PART I CREDIT FOR ESTABLISHING A PROGRAM

A. When you operate the program

1. Playground and classroom equipment .......................................................... 1. 
2. Kitchen appliances and cooking equipment .................................................. 2. 
3. Real property and property improvements .................................................... 3. 
5. Donations to a nonprofit corporation in South Carolina that provides childcare services to your employees ................................................................. 5. 
   Nonprofit Name ................................................................................................. 
   Nonprofit FEIN ............................................................................................... 

7. Other start-up expenses (attach a description) .............................................. 7. 
8. Total start-up expenses for year (add line 1 through line 7) ....................... 8. 

B. When you make direct payments to a facility you do not operate

1. First-year organization and administration expenses .................................... 1. 

C. Total expenses for establishing a child care program

1. Total expenses (add Part I A, line 8 and Part I B, line 1) .............................. 1. 
2. Multiply line 1 by 50% .................................................................................. 2. 
3. Credit claimed in prior years for start-up expenses ..................................... 3. 
4. Credit limit ..................................................................................................... 4. $100,000 
5. Subtract line 3 from line 4 ............................................................................ 5. 
6. Enter current year credit (lesser of lines 2, 4, or 5) here and in Part III, line 1 .... 6. 

PART II CREDIT FOR OPERATING A PROGRAM

A. When you operate the program

1. Salaries and wages .......................................................................................... 1. 
2. Supplies ........................................................................................................... 2. 
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3. Utilities .................................................................................................................. 3. __________
4. Other expenses (attach description) ................................................................. 4. __________
5. Total operating expenses for year (add line 1 through line 4) .......................... 5. __________
6. Multiply line 5 by 50% ....................................................................................... 6. __________
7. Number of employees benefiting from the program .......................................... 7. __________
8. Multiply line 7 by $3,000 .................................................................................... 8. __________
9. Enter the lesser of line 6 or line 8 here and in Part III, line 2 .......................... 9. __________

B. When you make direct payment to a facility you do not operate

1. Direct payments to licensed or registered independent child care facilities .... 1. __________
2. Associated administrative costs (limited to 2% of line 1) ................................. 2. __________
3. Total expenses for year (add line 1 and line 2) .............................................. 3. __________
4. Multiply line 3 by 50% ....................................................................................... 4. __________
5. Number of employees benefiting from the program ........................................ 5. __________
6. Multiply line 5 by $3,000 .................................................................................... 6. __________
7. Enter the lesser of line 4 or line 6 here and in Part III, line 3 ....................... 7. __________

PART III  TOTAL CREDIT CALCULATION

1. Enter the amount from Part I C, line 6 ............................................................ 1. __________
2. Enter the amount from Part II A, line 9 .......................................................... 2. __________
3. Enter the amount from Part II B, line 7 .......................................................... 3. __________
4. Credit carried forward from prior years .......................................................... 4. __________
5. Total credit available (add line 1 through line 4) .......................................... 5. __________
6. Current year tax liability ................................................................................... 6. __________
7. Multiply line 6 by 50% ....................................................................................... 7. __________
8. Enter allowable credit (lesser of line 5 or line 7) here and on the appropriate tax credit schedules. Any unused credit can be carried forward for 10 years. .... 8. __________

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INSTRUCTIONS

Part I: CREDIT FOR ESTABLISHING A PROGRAM
Taxpayers who employ South Carolina residents and establish a child care program for their employees can claim a tax credit under SC Code Section 12-6-3440(A). The credit is for 50% of the program startup expenses and is limited to $100,000.

Enter in Part I only the allowable expenses for establishing a child care program. Complete Part A if you will operate the child care program. Complete Part B if you are making direct payments to a licensed child care facility you do not operate.

Allowable startup expenses include:
- playground and classroom equipment
- kitchen appliances and cooking equipment
- real property
- mortgage or lease payments
- first year organization and administration expenses of a program to make direct payments to a facility you do not operate

Allowable expenses also include donations made to a 501(c)(3) nonprofit corporation in South Carolina that provides child care services to the taxpayer's employees. If you make a donation to a nonprofit corporation, you must specify that it is for the child care program. If you take the tax credit for donations made to a nonprofit corporation, you cannot deduct those donations when calculating your South Carolina net income.

Part II: CREDIT FOR OPERATING A PROGRAM
Taxpayers who employ South Carolina residents can also claim a tax credit under SC Code Section 12-6-3440(C) if they operate a child care facility for their employees or make direct payments to independent child care facilities for the benefit of their employees. The credit is for 50% of the payments made, up to $3,000 per employee benefiting from the program.

The child care program must meet the licensing, registration, and certification standards required by law. If you are making payments directly to an independent child care facility, keep records of:
- the facility's FEIN
- the facility's license and registration numbers
- amounts paid to the facility
- in whose name and for whose benefit the payments were made

Enter in Part II the total expenses for operating a child care program for your employees. Complete Part A if you operate the program. Complete Part B if you are making direct payments to a licensed child care facility you do not operate. Include administrative costs for a direct payment program, up to 2% of the total costs paid to the independent facility.

Part III: TOTAL CREDIT CALCULATION
Enter in Part III the total credits from Part I and Part II. The credit can be taken against Income Tax, Bank Tax, or Insurance Premium Tax. The credit cannot be greater than 50% of your tax liability. Any unused credit can be carried forward for 10 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.