



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**CREDIT FOR S CORPORATION
BANK SHAREHOLDERS**
Attach to your Income Tax Return

SC SCH.TC-46

(Rev. 1/8/08)
3442

20 _____

Name As Shown On Tax Return

SS No.

Credit Computation

- 1. Amount of individual income tax due on your current year return..... 1. \$ _____
- 2. Amount of tax due on active trade or business income for current year 2. \$ _____
- 3. Add lines 1 and 2..... 3. \$ _____
- 4. Total of all credits, other than this credit, used on current year tax return 4. \$ _____
- 5. Line 3 minus line 4 5. \$ _____
- 6. Net income items or income and expense of the bank..... 6. \$ _____
- 7. Percentage ownership of S corporation (Round to 4th decimal place)..... 7. _____ %
- 8. Multiply line 6 by line 7. This is your prorata net income (loss) from the bank..... 8. \$ _____

Note: Before completing lines 9 through 13, you must complete a separate hypothetical South Carolina return excluding the prorata net income (loss) from line 8. Keep the hypothetical return with your tax records.

- 9. Recalculated tax due on active trade or business income (see instructions)..... 9. \$ _____
- 10. Recalculated individual income tax due (see instructions)..... 10. \$ _____
- 11. Add lines 9 and 10 11. \$ _____
- 12. Recalculated total of all credits, other than this credit, that can be used on the current year tax return 12. \$ _____
- 13. Line 11 minus line 12..... 13. \$ _____
- 14. Line 5 minus line 13. This is your tentative credit..... 14. \$ _____
- 15. South Carolina bank tax owed and paid by the S corporation..... 15. \$ _____
- 16. Multiply line 15 by line 7. This is your prorata share of South Carolina bank tax paid by the S corporation 16. \$ _____
- 17. Enter the smaller of line 14 or line 16. This is the amount of credit available. Enter the credit on the appropriate line of SC1040TC 17. \$ _____

General Information

For calendar years beginning January 1, 2007, a taxpayer who is a shareholder in a bank that has a valid federal election under Subchapter S is allowed a tax credit equal to the difference between: (A) his individual income tax after all other credits, and (B) his individual income tax after all other credits, but excluding his prorata share of the net items of income and expense of the bank. The credit may not exceed the taxpayer's prorata share of bank tax. Individual income tax includes both the tax imposed on individuals and the tax on active trade or business income.

Line Instructions

In order to complete 9 through 13, you must complete a hypothetical return excluding the prorata net income (loss) from line 8. Keep the hypothetical return with your tax records.

Line 9. Complete a hypothetical I-335 if you have elected to complete an actual I-335 with your return. On the hypothetical I-335, recalculate the tax due on active trade or business income if prorata net income (loss) from the bank to you as an S corporation shareholder is excluded.

Line 10. Recalculate your individual income tax due after excluding the prorata net income (loss) from the bank to you as an S corporation shareholder, as well as the recalculated deduction for active trade or business income if it applies.

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.