

# IMPORTANT NOTICE

August 7, 2008

TO: All Tax Return Preparers  
FROM: South Carolina Department of Revenue  
RE: Electronic Filing Mandate for Tax Return Preparers

South Carolina law requires tax preparers who file 100 or more state tax returns for a tax period for the same tax year to file the returns electronically. While the bill's initial effective date was for the 2007 tax year, South Carolina legislators delayed the date for imposing penalties under this section effective for tax returns to be filed after December 31, 2008. The law does allow for some exemptions.

The South Carolina Code Section is set forth below:

## **SECTION 12-54-250**

(F)(1) A tax return preparer who prepares one hundred or more returns for a tax period for the same tax year shall submit all returns by electronic means where electronic means are available. Where electronic means are not available to file the return, but 2D barcode is available, the preparer must use 2D barcode. If a taxpayer checks a box on his return indicating a preference that his return is to be filed by another means, the preparer may submit that return by another means.

(2) The department shall include a notice of this requirement in its form instructions and in the forms area of its website.

(3) For the purposes of this subsection, tax return preparer means the business entity and not the individual location or individual completing the return.

(4) If compliance with this section is a substantial financial hardship, a tax return preparer may apply in writing to the department to be exempted from these requirements. The department may grant an exemption for no more than one year at a time.

(5) A person who fails to comply with the provisions of this section may be penalized in an amount to be assessed by the department equal to fifty dollars for each return.

South Carolina tax forms do not have check boxes for taxpayers to indicate a preference and the department is pursuing a change to the statute. The change will allow a taxpayer to provide the preparer with a signed statement indicating a preference that his return be filed by another means. The preparer may then submit that return by another means. We recommend the tax preparers obtain a signed statement in this situation and maintain the statements with their records.

A mandated preparer must select an approved software package that allows electronic filing for South Carolina. Before selecting software, a mandated preparer shall ensure that it supports the returns and schedules which need to be filed. A list of approved software vendors is available on the Electronic Services page of our website. [www.sctax.org](http://www.sctax.org)

If a return is not eligible to be filed electronically because of software restrictions or federal or state requirements, we recommend tax preparers retain in their records information as to why the return could not be electronically filed.

If compliance with this section is a substantial financial hardship, a tax return preparer may submit an exemption request. If approved, the exemption will be in effect for one calendar year only.

Exemption requests should be mailed to:

Electronic Filing  
Mandate Exemption Application  
PO Box 125  
Columbia, SC 29214