Column D: Enter each beneficiary's portion of the total ordinary income from South Carolina sources by multiplying column B by the amount on Part III, line 22, column C after subtracting any capital gain on line 4.

Column E: Enter the amount of each nonresident beneficiary's income that is exempt from withholding by I-41 Affidavit.

Column F: Add column C and column D and subtract column E amounts. Compute 7% of these amounts for each beneficiary and enter the result in column F. The tax reported in this column is to be withheld by the fiduciary from the beneficiary. It is to be paid by the fiduciary to the state of South Carolina at the time Estimated Tax payments are due. If any tax is required to be withheld, complete the SC41 for each nonresident beneficiary.

PART V - NONRESIDENT EXEMPTION ALLOWANCE FOR FIDUCIARY

Part V is to be completed only by nonresident estates or trusts. This part is to assist in the computation of the exemption allowance available to the nonresident estate or trust.

Line 1 - Exemption allowance per federal return: Enter the exemption allowance claimed on the federal Fiduciary Income Tax return.

Line 2 - Ratio: Divide the amount shown on Part III, line 9, column D by the amount shown on Part III, line 9, column B.

Line 3 - South Carolina nonresident fiduciary exemption: Multiply the amount on line 1 by the percentage on line 2 and enter the result on Part V, line 3 and on line 6 on the SC1041.

WHICH FIDUCIARIES MUST FILE A DECLARATION OF ESTIMATED TAX?

Generally, a fiduciary must file a Declaration of Estimated Tax if the expected total amount of tax owed when the return is filed will be \$100 or more. Estates are not required to file a Declaration of Estimated Tax for the first two tax years after the decedent's death. Pay online using our free tax portal, MyDORWAY, at dor.sc.gov/pay. Select **Business Income Tax Payment** to get started. Do not submit the SC1041ES if you pay online.

To file by paper, attach a check to the completed SC1041ES, South Carolina Declaration of Estimated Tax for Fiduciaries. Include the name of the fiduciary, FEIN, SC1041ES, and the tax year in the memo. Attach payment to the SC1041ES and mail to **SCDOR, Estimated Tax, PO Box 125, Columbia, SC 29214-0038**. Find the SC1041ES, available at dor.sc.gov/forms.

Any fiduciary required to file a Declaration of Estimated Tax must estimate and pay at least 90% of the final actual tax liability or an amount equal to 100% of the tax from the prior year's return (if the return covered all twelve months of the year). Certain estates and trusts cannot base their Declaration of Estimated Tax on 100% of their prior year's tax liability. Estates and trusts with an adjusted gross income of more than \$150,000 as shown on the return for the preceding tax year must pay 110% of their prior year's tax liability. To compute adjusted gross income use federal guidelines and make South Carolina adjustments. Failure to meet the estimate requirements may subject the fiduciary to an underpayment penalty. Underpayment of estimate penalty is calculated on the SC2210. Find the SC2210, available at dor.sc.gov/forms.

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

Social Security Privacy Act Disclosure

It is mandatory that you provide your Social Security Number on this tax form if you are an individual taxpayer. 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 SCDOR must provide identifying numbers, as prescribed, for securing proper identification. Your Social Security Number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the SCDOR is limited to the information necessary for the SCDOR to fulfill its statutory duties. In most instances, once this information is collected by the SCDOR, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.

TAX WITHHELD FOR NONRESIDENT BENEFICIARIES (Rev. 4/12/21)

Under South Carolina law, the executor, administrator, or other fiduciary of an estate or trust is required to withhold 7% of the amount of South Carolina taxable income distributable to each nonresident beneficiary. The amount withheld from each beneficiary will be reflected on Part IV, column F of the SC1041. Complete an SC41 for each beneficiary from whom an amount is withheld. Be sure to put the current year in the space provided.

The SC41 may be submitted with the SC1041 or separately. If mailing separately, mail to **SCDOR, Taxable Fiduciary, PO Box 125, Columbia, SC 29214-0038.**

Complete three copies and distribute them to:

- the beneficiary from whom the tax is withheld, so that the beneficiary may attach it to their South Carolina Income Tax return
- the beneficiary, for their records
- the fiduciary, for their records

The amount of tax withheld by the fiduciary should be claimed as South Carolina Income Tax withheld on the South Carolina Income Tax return.

Any Estimated Income Tax payments assigned to beneficiaries must be reported to them on the SC41, along with instructions to enter this amount as tax withheld on their South Carolina Income Tax return. The SC41 must be attached to the beneficiary's return to claim this payment.

SC41		STATE OF SOUTH CAROLINA - INCOME TAX FIDUCIARY REPORT OF NONRESIDENT BENEFICIARY TAX WITHHELD		20 _____
		Estate's or Trust's tax year end _____		
Nonresident beneficiary's name		SSN	Name of estate or trust	FEIN
Street address		County	Nonresident beneficiary's share of distributable income from South Carolina sources	
City	State	ZIP	Ordinary income	\$ _____
			Long-term capital gain	\$ _____
			Short-term capital gain	\$ _____
			Amount of tax withheld	\$ _____

SC41		STATE OF SOUTH CAROLINA - INCOME TAX FIDUCIARY REPORT OF NONRESIDENT BENEFICIARY TAX WITHHELD		20 _____
		Estate's or Trust's tax year end _____		
Nonresident beneficiary's name		SSN	Name of estate or trust	FEIN
Street address		County	Nonresident beneficiary's share of distributable income from South Carolina sources	
City	State	ZIP	Ordinary income	\$ _____
			Long-term capital gain	\$ _____
			Short-term capital gain	\$ _____
			Amount of tax withheld	\$ _____

SC41		STATE OF SOUTH CAROLINA - INCOME TAX FIDUCIARY REPORT OF NONRESIDENT BENEFICIARY TAX WITHHELD		20 _____
		Estate's or Trust's tax year end _____		
Nonresident beneficiary's name		SSN	Name of estate or trust	FEIN
Street address		County	Nonresident beneficiary's share of distributable income from South Carolina sources	
City	State	ZIP	Ordinary income	\$ _____
			Long-term capital gain	\$ _____
			Short-term capital gain	\$ _____
			Amount of tax withheld	\$ _____