



STATE OF SOUTH CAROLINA
PARTNERSHIP RETURN
Tax Year 2019

SC1065
(Rev. 10/22/19)
3087

Return is due on or before the **15th day of the 3rd month** following the close of the taxable year.

For the year January 1 - December 31, 2019, or fiscal tax year beginning - 2019 and ending - 2020

Name		
Address		
City	State	ZIP

FEIN (Required):	SC file #:	County code:
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Check if: Initial return Final return Address change Amended return

Total number of partners:	Number of nonresident partners:	Number of nonresident partners with I-309 affidavit:	Number of nonresident partners included in the composite return:
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Check here if you filed a federal or state extension. **ATTACH COMPLETE COPY OF FEDERAL RETURN**

Location of business property: City _____ State _____ Phone number _____

COMPLETE SCHEDULE SC-K FIRST

Schedule W-H Withholding Tax on Income of Nonresident Partners

STAPLE PAYMENT HERE

1. Total from Schedule SC-K, line 21	1.	00
2. Amount of line 1 income taxable to nonresident partners (from SC1065 K-1s).....	2.	00
3. Amount of line 2 exempt from withholding because of I-309 affidavit or composite filing	3.	00
4. Subtract line 3 from line 2. If zero or less, enter zero.....	4.	00
5. Withholding Tax due (multiply line 4 by 5%)	5.	00
6. Withholding from nonresident sale of real estate (attach I-290) or SC withholding from 1099-MISC ..	6.	00
7. Amount paid with extension	7.	00
8. Payments (add line 6 and line 7).....	8.	00
9. Balance of tax (subtract line 8 from line 5). If zero or less, enter zero	9.	00
10. Refundable Motor Fuel Income Tax Credit.....	10.	00
11. If line 9 is greater than line 10, enter the difference on line 11. This is the amount due with this return	11.	00
12. If line 10 is greater than line 9, enter the difference on line 12. This is the amount of refundable Motor Fuel Income Tax Credit available for refund	12.	00

Only a refund from the Motor Fuel Income Tax Credit can be claimed on the SC1065.
An overpayment from other sources must be claimed and refunded at the partner level.

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

Sign Here	Signature of general partner or LLC/LLP member	Date	Email	Mail to: Balance Due: SCDOR TAXABLE PARTNERSHIP PO BOX 125 COLUMBIA SC 29214-0036
	I authorize the Director of the SCDOR or delegate to discuss this return, attachments, and related tax matters with the preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No			
Paid Preparer's Use Only	Print preparer's name	Check if self-employed <input type="checkbox"/>	Preparer phone number	Zero Tax: SCDOR NONTAXABLE PARTNERSHIP PO BOX 125 COLUMBIA SC 29214-0037
	Preparer signature		PTIN	
			Date	
	Firm's name (or yours if self-employed) and address		FEIN ZIP	



Form SC1065

SCHEDULE SC-K

PARTNERS' SHARES OF INCOME (LOSSES), DEDUCTIONS, AND CREDITS (See instructions.)

	(A) Enter Amounts From Federal Schedule K	(B) Plus or Minus South Carolina Adjustment	(C) Federal Schedule K Amounts After SC Adjustments	(D) Amounts Allocated to SC	(E) Amounts Allocated to States Other Than SC	(F) Amounts Subject to Apportionment
1.	Ordinary business income (loss)					
2.	Net rental real estate income (loss)					
3.	Other net rental income (loss)					
4.	Guaranteed payments					
5.	Interest income					
6.	Dividends					
7.	Royalties					
8.	Net short term capital gain (loss)					
9.	Net long term capital gain (loss)					
10.	Net section 1231 gain (loss)					
11.	Other income (loss)					
12.	Section 179 Deduction					
13a.	Contributions					
13b.	Investment interest expense					
13c.	Section 59(e)(2) Expenditures					
13d.	Other deductions					
14.	Total					
15.	Amounts from federal Schedule K (line 14, column A).....					15
16.	Amount allocated to South Carolina (line 14, column D)					16
17.	Net income (loss) subject to apportionment (line 14, column F).....					17
APPORTIONMENT						
				TOTAL	SC	
18.	Total sales or gross receipts			18		
19.	Apportionment factor (divide South Carolina sales or gross receipts by total)					19 %
20.	Net business income (loss) apportioned to South Carolina (multiply line 17 by line 19)					20
21.	Net business income (loss) taxable to South Carolina (add line 16 and line 20)					21

INSTRUCTIONS

Who Must File: Every partnership (including any multiple member LLC not taxed as a corporation), domestic or foreign, doing business or owning property in South Carolina must file a SC1065. Partnership income or loss is determined in the same manner and on the same basis as for an individual. Taxpayers carrying on business in a partnership are liable for Income Tax in their individual capacities. Each partner's return must include his distributive share, whether distributed or not, of the net income or loss of the partnership for the taxable year. If a partner and partnership have different taxable years, the partner's return must include income or loss reported by the partnership during the partner's taxable year.

Registration Information: A newly formed partnership can register at [MyDORWAY.dor.sc.gov](https://mydorway.dor.sc.gov). To get started, select Register a New Business or Tax Account. To register by paper, download the SCDOR-111 at dor.sc.gov/forms.

Filing Requirements: File SC1065 and include the amount required to be withheld to the SCDOR by the 15th day of the third month following the end of the partnership's taxable year. **Within the same deadline, provide each nonresident partner with a federal 1099-MISC with "SC only" written at the top, showing the amount of the nonresident partner's withholding. Withholding is not required for any partner participating in a composite return or for partners that provide an I-309 affidavit.** Attach each SC1065 K-1. Tiered or layered partnerships must withhold only once for activities of the partnership within South Carolina. Any related partnership must attach a statement explaining any pass-through withholding and provide a 1099-MISC "for SC purposes only" to each partner. Amend SC1065 whenever the Internal Revenue Service adjusts a federal 1065.

Payments: The balance of tax shown to be due on line 11, page 1 of the SC1065 must be paid in full. Failure to pay the tax on time will result in additional penalty and interest. Pay online using our free tax portal, MyDORWAY, at dor.sc.gov/pay. Select Business Income Tax Payment to get started. If paying by check or money order, include name of partnership and FEIN in the memo and attach to the paper return.

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

Electronic Filing: You can file your SC1065 along with your federal Partnership Return electronically in a single transmission using third party tax preparation software. Visit our website at dor.sc.gov/services/electronic for more information on developers that support this service.

Forms: Find current and past year SC1065 Partnership Tax forms at dor.sc.gov/forms.

Composite Filing: A composite return is a single nonresident Individual Income Tax return filed by a partnership on behalf of two or more nonresident partners who are individuals, trusts, or estates. See the I-348 at dor.sc.gov/forms for instructions.

Extensions: File the SC8736 by the 15th day of the third month following the end of the partnership's tax year to request an extension of time to file the SC1065. Pay your balance due online at dor.sc.gov/pay. Select Business Income Tax payment to get started. Your payment on MyDORWAY automatically submits your filing extension request. No additional form or paperwork is required. South Carolina will accept a federal extension instead of the SC8736. Check the box on the front of the SC1065 if you filed a federal or state extension.

Include withholding of 5% of income taxable to South Carolina on all nonresident partners when filing the SC8736. You are not required to withhold for partners that (a) participate in a composite return, or (b) provide an I-309 affidavit stating that the taxpayer is subject to the jurisdiction of the SCDOR and the courts of South Carolina for determining and collecting tax, interest and penalties. If you file by paper, include all I-309s when filing the SC8736.

Composite Extensions: To request a filing extension for a composite return, file the SC4868 using the name and FEIN of the partnership. Estimate the tax due and pay the estimated tax on or before the 15th day of the fourth month following the end of the partner's taxable year. Do not use the SC8736 to extend the time allowed to file a composite return. Mark the "Composite Filer" box on the SC4868. Nonresident partners may participate in composite returns even if they have other sources of income taxable to South Carolina. Disregard the other sources of income taxable to South Carolina when preparing the composite return. For more information, see SC Revenue Procedure #17-2 at dor.sc.gov/policy.

Information to Provide to Partners: Provide the SC1065 K-1 to each partner. Partnerships receiving passive activity income and losses from investments located within and outside of South Carolina must furnish partners with detailed accountings of these amounts. Similar information must be provided to partners who did not materially participate in the trade or business of a partnership engaged in multi-state operations. These partners may have nondeductible passive losses that cannot be used to offset interest and other business-related portfolio income apportioned to South Carolina.

Providing K-1 Information: If you file the SC1065 electronically, submit the K-1 information to the SCDOR in the same manner. If you file by paper and have more than 50 partners, submit the K-1 information on a CD in any file format compatible with Microsoft Word or Excel. Label the CD with the partnership name, FEIN, South Carolina file number, and tax year.

Tax Credits: Enter nonrefundable tax credits on the SC1040TC and attach to this return along with specific tax credit schedules. Indicate the amount of credit allocated to each partner on that partner's SC1065 K-1. The partners will be responsible for claiming the tax credits and including the appropriate tax credit schedules on their Income Tax returns.

Allocation and Apportionment of Income: A taxpayer whose entire business is conducted in South Carolina is subject to income tax based on the entire taxable income of the business for the taxable year. A taxpayer that conducts its business partly within and partly outside of South Carolina is subject to Income Tax based on the portion of its business in South Carolina. This portion is determined through allocation and apportionment of income. SC Code Sections 12-6-2220 and 12-6-2230 provide that certain classes of income, less related expenses, are allocated. The income remaining after allocation is apportioned according to SC Code Section 12-6-2240. South Carolina generally requires the use of one of the following apportionment methods:

1. A "sales only" apportionment method for taxpayers whose principle business in South Carolina is dealing in tangible personal property. This method is used by businesses that manufacture, sell, or rent tangible personal property. The sales factor is all sales of goods, merchandise, and property in South Carolina, divided by total sales everywhere. The sale takes place where goods are received by the purchaser or his designee after all transportation is completed. Sales in South Carolina include nonallocated rental income from tangible personal property located in the state, sales of intangible personal property, and receipts from services of income-producing activities performed entirely in South Carolina. If the income-producing activity is performed partly within and partly outside of South Carolina, sales are attributable to South Carolina to the extent the income-producing activity is performed within South Carolina.
2. A "gross receipts" apportionment method for taxpayers not dealing in tangible personal property. This method is used by financial businesses and service businesses, including businesses that install or repair tangible personal property, and contractors. This apportionment factor is South Carolina gross receipts divided by gross receipts everywhere. See SC Code Sections 12-6-2290 and 12-6-2295 at dor.sc.gov/policy for more information.
3. A "special" apportionment method provided in SC Code Section 12-6-2310 for certain companies, such as railroad companies, telephone companies, pipeline companies, airline companies, and shipping lines. Use the appropriate apportionment method instead of "sales only" or "gross receipts".
4. A taxpayer may apply according to SC Code Section 12-6-2320 for an individualized apportionment method tailored to a particular business because the normally required method would not fairly represent the extent of the taxpayer's business in South Carolina, or as an economic incentive.

For more information, see our South Carolina Tax Incentives for Economic Development guide at dor.sc.gov/policy/index/policy-manuals.

Line Instructions

Heading: Enter the name, address, FEIN, and county code of the partnership in the fields on page 1.

Check the box for:

- Initial return if this is the first SC1065 filed for this partnership
- Final return if this is the last SC1065 that will be filed for this partnership. If you check this box, the partnership account will be closed. File the C278 Account Closing Form to close any other accounts, such as Sales or Withholding. Find the C278 at dor.sc.gov/forms.
- Address change if the address shown on this return is different from the address on the last SC1065 filed. Use the SC8822 to change the address for any other accounts. Save time and paper by completing this form online. Simply visit MyDORWAY.dor.sc.gov and sign in to your existing account or create an account to get started. If you want to change your address by paper, find the SC8822 at dor.sc.gov/forms.
- Amended return if you are amending a previously filed return for this period. You cannot amend the partnership return to change the withholding amount shown on the SC1065 K-1s provided to the partners. The partners will claim the amounts withheld on their Income Tax returns.

Enter the total number of:

- Partners in the partnership
- Partners who are not residents of South Carolina
- Nonresident partners who have filed an I-309 affidavit with the partnership
- Nonresident partners who are participating in a composite return

Nonresident partners who have completed the I-309 affidavit or are included in a composite filing are exempt from withholding.

Schedule SC-K

Complete the Schedule SC-K first. This is a worksheet for making South Carolina adjustments to federal Schedule K items and showing the amounts allocated to South Carolina and the amounts subject to apportionment.

Column A Computation of Income: Enter the amounts from Column A of federal Schedule K, line 1 through line 13d in the same line numbers of Column A of SC-K. Add line 1 through line 13d and enter the total on line 14.

Column B South Carolina Adjustment: Include in Column B additions and subtractions resulting from differences between federal and South Carolina law. Show any income taxed by South Carolina but not subject to federal Income Tax, such as interest income received from states other than South Carolina, or their political subdivisions, as an addition. Some other examples of additions are:

- Expenses deducted on the federal return related to income exempt or not taxable to South Carolina.
- Federal bonus depreciation: For the year an asset is placed in service, add back the difference between the depreciation taken and the depreciation that would have been allowed without bonus depreciation. A subtraction resulting from a higher South Carolina basis applies to all remaining years of depreciation.
- A nonresident seller of South Carolina real property who elects out of installment sales treatment must report the entire gain for the taxable year in which the sale took place.

Show any income not taxed by South Carolina but subject to federal Income Tax, such as interest paid by the US government on US savings bonds, treasury bills, etc., as a subtraction.

Add line 1 through line 13d and enter the total on line 14.

Column C Federal Schedule K Amounts after SC Adjustments: This amount is the sum of Columns A and B.

Column D Amounts Allocated To SC: Allocation and apportionment statutes are located in SC Code Sections 12-6-2210 through 12-6-2320. List amounts allocated to South Carolina in Column D. The following items must be allocated. All remaining items are subject to apportionment.

- **Personal service income:** Allocate personal service income, including guaranteed payments, to South Carolina if (a) the income is received by a resident individual or (b) the income is for services performed in South Carolina.
- **Gains and losses from sale of property:** Allocate gains and losses from the sale of **real** property, less all related expenses, to the state in which the real property is located. Allocate to South Carolina any gain which represents the return of amounts deducted in South Carolina as depreciation. If a taxpayer's business is conducted partly within and partly outside of South Carolina, allocate gains and losses from sales of **tangible personal** property unrelated to the business activity of the taxpayer to the state in which the business situs of the investment is located. Allocate gains and losses from sales of **intangible personal** property not connected with the business of the taxpayer and not held for sale to customers in the regular course of business to a corporate partner's principal place of business and a noncorporate partner's domicile.
- **Rents and royalties:** Allocate rents and royalties from the lease of rental real estate or tangible personal property not used or connected with the taxpayer's trade or business during the year, less all related expenses, to the state where the property was located at the time the income was derived.
- **Interest and dividends:** Allocate interest and dividends not connected with the taxpayer's business, less all related expenses, to a corporate partner's principal place of business and a noncorporate partner's domicile.
- **Other income subject to allocation:** Any income, less all related expenses, that is not otherwise allocated and that is unrelated to a taxpayer's business activity conducted partly within and partly outside of South Carolina is allocated to the state in which the business situs of the investment is located. If the business situs of the investment is partly within and partly outside of South Carolina, apportion the investment using the same formula used to apportion net income.

Add line 1 through line 13d and enter the total on line 14.

Column E Amounts Allocated to States Other Than SC: See Column D instructions for Allocation of Income.

Column F Amounts Subject to Apportionment: Enter the amounts that are **not allocated** to South Carolina or any other state. These amounts are subject to apportionment. Add line 1 through line 13d and enter the total on line 14.

Line 15: Enter the federal Schedule K total from line 14, column A.

Line 16: Enter the amounts allocated to South Carolina from line 14, column D.

Line 17: Enter the net income (loss) subject to apportionment from line 14, column F.

Line 18: Enter total sales or gross receipts in the first column and South Carolina sales or gross receipts in the second column. See the apportionment instructions for more information on how to determine South Carolina sales or gross receipts.

Line 19: Divide South Carolina sales or gross receipts by sales or gross receipts everywhere and enter the percentage. Compute all percentages to four digits to the right of the decimal.

Line 20: Multiply line 17 by line 19.

Line 21: Net business income (loss) taxable to South Carolina (add line 16 and line 20). Enter this amount on line 1 of the SC1065, Schedule W-H.

SC1065 K-1

Prepare an SC1065 K-1 for each partner to show their share of the partnership's income. Adjust each item of income as required by South Carolina law. Allocate or apportion income to South Carolina or other states.

See the SC1065 K-1 for instructions on completing the form. Include SC1065 K-1 with your SC1065 Partnership Return. Provide a copy to the partner.

Enter the amount of income taxable to nonresident partners on line 2 of the SC1065, Schedule W-H.

Schedule W-H

Complete this schedule on the first page of the SC1065 after completing the Schedule SC-K and the SC1065 K-1s.

Line 1: Enter the net business income (loss) taxable to South Carolina from the Schedule SC-K, line 21.

Line 2: Enter the amount of line 1 income taxable to nonresident partners as shown on their SC1065 K-1s.

Line 3: Enter any portion from line 2 which is exempt from withholding due to the I-309 affidavit or composite filing.

Line 6: Enter the amount of withholding from nonresident sale of real estate or from a 1099-MISC received by the partnership. Only include withholding amounts related to nonresident partners. Attach supporting I-290 or 1099-MISC.

Line 7: Enter the amount paid with extension request, SC8736.

Line 9: Subtract line 8 from line 5. If zero or less, enter zero. This is the amount of Withholding Tax due.

Line 10: 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 incurred in South Carolina during the tax year. Refer to the instructions of the I-385 at dor.sc.gov/forms and SC Revenue Ruling #17-6 at dor.sc.gov/policy for information concerning the credit.

Line 11: If line 9 is greater than line 10, enter the difference. This is the amount due with the return.

Line 12: If line 10 is greater than line 9, enter the difference. This is the amount of Refundable Motor Fuel Income Tax Credit available to be refunded.

Only a refund resulting from the refundable Motor Fuel Income Tax Credit can be claimed on the SC1065. An overpayment resulting from other sources must be claimed and refunded at the partner level.

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