



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
CREDIT FOR TEXTILES REHABILITATION
Effective for property placed in service after June 30, 2004
Attach to your Income Tax Return

Name As Shown On Tax Return

SSN or FEIN

- 1. Enter the amount of the rehabilitation expenses made to an eligible site placed in service during the tax year. For paper filers claiming the credit for the first time, attach certification if applicable. See instructions ..... 1. \$
2. Enter 25% of the amount on line 1. This is the credit amount earned in the current year ..... 2. \$
3. Enter 20% of line 2 if the property was placed in service during this tax year; OR enter the installment amount from line 3 of a previous year's TC-23 if the property was placed in service before this year. This is your annual installment amount..... 3. \$
4. Enter the amount carried forward from previous tax years ..... 4. \$
5. Add lines 3 and 4 ..... 5. \$
6. Enter your current year tax liability ..... 6. \$
7. Current year credit limit. Multiply line 6 by 50% (.50) ..... 7. \$
8. Enter the lesser of lines 5 and 7. This is your current year credit. Enter this amount on the appropriate tax credit schedule..... 8. \$
9. Subtract line 8 from line 5. Unused credit may be carried forward for 5 years ..... 9. \$

GENERAL INSTRUCTIONS

FOR SITES PLACED IN SERVICE AFTER DECEMBER 31, 2007:

A taxpayer who qualifies for the credit revitalizing an abandoned textile facility placed in service after December 31, 2007 may claim either Option A or B:

- A) a credit against real property taxes levied by local taxing entities; or
B) a credit against corporate or individual income tax, bank tax, corporate license fees, and/or insurance premium tax.

If the taxpayer chooses Option B:

- 1) The credit is equal to 25% of the actual rehabilitation expenses made at the textile mill site.
2) If the taxpayer acquired the textile mill site after December 31, 2007 (NOTE: Transfers between affiliated taxpayers of phases of any textile mill site are deemed to not be an acquisition for this purpose.):
a) The taxpayer must file a Notice of Intent to Rehabilitate (Notice) with the Department of Revenue (department) prior to receiving the building permits for rehabilitating the textile mill site or phase of the site. Failure to provide the Notice before receiving the building permits will result in disqualifying all rehabilitation expenses incurred before the notice was provided; and
b) if actual rehabilitation expenses exceed 125% of the estimated expenses set forth in the Notice, the credit will be based on 125% of the estimated expenses as opposed to the actual expenses incurred.
3) The entire credit is earned in the taxable year in which the applicable phase or portion of the textile mill site is placed in service but must be taken in equal installments over a 5-year period beginning with the tax year in which the applicable phase or portion of the textile mill site is placed in service.
4) Unused credit may be carried forward for the succeeding five years.
5) A taxpayer claiming this credit may be able to qualify for and claim the TC-21 Certified Historic Structure Credit.
6) The credit is limited in use to 50% of the taxpayer's tax liability for the tax year with respect to each type of tax against which the credit is claimed.
7) A taxpayer that leases all or part of the textile mill site may transfer any applicable remaining credit associated with the rehabilitation expenses incurred with respect to that part of the site to the lessee of the site. A taxpayer that sells all or any phase or portion of the textile mill site may transfer all or part of the remaining credit that is associated with the rehabilitation expenses incurred with respect to that phase or portion of the site transferred to the purchaser. The taxpayer must notify the department in a manner prescribed by the department in order for the transfer to be effective.

- 8) A taxpayer that is a partnership or a limited liability company taxed as a partnership may pass through the credit to its partners or members and may allocate the credit among any of its partners or members on an annual basis, including an unlimited allocation of the entire credit to any partner or member who was a partner or member at any time during the year in which the credit is allocated. This provision also applies when the partner or member is a lessee.
- 9) A taxpayer is not eligible for the credit if the facility has previously received textile mill credits, or if the taxpayer owned the otherwise eligible textile mill site when the site was operational and immediately prior to its abandonment.

The area of the site is limited to the land located within the boundaries where the textile manufacturing facility structure is located and does not include land located outside the boundaries of the structure.

The provisions of Chapter 31, Title 6 apply to this credit, except for the requirements of Section 6-31-40.

**If a portion but not all of the textile mill site was placed in service on or before December 31, 2007**, the taxpayer may elect to either:

- a) have the portion placed in service on or before December 31, 2007 be governed by the old provisions (below) in effect as of December 31, 2007, as if the portion were an entire textile mill site; or
- b) have the portion be governed under the new law provisions (above) so that the portion is deemed to be a phase of the site placed in service after December 31, 2007.

The taxpayer may apply to the municipality or county in which the textile mill site is located for a certification of the textile mill site made by ordinance or binding resolution of the governing body of the municipality or county. The certification must include:

- a) whether the textile mill site was a textile mill as defined below;
- b) whether the textile mill site has been abandoned as defined below; and
- c) the geographic area of the textile mill site consistent with Section 12-65-20(4).

The taxpayer may conclusively rely upon the certification in determining the credit as long as the taxpayer includes a copy of the certification on the first return for which the credit is claimed.

**Definitions** applicable to use of the credit against corporate or individual income tax, bank tax, corporate license fees, and/or insurance premium tax for sites **placed in service after December 31, 2007**:

- 1) **“Abandoned”** means that at least 80% of the textile mill has been closed continuously to business or otherwise nonoperational as a textile mill for a period of at least one year immediately preceding the date on which the taxpayer files a “Notice of Intent to Rehabilitate”. For purposes of this item, a textile mill site that otherwise qualifies as abandoned may be subdivided into separate parcels, which parcels may be owned by the same taxpayer or different taxpayers, and each parcel is deemed to be a textile mill site for purposes of determining whether each subdivided parcel is considered to be abandoned.
- 2) **“Ancillary uses”** means uses related to the textile manufacturing, dying, or finishing operations on a textile mill site consisting of sales, distribution, storage, water runoff, wastewater treatment and detention, pollution control, landfill, personnel offices, security offices, employee parking, dining and recreation areas, and internal roadways or driveways directly associated with such uses.
- 3) **“Notice of Intent to Rehabilitate”** means, with respect to a textile mill site acquired by a taxpayer after December 31, 2007, a letter submitted by the taxpayer to the department or the municipality or county as specified in this chapter, indicating the taxpayer's intent to rehabilitate the textile mill site, the location of the textile mill site, the amount of acreage involved in the textile mill site, and the estimated expenses to be incurred in connection with rehabilitation of the textile mill site. The notice also must set forth information as to which buildings the taxpayer intends to renovate, which buildings the taxpayer intends to demolish, and whether new construction is to be involved.
- 4) **“Placed in service”** means the date upon which the textile mill site is completed and ready for its intended use. If the textile mill site is completed and ready for use in phases or portions, each phase or portion is considered to be placed in service when it is completed and ready for its intended use.
- 5) **“Rehabilitation expenses”** means the expenses or capital expenditures incurred in the rehabilitation, renovation, or redevelopment of the textile mill site, including without limitations, the demolition of existing buildings, environmental remediation, site improvements and the construction of new buildings and other improvements on the textile mill site, but excluding the cost of acquiring the textile mill site or the cost of personal property located at the textile mill site. For expenses associated with a textile mill site to qualify for the credit, the textile mill and buildings on the textile mill site must be either renovated or demolished.

- 6) **“Textile mill”** means a facility or facilities that were initially used for textile manufacturing, dying, or finishing operations and for ancillary uses to those operations.
- 7) **“Textile mill site”** means the textile mill together with the land and other improvements on it which were used directly for textile manufacturing operations or ancillary uses. However, the area of the site is limited to the land located within the boundaries where the textile manufacturing, dying, or finishing facility structure is located and does not include land located outside the boundaries of the structure or devoted to ancillary uses. Notwithstanding the provisions of this item, with respect to any site acquired by a taxpayer before January 1, 2008, or a site located on the Catawba River near Interstate 77, the textile mill site includes the textile mill structure, together with all land and improvements which were used directly for textile manufacturing operations or ancillary uses, or were located on the same parcel within one thousand feet of any textile mill structure or ancillary uses.

**FOR SITES PLACED IN SERVICE ON OR AFTER JULY 1, 2004, AND ON OR BEFORE DECEMBER 31, 2007:**

A taxpayer who qualifies for the credit revitalizing an abandoned textile facility **placed in service on or after July 1, 2004, and on or before December 31, 2007** may claim either:

- A) a credit against real property taxes levied by local taxing entities equal to 25% of the rehabilitation expenses made to the eligible site times the local taxing entity ratio of each local taxing entity that has consented to the tax credit; or
- B) a credit against income taxes and license fees imposed under Title 12 of the South Carolina Code equal to 25% of the rehabilitation expenses.

If the taxpayer chooses Option B:

- 1) The entire credit may not be taken for the taxable year in which the eligible site is placed in service but must be taken in equal installments over a 5 year period beginning with the year in which the property is placed in service.
- 2) Any unused portion of a credit installment may be carried forward for the succeeding five years.
- 3) The credit earned by an S corporation owing corporate level income tax must be used first at the entity level, and any remaining credit passes through to each shareholder in a percentage equal to each shareholder's percentage of stock ownership.
- 4) The credit earned pursuant to this subsection by a general partnership, limited partnership, limited liability company, or any other entity taxed as a partnership must be passed through to its partners and may be allocated among any of its partners, including an unlimited allocation of the entire credit to one partner, in any manner agreed by the partners that is consistent with Subchapter K of the Internal Revenue Code. Here, the term “partner” means a partner, member, or owner of an interest in the pass through entity.
- 5) This credit is in addition to and does not offset the state historic credit in the event the eligible site also is eligible for the TC-21 Certified Historic Structure Credit.

The taxpayer must choose Option A or B above by providing written notification of its intent to the South Carolina Department of Commerce prior to the date the eligible site is placed in service. A taxpayer that does not obtain the necessary approvals or fails to affirmatively make the election between Option A and B is considered to have elected Option B.

The provisions of Chapter 31, Title 6 apply to this credit, except for the requirements of Section 6-31-40.

Definitions applicable to the income tax credit (Option B) for sites **placed in service on or after July 1, 2004, and on or before December 31, 2007:**

- 1) **“Abandoned”** means that at least eighty percent of the facilities of the eligible site has been continuously closed to business or otherwise nonoperational for a period of at least one year immediately preceding the time at which the determination is to be made.
- 2) **“Eligible site”** means a site that is designed for use or has in fact been used as a textile manufacturing facility or uses ancillary to it and is located in South Carolina.
- 3) **“Placed in service”** means the date upon which the eligible site is suitable for occupancy for the purposes intended.
- 4) **“Rehabilitation expenses”** means the expenses incurred in the rehabilitation of the eligible site, excluding the cost of acquiring the eligible site or the cost of personal property maintained at the eligible site.

## LINE INSTRUCTIONS

- Line 1:** Enter the amount of rehabilitation expenses made to an eligible site placed in service during the tax year. If you are filing a paper return and this is your first time claiming the credit, attach the certification, if any, of the textile mill site made by ordinance or binding resolution of the governing body of the municipality or county in which the site is located.
- Line 2:** The SC credit amount is 25% of rehabilitation expenses.
- Line 3:** The credit is claimed in equal installments over a 5-year period beginning with the tax year that the property is placed in service. Enter 20% of line 2 on line 3. If the property was placed in service in a prior year, enter the amount from line 3 of last year's TC-23.
- Line 4:** Annual installments that exceed a taxpayer's tax liability can be carried forward for five consecutive years.
- Line 5:** The total available credit is the amount of this year's annual installment plus any amount carried forward from prior years.
- Line 6:** Enter your current year tax liability.
- Line 7:** The current year credit limit is 50% of your current tax year liability.
- Line 8:** The allowable credit is the lesser of the available credit or 50% of this year's tax liability.
- Line 9:** The amount of available credit you are unable to use is the amount you are allowed to carry forward for five consecutive years.

## Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form if you are an individual taking this credit. 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 SC Department of Revenue shall 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 Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, 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.