Use this form to claim the capital investment credit for qualified investments in manufacturing and productive equipment property made in South Carolina on or after January 1, 2011. See the instructions below and SC Code Section 12-14-60 for more information on credit qualifications.

**Qualified manufacturing and productive equipment:**

<table>
<thead>
<tr>
<th>Basis</th>
<th>Credit Percentage</th>
<th>Credit Amount (column 1 x column 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Three-year property</td>
<td>0.5%</td>
<td>1.</td>
</tr>
<tr>
<td>2. Five-year property</td>
<td>1.0%</td>
<td>2.</td>
</tr>
<tr>
<td>3. Seven-year property</td>
<td>1.5%</td>
<td>3.</td>
</tr>
<tr>
<td>4. Ten-year property</td>
<td>2.0%</td>
<td>4.</td>
</tr>
<tr>
<td>5. Fifteen-year property or greater</td>
<td>2.5%</td>
<td>5.</td>
</tr>
<tr>
<td>6. Add line 1 through line 5</td>
<td></td>
<td>6.</td>
</tr>
<tr>
<td>7. Unused credits from 1997 and later that are available to carry forward</td>
<td></td>
<td>7.</td>
</tr>
<tr>
<td>8. Credit (add line 6 and line 7)</td>
<td></td>
<td>8.</td>
</tr>
<tr>
<td>9. <strong>Utilities only:</strong> Enter amount from the worksheet in the instructions.</td>
<td></td>
<td>9.</td>
</tr>
<tr>
<td>10. The lesser of line 8 and line 9. This is your total credit available for the current year.</td>
<td></td>
<td>10.</td>
</tr>
</tbody>
</table>
INSTRUCTIONS

Use the 2010 version of this form to claim credit for qualifying investments made in an Economic Impact Zone before January 1, 2011. Download forms 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 this state. 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:

- 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 this state
- which is tangible property to which IRC Section 168 applies
- which is Section 1245 property (as defined in IRC Section 1245(a)(3))
- 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 the 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:

- are engaged in South Carolina in an activity under the North American Industry Classification System Manual (NAICS) Section 31, 32, or 33;
- are employing 1,000 or more full-time workers in South Carolina and have a total capital investment in this state 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
- 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 Tax provided in 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 ................................................................. 4. $

5. Enter the smaller of line 3 or line 4 here and on line 9 ................................................................. 5. $

Recapture
If you dispose of or remove qualified manufacturing and productive equipment property from this state before the end of its applicable recovery period, increase the 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 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 investment tax 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.