

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
INFRASTRUCTURE CREDIT

Name _____ FEIN _____

Location of infrastructure project: Street address _____

City _____ State _____ ZIP _____

PART I WATER LINES
Prepare a separate Sch. TC-6 for each water line project.

1. Expenses of water lines project and related facilities (Project must be dedicated to public use or deeded to a qualified private entity) . . .	1. _____
2. Expenses allocated to taxpayer's benefit	2. _____
3. Subtract line 2 from line 1.	3. _____
4. Contributions.	4. _____
5. Add line 3 and line 4	5. _____
6. Multiply line 5 by 50%	6. _____
7. Maximum credit allowed per project	7. <u>\$10,000</u>
8. Enter the lesser of line 6 or line 7. Add credit amount on line 8 and credits from other qualifying infrastructure projects. Enter the total on the SC1120TC.	8. _____

PART II SEWER LINES
Prepare a separate Sch. TC-6 for each sewer line.

1. Expenses of sewer lines project and related facilities (Project must be dedicated to public use or deeded to a qualified private entity) . . .	1. _____
2. Expenses allocated to taxpayer's benefit	2. _____
3. Subtract line 2 from line 1.	3. _____
4. Contributions	4. _____
5. Add line 3 and line 4	5. _____
6. Multiply line 5 by 50%	6. _____
7. Maximum credit allowed per project	7. <u>\$10,000</u>
8. Enter the lesser of line 6 or line 7. Add credit amount on line 8 and credits from other qualifying infrastructure projects. Enter the total on the SC1120TC.	8. _____

PART III ROADS
Prepare a separate Sch. TC-6 for each road project.

1.	Expenses of road project (Project must be dedicated to public use)	1. _____
2.	Expenses allocated to taxpayer's benefit	2. _____
3.	Subtract line 2 from line 1.	3. _____
4.	Contributions	4. _____
5.	Add line 3 and line 4	5. _____
6.	Multiply line 5 by 50%	6. _____
7.	Maximum credit allowed per project.	7. <u>\$10,000</u>
8.	Enter the lesser of line 6 or line 7. Add credit amount on line 8 and credits from other qualifying infrastructure projects. Enter the total on the SC1120TC.	8. _____

Complete this section if a road is removed from state highway or public road system

1.	Expenses (or contributions) of road project.	1. _____
2.	Expenses allocated to road project removed from state or public system.	2. _____
3.	Divide line 2 by line 1.	3. _____ %
4.	Credit allowed for roads project.	4. _____
5.	Multiply amount on line 4 by percentage on line 3. Add the amount on line 5 to the Income Tax due on your Income Tax return.	5. _____

INSTRUCTIONS

SC Code Section 12-6-3420 allows a credit of 50% of expenses paid or accrued in building or improving any one infrastructure project. The credit can be taken against the Corporate Income Tax or Bank Tax. A corporation cannot take the infrastructure credit against the License Fee. The credit for an infrastructure project is limited to \$10,000 annually. Any unused credit up to a total of \$30,000 may be carried forward three years.

For purposes of this credit, an infrastructure project includes water lines, sewer lines, their related facilities, and roads that:

- do not exclusively benefit the taxpayer;
- are built to applicable standards;
- are dedicated to public use or, in the case of water and sewer lines and their related facilities in areas served by a private water and sewer company, the water and sewer lines are deeded to a qualified private entity.

If an infrastructure project benefits more than the taxpayer, the expenses of the taxpayer must be allocated to the various beneficiaries. Only those expenses not allocated to the taxpayer's benefit qualify for the credit.

The credit may be claimed for qualifying expenses or contributions to a government entity. For a water or sewer line project in an area served by a private water and sewer company, the credit can be claimed for contributions made to a qualified private entity.

The credit may be claimed before project completion if the taxpayer submits a letter of intent, signed by the chief operating officer of the appropriate government entity or qualified private entity, with their tax return. The letter must state that upon completion the government entity or qualified private entity will accept the infrastructure project for the appropriate use.

For purpose of this credit, a qualified private entity is any entity holding the required permits, certifications, and licenses from the South Carolina Department of Health and Environmental Control, the South Carolina Public Service Commission, and any other state agencies, departments, or commissions, from which approvals must be obtained to operate as a utility furnishing water supply services and/or sewage collection or treatment services to the public.

A qualifying private entity is not allowed an infrastructure credit for expenses it incurs in building or improving facilities it owns, manages, or operates.

If a road qualifying for the infrastructure credit is removed from the state highway or public road system, the amount of the credit allowed for the construction of the road must be added to any Corporate Income Tax due from the taxpayer for the first taxable year following the removal of the road from public use.

For a corporation filing on a consolidated basis, determine the credit on a consolidated basis. The credit reduces the consolidated group's total Income Tax liability, even if the corporation that earned the credit does not contribute to the group's tax liability.

In a merger, consolidation, or reorganization, the surviving corporation does not receive new eligibility for the tax credit. If tax attributes survive, unused credits may be transferred and taken by the surviving corporation. A corporation may assign the rights to its unused credit to another corporation if it transfers all, or substantially all, of the assets of the corporation or all, or substantially all, of the assets of a trade or business or operating division of a corporation to another corporation.

If you file by paper, attach to your Income Tax return. If you file electronically, keep a copy with your tax records.