



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
PORT CARGO VOLUME INCREASE
INCOME TAX CREDIT
Attach to your Income Tax Return

Names As Shown On Tax Return

Use this form to claim the income tax credit. (Use WH1670 if claiming a credit against employee withholding.)

- 1. Enter the amount of credit against income taxes, as certified this year by the Coordinating Council for Economic Development ..... 1. \$ \_\_\_\_\_
2. Enter the amount of credit against income taxes that is carried forward from previous years ..... 2. \$ \_\_\_\_\_
3. Add lines 1 and 2. This is your total credit available ..... 3. \$ \_\_\_\_\_
4. Enter your current year tax liability..... 4. \$ \_\_\_\_\_
5. Enter the smaller of lines 3 and 4. This is the amount of credit you can use in the current year ..... 5. \$ \_\_\_\_\_
6. Line 3 minus line 5. This is the amount of unused credit..... 6. \$ \_\_\_\_\_

General Instructions

A taxpayer engaged in manufacturing, warehousing, freight forwarding, freight handling, goods processing, cross docking, transloading, wholesaling of goods, or distribution, exported or imported through port facilities in South Carolina, who increases its port cargo volume at its facilities by at least 5% in a single calendar year over its base year port cargo volume, may claim a credit against either income taxes or employee withholding. The income tax credit can be claimed against corporate income tax or the tax on the pass-through active trade or business income of individuals, trusts and estates.

The amount and type of credit is determined by the Coordinating Council for Economic Development (Council). The Council has sole discretion in allocating credits and must consider the following factors:

- (a) the amount of base year port cargo volume;
(b) the total and percentage increase in port cargo volume; and
(c) factors related to the economic benefit of the State or other factors.

The maximum amount of credits awarded to all taxpayers in a calendar year may not exceed \$8 million.

To claim the credit, the taxpayer shall submit an application to the Council after each calendar year in which the increase in port cargo volume occurs. Each application shall include a schedule with the following information and information requested by the Council or the Department:

- (a) a description of how the base year port cargo volume and the increase in port cargo volume was determined;
(b) the amount of the base year port cargo volume;
(c) the amount of the increase in port cargo volume for the taxable year stated both as a percentage increase and as a total increase in net tons of non-containerized cargo, measurement of cargo, and TEUs of cargo, including information which demonstrates an increase in port cargo volume in excess of the minimum amount required to claim the tax credits pursuant to this section;
(d) any tax credit utilized by the taxpayer in prior years; and
(e) the amount of tax credit carried over from prior years.

The Council in its discretion may annually award up to \$1 million of the \$8 million of withholding tax credits to a new warehouse or distribution facility which commits to expending at least \$40 million at a single site and creating 100 new full-time jobs, and the base year cargo shall not be less than 5,000 TEUs or its non-containerized equivalent. The Council may make the award in the year the facility is announced provided that it may not tender the certificate until it has received satisfactory proof that the capital investment and job creation requirements have, or will be, satisfied. Any credit certificate expires three years after issuance if satisfactory proof has not been received. If the credit exceeds the taxpayer's withholding tax liability for the taxable quarter that is not otherwise refundable pursuant to this title, the excess amount may be carried forward and claimed against withholding liability that is not otherwise refundable pursuant to this title in the next 20 succeeding taxable quarters. A taxpayer who fails to meet these requirements at the end of the 3-year period must repay the Department a pro rata portion of the credits claimed.

The Council in its discretion may award credit to a taxpayer engaged in the movement of goods imported or exported through South Carolina's port facilities if the cargo supports a presence in the State and the taxpayer does not have a distribution center in the State at the time of initial approval of the credit, so long as:

- (a) the taxpayer employs at least 250 full-time or full-time equivalent South Carolinians in operations statewide;
- (b) the taxpayer completes the construction of the distribution facility in South Carolina, and is operational, within five years of the initial approval of the port volume tax credit; and
- (c) the base year for the taxpayer shall be not less than 5,000 TEUs or its non-containerized equivalent. A credit certificate expires three years after it is issued if satisfactory proof has not been received. A taxpayer who fails to meet the requirements at the end of the 5-year period must repay the Department a pro rata portion of the credits claimed.

The Council may allocate credits on a monthly, quarterly, or annual basis.

The taxpayer shall claim the credit on its income or withholding tax return in a manner prescribed by the Department. The Department may require a copy of the certification form issued by the Council be attached to the return or otherwise provided.

If a credit against income tax exceeds the taxpayer's income tax liability for the tax year, the excess amount may be carried forward for five years and used against income taxes.

If a credit against withholding tax exceeds the taxpayer's withholding tax liability for the tax quarter, the excess amount may be carried forward for 20 quarters and used against withholding taxes. (Unused credits awarded before 2014 can be carried forward for five years and used against income taxes only.)

The Departments of Revenue and Commerce may exchange information submitted by a taxpayer claiming this credit.

## **DEFINITIONS**

**"TEU"** means a 20-foot equivalent unit: a volumetric measure based on the size of a container 20 feet long X 8 feet wide X 8 feet, 6 inches high. A **"weighted TEU"** is equal to seven and one-half tons. A **"measured TEU"** is equal to thirty-eight and one-half cubic meters.

**"Base year port cargo volume"** initially means the total amount of net tons of non-containerized cargo, measured equivalent of non-cargo or TEUs of cargo actually transported by way of a waterborne ship through a port facility during the period from January 1st through December 31st of the same year. Base year port cargo volume must be at least 75 net tons of non-containerized cargo, 385 cubic meters, or 10 TEUs for a taxpayer to be eligible for the credits provided in this section. For a taxpayer that does not ship that amount in the year ending December 31st of the previous year, including a taxpayer who locates in South Carolina after December 31st of the previous year, its base cargo volume will be measured by the initial January 1st through December 31st calendar year in which it meets the requirements of 75 net tons of non-containerized cargo, 385 cubic meters, or 10 loaded TEUs. Base year port cargo volume must be recalculated each calendar year after the initial base year.

**"Port facility"** means any publicly or privately owned facility located within this State through which cargo is transported by way of a waterborne ship or vehicle to or from destinations outside this State and which handles cargo owned by third parties in addition to cargo owned by the port facility's owner.

**"Port cargo volume"** means the total amount of net tons of non-containerized cargo or containers measured in 20-foot equivalent units (TEUs) of cargo transported by way of a waterborne ship or vehicle through a port facility, or measured cubic meters of cargo.

## **Social Security Privacy Act**

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 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.