



STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE  
**ETHANOL OR BIODIESEL  
PRODUCTION CREDIT**  
Attach to your Income Tax Return

**SC SCH.TC-40**

(Rev. 6/16/10)  
3439

**20**

Name As Shown On Tax Return

SSN or FEIN

**Complete a separate TC-40 for each facility.**

**Credit Computation**

- 1. Enter the amount of credit allocated by the State Energy Office ..... 1. \$ \_\_\_\_\_
- 2. Enter your current year tax liability ..... 2. \$ \_\_\_\_\_
- 3. Enter the lesser of line 1 or line 2. This is your credit for the current year. Enter this amount on the appropriate tax credit schedule ..... 3. \$ \_\_\_\_\_

**General Information**

NOTE: The Code section providing this credit was amended effective May 29, 2008.

For tax years beginning after 2006 and before 2017, Code Section 12-6-3600 provides a corporate or individual income tax credit for:

(1) a corn-based ethanol or soy-based biodiesel facility in production of corn-based ethanol or soy-based biodiesel, before denaturing, at a rate of at least 25% of its name plate design capacity for the production on or before December 31, 2011. The amount of credit is 20¢ a gallon of corn-based ethanol or soy-based biodiesel produced and is allowed for 60 months beginning with the first month for which the facility is eligible to receive the credit and ending not later than December 31, 2016; or

(2) an ethanol facility using a feedstock other than corn or a biodiesel facility using a feedstock other than soy oil for the production of ethanol or biodiesel, before denaturing, at a rate of at least 25% of its name plate design capacity on or before December 31, 2011. The amount of credit is 30¢ a gallon of noncorn ethanol or nonsoy oil biodiesel produced and is allowed for up to 60 months beginning with the first month for which the facility is eligible to receive the credit and ending no later than December 31, 2016.

The taxpayer becomes eligible for the credit after the facility has 6 consecutive months of operation at an average production rate of at least 25% of its name plate design capacity. The credit claimed in the first tax year of eligibility will include the credit for those first 6 months.

Any unused credit may be carried forward for 10 years.

The credit is allowed only for ethanol or biodiesel produced at a plant in this State at which all fermentation, distillation, and dehydration takes place. Credit is not allowed for ethanol or biodiesel produced or sold for use in the production of distilled spirits.

Not more than 25 million (25,000,000) gallons of ethanol or biodiesel produced annually at an ethanol or biodiesel facility is eligible for the credit. The credits only may be claimed by a producer for the periods specified. Not more than 125 million (125,000,000) gallons of ethanol or biodiesel produced at an ethanol or biodiesel facility by the end of the 60-month period is eligible for the credit.

**New Production Credit:**

Beginning January 1, 2017, an ethanol or biodiesel facility will qualify for a corporate or individual income tax credit of 7.5¢ a gallon of ethanol or biodiesel, before denaturing, for new production for a period not to exceed 36 consecutive months. New production may involve a new facility, a facility which has not received credits before 2017, or the expansion of the capacity of an existing facility by at least two million (2,000,000) gallons first placed into service after 2016, as certified by the design engineer of the facility to the State Energy Office. The amount of new production credit must be approved by the State Energy Office based on the ethanol or biodiesel production records as may be necessary to

reasonably determine the level of new production.

A new production credit for expansion of the capacity of an existing facility may not be claimed until production is in excess of 12 times the 3-month average amount during any 12-consecutive-month period beginning no sooner than January 1, 2017.

### **Certification by the State Energy Office**

The taxpayer must apply to the State Energy Office before claiming any credit. Each taxpayer must submit a request for credit to the State Energy Office by January 31st for all gallons of qualifying fuel produced in the previous calendar year. The Office's form for requesting credit is available at [www.energy.sc.gov](http://www.energy.sc.gov) or by calling 803-737-8030. The Office will notify the taxpayer that it qualifies for the credit and the amount of credit allocated to the taxpayer by March 1st of that year. The taxpayer may claim the allocated amount of credit for its tax year that includes the date December 31st of the previous calendar year. The Department of Revenue may require any documentation that it deems necessary to administer the credit. The Office or Department may examine or require examination by any agent or representative of any books, papers, records, or memoranda bearing upon these matters.

**Note:** Attach the State Energy Office letter of certification and this form with your Income Tax Return, or keep with your tax records if filing electronically.

### **Definitions**

"Ethanol facility" means a plant or facility primarily engaged in the production of ethanol or ethyl alcohol derived from renewable and sustainable bioproducts used as a substitute for gasoline fuel.

"Biodiesel facility" means a plant or facility primarily engaged in the production of plant- or animal-based fuels used as a substitute for diesel fuel.

"Name plate design capacity" means the original designed capacity of an ethanol or biodiesel facility. Capacity may be specified as bushels of grain ground or gallons of ethanol or biodiesel produced a year.

"New production" means production which results from a new facility, a facility which has not received credits before 2017, or the expansion of the capacity of an existing facility by at least two million (2,000,000) gallons first placed into service after 2016, as certified by the design engineer of the facility to the State Energy Office. For expansion of the capacity of an existing facility, "new production" means annual production in excess of 12 times the monthly average of the highest 3 months of ethanol or biodiesel production at an ethanol or biodiesel facility during the 24-month period immediately preceding certification of the facility by the design engineer.

### **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 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.