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STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**ABANDONED BUILDINGS
REVITALIZATION CREDIT**

SC SCH.TC-55

(Rev. 8/26/24)
3653

dor.sc.gov

20 _____

Name _____

SSN or FEIN _____

Name as shown on Notice of Intent to Rehabilitate (if different from name on tax return) _____

If credit was received from a pass-through entity, name and FEIN of entity _____

Location of the abandoned building site (Street address) _____

County _____

City _____

State _____

ZIP _____

Use this form to calculate your Income Tax credit. File a separate SC SCH. TC-55 for each abandoned building site.

1. Rehabilitation expenses made to an eligible site placed in service during the tax year.
(Do not include expenses from before you provided the Notice of Intent to Rehabilitate to the
SCDOR.) 1. _____
2. Estimated expenses as reported in the Notice of Intent to Rehabilitate 2. _____
3. Divide line 1 by line 2. If less than 80%, **STOP!** You do not qualify. 3. _____
4. Maximum amount eligible for this credit (multiply line 2 by 125%) 4. _____
5. Lesser of line 1 or line 4 5. _____
6. Credit amount earned (multiply line 5 by 25%) 6. _____
7. Maximum credit earned in a tax year for each abandoned building site 7. \$700,000
8. Lesser of line 6 or line 7 8. _____
9. Annual installment amount (divide line 8 by 3 for property placed in service this year, **or** enter
the previous year's installment amount) 9. _____
10. Amount carried forward from prior tax years. 10. _____
11. Add line 9 and line 10 11. _____
12. Current year tax liability 12. _____
13. Current year credit (lesser of line 11 and line 12) 13. _____
14. Credit carryforward (subtract line 13 from line 11) 14. _____
Unused credits can be carried forward for five years

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INSTRUCTIONS

The purpose of the Abandoned Buildings Revitalization Credit is to encourage the restoration of abandoned buildings located in South Carolina communities.

The credit is available for the rehabilitation, renovation, or redevelopment of an abandoned building site beginning in 2013. The credit is repealed December 31, 2035. The repeal does not affect the carryforward of unused credits earned before the repeal date.

A taxpayer who owned the otherwise eligible building site when the site was operational and immediately prior to its abandonment is not eligible for the credit.

In order to qualify for this credit, a revitalized abandoned building site or phase or portion must:

1. be put into operation for income producing purposes, and
2. meet the purpose of the Abandoned Buildings Revitalization Act as expressed in SC Code Section 12-67-110.
 - a. The construction or operation of a charter school, private or parochial school, or other similar educational institution does qualify.
 - b. The construction of a single-family residence is not an income-producing purpose and does not qualify.

To qualify for the credit, the rehabilitation expenses must meet a certain total based on the population of the county or municipality where the building site is located:

- For populations more than 25,000 people, the expenses must be more than \$250,000.
- For populations between 1,000 and 25,000 people, the expenses must be more than \$150,000.
- For populations less than 1,000 people, the expenses must be more than \$75,000.

Populations are based on the most recent US Census.

Election of credit

A taxpayer who rehabilitates an abandoned building may claim either:

- a. a credit against Income Taxes, Corporate License Fees, Bank Taxes, Insurance Premium Tax, or Savings and Loan Taxes, or
- b. a credit against Real Property Taxes levied by local taxing entities.

A taxpayer selects the credit type when filing the Notice of Intent to Rehabilitate with the SCDOR or with the county or municipality where the property is located.

Income Tax credit

- Taxpayers who file a Notice of Intent to Rehabilitate with the SCDOR can claim the credit against Income Tax, Corporate License Fee, Bank Tax, Insurance Premium Tax, or Savings and Loan Tax.
- A taxpayer claiming this credit may not claim the Credit for Textiles Rehabilitation (TC-23) or the Retail Facilities Credit (TC- 31) for the same expenses.
- You must file the Notice of Intent to Rehabilitate with the SCDOR before beginning rehabilitation of the building site. Any amounts you spend before the SCDOR receives the Notice do not qualify for the credit.
- Submit the Notice of Intent to Rehabilitate by mail to **SCDOR, PO Box 125, Columbia, SC 29214-0825** or by email to **TaxCredits@dor.sc.gov**.
- If the actual rehabilitation expenses are between 80% and 125% of the estimated rehabilitation expenses submitted in the Notice of Intent to Rehabilitate, the credit is 25% of the actual rehabilitation expenses.
 - If the actual rehabilitation expenses are more than 125% of the estimated expenses submitted in the Notice of Intent, the credit is based on 125% of the estimated expenses instead of the actual expenses.
 - If the actual rehabilitation expenses are less than 80% of the estimated rehabilitation expenses, the credit is not allowed.
- The entire credit is earned in the tax year in which the building site is placed in service. However, the credit must be taken in equal installments over three years, beginning with the year when the building site was placed in service.
- The entire credit may not exceed \$700,000 in a tax year for each abandoned building site. This limitation applies to each unit identified as an abandoned building site.

- Unused credit may be carried forward for up to five years.
- A partnership or limited liability company (LLC) taxed as a partnership may pass the credit through to its partners, allocating the credit among any of its partners including, without limitation, an allocation of the entire credit to one partner. If you are receiving the credit from a pass-through entity, enter the name and FEIN of the entity. Enter the amount of credit shown on your SC K-1 on line 9 of this form.
- A taxpayer who leases or sells all or part of the building site may transfer any remaining credit for that part of the site to the lessee or purchaser. For the transfer of the credit to be effective, the taxpayer must notify the SCDOR of the transfer in writing.

Certification by municipality or county

The taxpayer may apply to the municipality or county where the building is located for certification that it is an abandoned building or state-owned abandoned building. The taxpayer may conclusively rely upon this certification to decide if the building is eligible for the credit. Include a copy of the certification with the first tax return claiming the credit.

Definitions

Abandoned building means a building or structure with at least 60% of the space closed to business or nonoperational for income producing purposes for at least five years immediately before the date the taxpayer files a Notice of Intent to Rehabilitate. An abandoned building must be able to be identified separately from other buildings or structures. A qualifying abandoned building can be subdivided into separate units or parcels. Each unit or parcel is considered a separate site in determining whether it is abandoned. A building or structure that was previously used as a single family residence is not considered abandoned. If a building or structure is listed on the National Register for Historic Places, any portion used only for storage or as a warehouse is considered nonoperational for income producing purposes, but any portion used for income producing purposes does not qualify for the credit. If only a portion of the building was closed to business or nonoperational for income producing purposes for five years before the Notice of Intent was filed, the credit is limited by the same percentage.

Building site means the abandoned building together with the parcel of land where it is located and other improvements located on the parcel. The area of the building site is limited to the land where the abandoned building is located and the land immediately surrounding the building used for parking or other similar, business-related purposes.

Local taxing entities means a county, municipality, school district, special purpose district, and other entity or district with the power to levy ad valorem property taxes against the building site.

Placed in service means the date the building site is completed and ready for its intended use. If the building site is completed and ready for use in phases or portions, each phase or portion is considered to be placed in service separately.

Rehabilitation expenses means expenses or capital expenditures from the rehabilitation, demolition, renovation, or redevelopment of the building site. This includes the renovation or redevelopment of existing buildings, environmental remediation, site improvements, and the construction of new buildings and other improvements on the building site. Rehabilitation expenses do not include the cost of purchasing the building site or the cost of personal property located at the building site. For expenses to qualify for the tax credit, the abandoned buildings on the site must be either renovated or redeveloped. Expenses that increase the square footage on the building site by more than 200% of the square footage of the buildings that existed when the Notice of Intent was filed are not considered rehabilitation expenses. Demolition expenses are not considered rehabilitation expenses if the building being demolished is on the National Register for Historic Places.

Notice of Intent to Rehabilitate means a letter submitted by the taxpayer to the SCDOR or the municipality, or county. The Notice of Intent must indicate the taxpayer's intent to rehabilitate the building site, the location of the building site, the acreage of the building site, the square footage of existing buildings, estimated rehabilitation expenses, which buildings will be renovated, and whether there will be new construction.

State-owned abandoned building means an abandoned building and its ancillary service buildings or a project consisting of one or more abandoned buildings, totaling more than 50,000 square feet, that has been abandoned for more than five years. Before the taxpayer acquired the building, it must have been most recently owned by the state, or an agency, instrumentality, or political subdivision.

Line instructions

Line 1: Enter the amount of rehabilitation expenses made to an eligible site placed in service during the tax year. Do not include expenses from before you provided the Notice of Intent to Rehabilitate to the SCDOR. Those expenses do not qualify.

For a credit to be allowed, the taxpayer must have rehabilitation expenses of:

- more than \$250,000 for buildings located in the unincorporated areas of a county or in a municipality with a population of more than 25,000 people,
- more than \$150,000 if the population is between 1,000 and 25,000, and
- more than \$75,000 if the population is less than 1,000.

Line 2: Each Notice of Intent to Rehabilitate filed with the SCDOR must include an estimate of expenses for redeveloping the abandoned building site. Enter the estimated expenses as reported in the Notice.

Line 3: Divide line 1 by line 2. If the result is less than 80%, you are not eligible to claim the credit.

Line 4: Multiply line 2 by 125% to arrive at the maximum amount of expenses eligible for this credit.

Line 5: Enter the lesser of line 1 or line 4.

Line 6: The credit amount is 25% of rehabilitation expenses.

Line 7: The entire credit earned may not exceed \$700,000 for any taxpayer in a tax year for each abandoned building site. The limitation applies to each unit or parcel deemed to be an abandoned building site. The entire credit is earned in the tax year in which the phase or portion of the building site is placed in service.

In order to be deemed an abandoned building site, each unit or parcel requires a separate Notice of Intent to Rehabilitate.

Line 8: Enter the lesser of line 6 and line 7.

Line 9: The entire credit must be taken in equal installments over a three-year period.

- To calculate the installment amount in the year the property is placed in service, divide line 2 by 3.
- If the property was placed in service in a prior year, enter the amount from line 9 of last year's TC-55.

Line 10: Enter the amount carried forward from previous tax years. Unused credit may be carried forward for up to five years.

Line 11: Add line 9 and line 10.

Line 12: Enter your current year tax liability. The credit you claim cannot exceed your tax liability for the year.

Line 13: The allowable credit is the lesser of the available credit and this year's tax liability.

Line 14: The amount of credit you are unable to use this tax year is the amount you can carry forward for up to five consecutive years.

If you file by paper, attach to your return. If you file 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 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 SCDOR must 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 SCDOR is limited to the information necessary for the SCDOR to fulfill its statutory duties. In most instances, once this information is collected by the SCDOR, 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.