



CAPITAL INVESTMENT CREDIT

Name	County	SSN or FEIN
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If credit was received from a pass-through entity, name and FEIN of entity

Use this form to claim the Capital Investment Credit for qualified investments in manufacturing and productive equipment property made in South Carolina beginning January 1, 2011. See the instructions below and SC Code Section 12-14-60, available at dor.sc.gov/policy, for more information on credit qualifications.

Qualified manufacturing and productive equipment:

	(A) Basis	(B) Credit Percentage	(C) Credit Amount (Multiply column A by column B)
1. Three-year property	_____	0.5%	1. _____
2. Five-year property	_____	1.0%	2. _____
3. Seven-year property	_____	1.5%	3. _____
4. Ten-year property	_____	2.0%	4. _____
5. Fifteen-year property or greater	_____	2.5%	5. _____
6. Add line 1 through line 5			6. _____
7. Unused credits from 1997 and later that are available to carry forward			7. _____
8. Credit (add line 6 and line 7)			8. _____
9. Utilities only: Enter amount from the Line 9 Worksheet on page 3.			9. _____
10. Enter the lesser of line 8 and line 9. This is your total credit available for the current year.			10. _____

INSTRUCTIONS

Use the 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Forms are available at dor.sc.gov/forms.

Credit amount

Effective January 1, 2011, a Capital Investment Credit against Income Tax is allowed for any tax year in which you place qualified manufacturing and productive equipment property in service in South Carolina. The amount of the credit allowed by this section is equal to the total of:

- **0.5%** of total bases for all qualified **3-year** property
- **1.0%** of total bases for all qualified **5-year** property
- **1.5%** of total bases for all qualified **7-year** property
- **2.0%** of total bases for all qualified **10-year** property
- **2.5%** of total bases for all qualified **15-year or greater** property

Use the recovery periods under IRC Section 168(e) to determine if property is 3-year property, 5-year property, 7-year property, 10-year property, or 15-year property.

Qualified property

Qualified manufacturing and productive equipment property is any property:

- a. which is used as an integral part of manufacturing or production, or used as an integral part of extraction of or furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services in South Carolina
- b. which is tangible property to which IRC Section 168 applies
- c. which is Section 1245 property (as defined in IRC Section 1245(a)(3))
- d. which you constructed, reconstructed, or erected in South Carolina or which you acquired if the original use began inside the state

Computer software used to control or monitor a manufacturing or production process inside the state is treated as qualified manufacturing and productive equipment property if depreciation or amortization is allowable.

This credit does not apply to any property to which other tax credits would apply, unless you choose to waive the application of the other credits to the property.

Credit carryover

Unused credit may be carried forward for 10 years from the close of the tax year in which the credit was earned.

You may continue to carry forward unused credits during the initial 10-year period if you:

- a. are engaged in South Carolina in an activity under the North American Industry Classification System Manual (NAICS) Section 31, 32, or 33;
- b. are employing 1,000 or more full-time workers in South Carolina and have a total capital investment in South Carolina of at least \$500 million; or employing 850 or more full-time workers in South Carolina and have a total capital investment in this state of at least \$750 million; and
- c. made a total capital investment of at least \$50 million in the previous five years

Limitations

Credits carried forward beyond the initial 10-year period may not reduce your state Income Tax liability in any subsequent tax year by more than 25%.

An entity subject to the License Fee provided in SC Code Section 12-20-100 is limited to \$5 million in credit for investments made after June 30, 1998.

Line 9 Worksheet

To be completed by utility companies subject to the License Fee under SC Code Section 12-20-100

- 1. Total Capital Investment Credits and Economic Impact Zone Credits that can be earned for investments made after June 30, 1998 1. \$ \$5,000,000
- 2. Total Capital Investment Credits and Economic Impact Zone Credits used in prior years for investments made after June 30, 1998 2. \$ _____
- 3. Subtract line 2 from line 1 3. \$ _____
- 4. Enter amount from line 8 of page 1 4. \$ _____
- 5. Enter the lesser of line 3 or line 4 here and on line 9 of page 1 5. \$ _____

Recapture

If you dispose of or remove qualified manufacturing and productive equipment property from South Carolina before the end of its applicable recovery period, increase your Income Tax due for the current tax year by an amount of any credit claimed in prior years with respect to the property. Determine the amount of recapture by assuming the credit is earned evenly over the useful life of the property and recapturing pro rata the unearned portion of the credit. Complete the Recapture of Capital Investment Credit (TC-11R) to calculate the recapture amount to add to your Income Tax liability.

Reduction in basis

For South Carolina Income Tax purposes, reduce the basis of the qualified manufacturing and productive equipment property by the amount of any credit claimed with respect to the property. If you are required to recapture the Capital Investment Credit, you may increase the basis of the property by the amount of any basis reduction attributable with claiming the Capital Investment Credit in prior years. The basis must be increased in the year in which the credit is recaptured.

How to submit

If filing by paper, attach this to your Income Tax return. If filing electronically, keep a copy with your tax records.

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.