



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
WATER RESOURCES CREDIT
Attach this form to your return.

Name _____ SSN or FEIN _____

Address _____

Location of Property _____

COMPUTATION OF TAX CREDIT

1. Construction and installation cost of ponds, lakes, water impoundments or water control structures	1.	
2. Cost of restoration of ponds, lakes or water impoundments (See guidelines for items included in restoration cost.)	2.	
3. TOTAL (Add lines 1 & 2)	3.	
4. Multiply the amount on line 3 by 25%	4.	
5. Maximum amount of credit allowed	5.	\$2,500.00
6. Enter the lesser of lines 4 or 5 This amount must be entered on the appropriate tax credit schedule	6.	

Be sure to attach necessary documents (See item B below).

GENERAL INSTRUCTIONS

PURPOSE: The General Assembly finds that South Carolina is blessed with abundant rain fall and other water resources which when managed through the construction of impoundments and water control structures abate erosion and sedimentation, conserve water for use during times of drought and add to the income of our citizens by increasing agricultural and aquicultural productivity. An income tax credit is allowed to encourage the private sector of our economy to invest in the construction of water storage and control structures for soil and water conservation, wildlife management, agriculture and aquiculture purposes.

- A.** This tax credit does NOT apply to any pond, lake, or other water impoundment or water control structure located in or adjacent to and filled primarily by coastal waters of the State.
- B.** To qualify for this credit the taxpayer must obtain and attach a construction permit issued by the SC Department of Health and Environmental Control (SC DHEC) or proof of exemption from permit requirements issued by SC DHEC, the Natural Resources Conservation Service, or a local Soil and Water Conservation District.
- C.** An income tax credit is allowed for twenty-five percent of all allowable expenditures, to a maximum of two thousand five hundred dollars made in each tax year, for the construction and installation or restoration of ponds, lakes and other water impoundments, and water control structures designed for the purposes of water storage for irrigation, water supply, sediment control, erosion control or aquiculture and wildlife management.

In the case of pass-through entities such as partnerships and S corporations, the credit is determined at the entity level and is limited to two thousand five hundred dollars.

If the credit exceeds the tax liability, the excess may be carried forward for credit against income taxes in the next five succeeding taxable years.

D. "Restoration" of ponds, lakes and other water impoundments, and water control structures includes all materials and services for:

1. Changing the height of a dam.
2. Increasing the spillway capacity of a dam.
3. Removing sediment from an impoundment.
4. Adjusting the water depth to improve an impoundment for aquiculture or wildlife management.
5. Removing trees greater than 4 inches in diameter from a dam, including removing stumps and replacing with impervious material.
6. Installing a filter or drainage system to control seepage through a dam.
7. Costs related to work requiring excavation into the embankment fill or foundation of a dam (e.g. replacing deteriorated pipe).
8. Costs related to work requiring removal or replacement of major structural components of a dam (e.g. replacing deteriorated concrete, gates etc.).
9. Any other work to improve the capacity, service or safety of a water impoundment or water control structure, **except** the items below.

"Restoration" **does not** include:

1. Routine care (e.g. cutting grass)
2. Reseeding eroded embankment and shore areas.
3. Removing bush and small trees (up to 4 inches in diameter) from a dam.
4. Replacing stop logs or flash boards with identical components.
5. Sealing cracks in spillway slabs.
6. Replacing trash guards.
7. Replacing or repairing any component of a water supply or irrigation system when the work is done on a component that is not part of the dam, water impoundment, or their appurtenant works.
8. Any other work that does not improve the capacity, service, or safety of a water impoundment or water control structure.

Our website address is: www.dor.sc.gov

NOTE: If filing a paper return, attach 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 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.