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STATE OF SOUTH CAROLINA  
**2025 PARTNERSHIP RETURN**

Due by the 15th day of the third month following the close of the taxable year.

**SC 1065**(Rev. 6/18/25)  
3087

For the year January 1 - December 31, 2025, or fiscal tax year beginning – 2025 and ending – 2026

|                                                                                                                                                                                        |                               |                                                                           |                                                                                                                                                             |                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Name                                                                                                                                                                                   |                               | Location of business property: City and state                             |                                                                                                                                                             | Phone number                                      |
| Address                                                                                                                                                                                |                               | City                                                                      | State                                                                                                                                                       | ZIP                                               |
| ▶ <b>FEIN (Required):</b>                                                                                                                                                              |                               | ▶ County code:                                                            | ▶ <input type="checkbox"/> Check for Active Trade or Business election.<br>▶ <input type="checkbox"/> Check here if you filed a federal or state extension. |                                                   |
| <b>Check if:</b> ▶ <input type="checkbox"/> Initial return ▶ <input type="checkbox"/> Final return ▶ <input type="checkbox"/> Address change ▶ <input type="checkbox"/> Amended return |                               |                                                                           |                                                                                                                                                             |                                                   |
| ▶ Total partners:                                                                                                                                                                      | ▶ Total nonresident partners: | ▶ Total nonresident partners exempt from withholding:                     |                                                                                                                                                             | ▶ Total nonresident partners on composite return: |
| 1 Total SC business income (from SC-K, line 21).....                                                                                                                                   |                               |                                                                           |                                                                                                                                                             | ▶ 1 00                                            |
| 2 Active Trade or Business Income (from I-435, line 14).....                                                                                                                           |                               |                                                                           |                                                                                                                                                             | ▶ 2 00                                            |
| 3 Active Trade or Business Income Tax (from I-435, line 17).....                                                                                                                       |                               |                                                                           |                                                                                                                                                             | ▶ 3 00                                            |
| 4 Nonrefundable tax credits (from SC1040TC, line 18).....                                                                                                                              |                               |                                                                           |                                                                                                                                                             | ▶ 4 00                                            |
| 5 Active Trade or Business Income Tax due (subtract line 4 from line 3).....                                                                                                           |                               |                                                                           |                                                                                                                                                             | ▶ 5 00                                            |
| 6 SC income taxable to partners (subtract line 2 from line 1).....                                                                                                                     |                               |                                                                           |                                                                                                                                                             | ▶ 6 00                                            |
| 7 Taxable income exempt from withholding (see instructions).....                                                                                                                       |                               |                                                                           |                                                                                                                                                             | ▶ 7 00                                            |
| 8 Income subject to nonresident withholding (subtract line 7 from line 6).....                                                                                                         |                               |                                                                           |                                                                                                                                                             | ▶ 8 00                                            |
| 9 Nonresident Withholding Tax (multiply line 8 by 5%).....                                                                                                                             |                               |                                                                           |                                                                                                                                                             | ▶ 9 00                                            |
| 10 Total tax (add line 5 and line 9).....                                                                                                                                              |                               |                                                                           |                                                                                                                                                             | ▶ 10 00                                           |
| 11 Tax withheld (attach I-290 or 1099 MISC).....                                                                                                                                       |                               |                                                                           |                                                                                                                                                             | ▶ 11 00                                           |
| 12 Extension payment (amount paid with your SC8736).....                                                                                                                               |                               |                                                                           |                                                                                                                                                             | ▶ 12 00                                           |
| 13 Estimated Tax payments.....                                                                                                                                                         |                               |                                                                           |                                                                                                                                                             | ▶ 13 00                                           |
| 14 Reserved for future use.....                                                                                                                                                        |                               |                                                                           |                                                                                                                                                             | ▶ 14 00                                           |
| 15 Total payments (add line 11 through line 13).....                                                                                                                                   |                               |                                                                           |                                                                                                                                                             | ▶ 15 00                                           |
| 16 If line 15 is larger than line 10, subtract line 10 from line 15 and enter the overpayment.....                                                                                     |                               |                                                                           |                                                                                                                                                             | ▶ 16 00                                           |
| 17 Amount of line 16 to be credited to your next year's Estimated Tax.....                                                                                                             |                               |                                                                           |                                                                                                                                                             | ▶ 17 00                                           |
| 18 Subtract line 17 from line 16 and enter the amount to be refunded to you. This is your <b>REFUND</b> .....                                                                          |                               |                                                                           |                                                                                                                                                             | ▶ 18 00                                           |
| 19 If line 10 is larger than line 15, subtract line 15 from line 10 and enter the amount due.....                                                                                      |                               |                                                                           |                                                                                                                                                             | ▶ 19 00                                           |
| 20 Late filing and/or late payment: Penalties_____Interest_____ Enter total here.....                                                                                                  |                               |                                                                           |                                                                                                                                                             | ▶ 20 00                                           |
| 21 Add line 19 and line 20 and enter the total here. This is your <b>BALANCE DUE</b> .....                                                                                             |                               |                                                                           |                                                                                                                                                             | ▶ 21 00                                           |
| <b>DIRECT DEPOSIT Getting a refund? Direct deposit is fast, accurate, and secure!</b>                                                                                                  |                               |                                                                           |                                                                                                                                                             |                                                   |
| 22 Select Direct Deposit: ▶ <input type="checkbox"/> Direct Deposit (line 23 required; for US accounts only)                                                                           |                               |                                                                           |                                                                                                                                                             |                                                   |
| <b>23 BANK INFORMATION</b>                                                                                                                                                             |                               |                                                                           |                                                                                                                                                             |                                                   |
| Type of Account: ▶ <input type="checkbox"/> Checking ▶ <input type="checkbox"/> Savings                                                                                                |                               |                                                                           |                                                                                                                                                             |                                                   |
| Routing Number (RTN) ▶                                                                                                                                                                 |                               | Must be 9 digits. The first two numbers of the RTN must be 01 through 32. |                                                                                                                                                             | Bank Account Number (BAN) ▶ 1-17 digits           |

Have a balance due? **Pay electronically! It's quick and easy!** Use our free online tax portal, MyDORWAY, at [dor.sc.gov/pay](https://dor.sc.gov/pay).

I declare that this return and all attachments are true, correct, and complete to the best of my knowledge.

|                                 |                                                                                                                                                                                            |  |                                                 |                       |                                                                                                                                                                                                                                                                                  |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Sign Here</b>                | Signature of general partner or LLC/LLP member                                                                                                                                             |  | Date                                            | Email                 | <b>Attach a complete copy of your federal return.</b><br><b>Mail to:</b><br><br>Balance Due:<br><b>SCDOR</b><br>Taxable Partnership<br>PO Box 125<br>Columbia, SC 29214-0036<br><br>Zero Tax:<br><b>SCDOR</b><br>Nontaxable Partnership<br>PO Box 125<br>Columbia, SC 29214-0037 |
|                                 | I authorize the Director of the SCDOR or delegate to discuss this return, attachments, and related tax matters with the preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No |  |                                                 |                       |                                                                                                                                                                                                                                                                                  |
| <b>Paid Preparer's Use Only</b> | Print preparer's name                                                                                                                                                                      |  | Check if self-employed <input type="checkbox"/> | Preparer phone number |                                                                                                                                                                                                                                                                                  |
|                                 | Preparer signature                                                                                                                                                                         |  | PTIN                                            |                       |                                                                                                                                                                                                                                                                                  |
|                                 |                                                                                                                                                                                            |  | Date                                            |                       |                                                                                                                                                                                                                                                                                  |
|                                 | Firm's name (or yours if self-employed) and address                                                                                                                                        |  | FEIN<br>ZIP                                     |                       |                                                                                                                                                                                                                                                                                  |

**SCHEDULE SC-K PARTNERS' SHARES OF INCOME (LOSSES), DEDUCTIONS, AND CREDITS** (See instructions.)

|               | A                                                                                            | B                                             | C                                                     | D                          | E                                               | F                                   |
|---------------|----------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------------------|----------------------------|-------------------------------------------------|-------------------------------------|
|               | Enter Amounts From<br>Federal Schedule K                                                     | Plus or Minus<br>South Carolina<br>Adjustment | Federal Schedule K<br>Amounts After<br>SC Adjustments | Amounts<br>Allocated to SC | Amounts Allocated<br>to States Other<br>Than SC | Amounts Subject<br>to Apportionment |
| 1             | Ordinary business income (loss)                                                              |                                               |                                                       |                            |                                                 |                                     |
| 2             | Net rental real estate income (loss)                                                         |                                               |                                                       |                            |                                                 |                                     |
| 3             | Other net rental income (loss)                                                               |                                               |                                                       |                            |                                                 |                                     |
| 4             | Guaranteed payments                                                                          |                                               |                                                       |                            |                                                 |                                     |
| 5             | Interest income                                                                              |                                               |                                                       |                            |                                                 |                                     |
| 6             | Dividends                                                                                    |                                               |                                                       |                            |                                                 |                                     |
| 7             | Royalties                                                                                    |                                               |                                                       |                            |                                                 |                                     |
| 8             | Net short term capital gain (loss)                                                           |                                               |                                                       |                            |                                                 |                                     |
| 9             | Net long term capital gain (loss)                                                            |                                               |                                                       |                            |                                                 |                                     |
| 10            | Net section 1231 gain (loss)                                                                 |                                               |                                                       |                            |                                                 |                                     |
| 11            | Other income (loss)                                                                          |                                               |                                                       |                            |                                                 |                                     |
| 12            | Section 179 Deduction                                                                        |                                               |                                                       |                            |                                                 |                                     |
| 13a           | Contributions                                                                                |                                               |                                                       |                            |                                                 |                                     |
| 13b           | Investment interest expense                                                                  |                                               |                                                       |                            |                                                 |                                     |
| 13c           | Section 59(e)(2) Expenditures                                                                |                                               |                                                       |                            |                                                 |                                     |
| 13d           | Other deductions                                                                             |                                               |                                                       |                            |                                                 |                                     |
| 14            | Total                                                                                        |                                               |                                                       |                            |                                                 |                                     |
| 15.           | Amount from federal Schedule K (line 14, column A) .....                                     |                                               |                                                       |                            |                                                 | 15                                  |
| 16.           | Amount allocated to South Carolina (line 14, column D) .....                                 |                                               |                                                       |                            |                                                 | 16                                  |
| 17.           | Net income (loss) subject to apportionment (line 14, column F) .....                         |                                               |                                                       |                            |                                                 | 17                                  |
| APPORTIONMENT |                                                                                              |                                               |                                                       |                            |                                                 |                                     |
|               |                                                                                              |                                               |                                                       | TOTAL                      | SC                                              |                                     |
| 18.           | Total sales or gross receipts .....                                                          |                                               |                                                       | 18                         |                                                 |                                     |
| 19.           | Apportionment factor (divide South Carolina sales or gross receipts by total) .....          |                                               |                                                       |                            |                                                 | 19 %                                |
| 20.           | Net business income (loss) apportioned to South Carolina (multiply line 17 by line 19) ..... |                                               |                                                       |                            |                                                 | 20                                  |
| 21.           | Net business income (loss) taxable to South Carolina (add line 16 and line 20) .....         |                                               |                                                       |                            |                                                 | 21                                  |

## INSTRUCTIONS

**Who Must File:** Every domestic or foreign partnership (including any multiple member LLC not taxed as a corporation) doing business or owning property in South Carolina must file an SC1065. Partnership income or loss is determined in the same manner and on the same basis as for an individual. Taxpayers doing business in a partnership are liable for Income Tax in their individual capacities. Each partner's return must include their distributive share, whether distributed or not, of the net income or loss of the partnership for the taxable year. If a partner and partnership have different taxable years, the partner's return must include income or loss reported by the partnership during the partner's taxable year.

**Registration Information:** A newly-formed partnership can register at [dor.sc.gov/register](https://dor.sc.gov/register). To get started, select **New Business Tax Application**.

**Filing Requirements:** File the SC1065 and include all taxes due to the SCDOR by the 15th day of the third month following the end of the partnership's taxable year. Attach each SC1065 K-1, Partner's Share of South Carolina Income, Deductions, Credits, Etc. Amend your SC1065 whenever the IRS adjusts your federal 1065.

**Payments:** You must pay the balance of tax shown to be due on line 21 of the SC1065 in full by the original due date of the return. Failure to pay the tax on time will result in additional penalty and interest. The quickest, easiest way to pay is using our free online tax portal, MyDORWAY, at [dor.sc.gov/pay](https://dor.sc.gov/pay). Select **Business Income Tax Payment** to get started.

If you are paying by check, include the name of the partnership, the FEIN, the tax year, and SC1065 in the memo and attach to the paper return. **Do not send cash.**

If you owe \$15,000 or more on any SCDOR return, you **must** file and pay electronically according to SC Code Section 12-54-250, available at [dor.sc.gov/policy](https://dor.sc.gov/policy).

**Electronic Filing:** You can file your SC1065 along with your federal Partnership Return electronically in a single transmission using third party tax preparation software. Visit [dor.sc.gov/biz-services](https://dor.sc.gov/biz-services) for more information on developers that support this service.

**Forms:** Current and past year SC1065 Partnership Tax forms are available at [dor.sc.gov/forms](https://dor.sc.gov/forms).

**Beginning with the 2021 Tax Year:** A qualifying partnership, including an LLC taxed as a partnership, can elect to have its active trade or business income taxed at the entity level instead of the partner level. A qualifying partnership is one whose owners are all:

- individuals
- estates
- trusts
- entities not included in SC Code Sections 12-6-530 through 12-6-540
- entities not included in SC Code Section 12-6-550
- other entities not exempt from South Carolina Income Tax, or
- partnerships owned, directly or through other partnerships, by qualified owners listed above

This election is made annually at the partnership level on the SC1065 on behalf of all partners. Mark the box on page 1 of the SC1065 to make your Active Trade or Business election.

Electing qualified partnerships must use the I-435, Active Trade or Business Income For Electing Partnerships and S Corporations, to identify active trade or business income and calculate the tax due. Partnerships will use the SC1065K-1, Partner's Share of South Carolina Income, Deductions, Credits, Etc., to report to each partner their share of the active trade or business income taxed at the partnership level.

For more information, SC Code Sections are available at [dor.sc.gov/policy](https://dor.sc.gov/policy).

**Nonresident Withholding:** Partnerships are required to withhold 5% of the South Carolina taxable income of partners who are nonresidents of South Carolina. By the 15<sup>th</sup> day of the third month following the end of the partnership's taxable year, you must provide each nonresident partner with a federal 1099-MISC with **SC Only** written at the top, showing the amount of income and tax withheld.

Withholding is not required for nonresident partners who:

- provide the partnership with an I-309 affidavit
- are included on a composite Individual Income Tax return
- are tax exempt under IRC 501(a)

Active trade or business income taxed at the partnership level is not subject to nonresident withholding.

Attach a schedule to the SC1065 showing the name, address, tax identification number, South Carolina taxable income, and tax withheld for each nonresident partner. Include any I-309 affidavits, I-338 Composite Return Affidavits, or statements from tax exempt partners if they have not previously been filed with the SCDOR.

Tiered or layered partnerships must withhold only once for the partnership's activities within South Carolina. Any related partnership must attach a statement explaining any passthrough withholding and provide a 1099-MISC labeled **SC Only** to each partner.

For more information about nonresident withholding, see SC Revenue Procedure #17-2, available at [dor.sc.gov/policy](http://dor.sc.gov/policy).

**Composite Filing:** A composite return is a single nonresident Individual Income Tax return filed by a partnership on behalf of two or more nonresident partners who are individuals, trusts, or estates. For instructions, see the I-348, Composite Filing Instructions, available at [dor.sc.gov/forms](http://dor.sc.gov/forms).

#### **Extensions:**

- **Need more time to file your SC1065?** Request a filing extension by paying your balance due using our free online tax portal, MyDORWAY, at [dor.sc.gov/pay](http://dor.sc.gov/pay). Select **Business Income Tax Payment** to get started. Your payment automatically submits your filing extension request. No additional form or paperwork is required.
- If requesting your extension by mail, use the SC8736, Request for Extension of Time to File South Carolina Return for Fiduciary and Partnership, available at [dor.sc.gov/forms](http://dor.sc.gov/forms).
- If no tax is due and you requested a federal extension, the federal extension will be accepted as a South Carolina extension if we receive your Partnership Tax return within the time as extended by the IRS.
- There is no extension of time to pay. You must pay any Withholding and Income Tax due by the original due date to avoid late penalties and interest.
- Mark the **Extension** box on the front of this return if you filed a federal or state extension.

**Composite Extensions:** To request a filing extension for a composite return, file the SC4868, Request for Extension of Time to File South Carolina Individual Income Tax Return, available at [dor.sc.gov/forms](http://dor.sc.gov/forms), using the name and FEIN of the partnership. Estimate the tax due and pay the estimated tax by the 15th day of the fourth month following the end of the partner's taxable year. Do not use the SC8736 to extend the time allowed to file a composite return. Mark the **Composite Filer** box on the SC4868. Nonresident partners may participate in composite returns even if they have other sources of income taxable to South Carolina. Disregard the other sources of income taxable to South Carolina when preparing the composite return. For more information, see SC Revenue Procedure #17-2, available at [dor.sc.gov/policy](http://dor.sc.gov/policy).

**Information to Provide to Partners:** Provide the SC1065 K-1 to each partner. Partnerships receiving passive activity income and losses from investments located within and outside of South Carolina must furnish partners with detailed accountings of these amounts.

Similar information must be provided to partners who did not materially participate in the trade or business of a partnership engaged in multi-state operations. These partners may have nondeductible passive losses that cannot be used to offset interest and other business-related portfolio income apportioned to South Carolina.

**Tax Credits:** Enter nonrefundable tax credits on the SC1040TC, Tax Credits, and attach to this return along with specific tax credit schedules. Partnerships electing to pay active trade or business Income Tax can take nonrefundable tax credits earned by the partnership, and not yet passed through to partners, against their partnership level tax. Nonrefundable credits cannot be taken against the nonresident withholding tax due.

Credits not used by the partnership are passed through to the partners. Indicate the amount of credit allocated to each partner on that partner's SC1065 K-1. The partners will be responsible for claiming the tax credits and including the appropriate tax credit schedules on their Income Tax returns.

**Allocation and Apportionment of Income:** A taxpayer whose entire business is conducted in South Carolina is subject to Income Tax based on the entire taxable income of the business for the taxable year. A taxpayer that conducts its business partly within and partly outside of South Carolina is subject to Income Tax based on the portion of its business in South Carolina. This portion is determined through allocation and apportionment of income. SC Code Sections 12-6-2220 and 12-6-2230 provide that certain classes of income, less related expenses, are allocated. The income remaining after allocation is apportioned according to SC Code Section 12-6-2240. South Carolina generally requires the use of one of the following apportionment methods:

1. A **sales only** apportionment method for taxpayers whose principle business in South Carolina is dealing in tangible personal property: This method is used by businesses that manufacture, sell, or rent tangible personal property. The sales factor is all sales of goods, merchandise, and property in South Carolina, divided by total sales everywhere. The sale takes place where goods are received by the purchaser or his designee after all transportation is completed. Sales in South Carolina include nonallocated rental income from tangible personal property located in the state, sales of intangible personal property, and receipts from services of income-producing activities performed entirely in South Carolina. If the income-producing activity is performed partly within and partly outside of South Carolina, sales are attributable to South Carolina to the extent the income-producing activity is performed within South Carolina.
2. A **gross receipts** apportionment method for taxpayers not dealing in tangible personal property: This method is used by financial businesses and service businesses, including businesses that install or repair tangible personal property, and contractors. This apportionment factor is South Carolina gross receipts divided by gross receipts everywhere. For more information, see SC Code Sections 12-6-2290 and 12-6-2295, available at [dor.sc.gov/policy](http://dor.sc.gov/policy).
3. A **special** apportionment method provided in SC Code Section 12-6-2310 for certain companies, such as railroad companies, telephone companies, pipeline companies, airline companies, and shipping lines: Use the appropriate apportionment method instead of **sales only** or **gross receipts**.
4. An **individualized** apportionment method tailored to a particular business: A taxpayer may apply for an individualized method according to SC Code Section 12-6-2320 if the normally-required method would not fairly represent the extent of the taxpayer's business in South Carolina, or as an economic incentive.

For more information, see our South Carolina Tax Incentives for Economic Development guide, available at [dor.sc.gov/policy/index/policy-manuals](http://dor.sc.gov/policy/index/policy-manuals).

### Line instructions

**Heading:** Enter the name, address, FEIN, and county code of the partnership in the correct fields on page 1.

Check the box if you are making the Active Trade or Business election. If you are making the election, be sure to also check the box on all of the SC1065 K-1s you provide to your partners.

Check the box if you filed a federal or state extension.

Check the box for:

- **Initial return** if this is the first SC1065 filed for this partnership.
- **Final return** if this is the last SC1065 that will be filed for this partnership. If you check this box, the SCDOR will close your partnership account.  
To close your Business Tax accounts, such as Sales or Withholding, you have two options:
  1. If you manage the account you're closing on MyDORWAY, log in to **MyDORWAY.dor.sc.gov**. Select the **More** tab, then click **Close a Tax Account** to get started.
  2. If you don't manage the account on MyDORWAY, mark the appropriate checkbox on your final tax return to indicate your account closure.
- **Address change** if the address shown on this return is different from the address on the last SC1065 filed. The fastest, easiest way to change your address is by using our free online tax portal, MyDORWAY. Log in to **MyDORWAY.dor.sc.gov**, click **More**, then select **Manage Names & Addresses**.  
If you're not changing your address on MyDORWAY, submit the SC8822B, Update Name/Address/Contact Information for Business, to **Registrationfortaxes@dor.sc.gov**. The SC8822B is available at [dor.sc.gov/forms](http://dor.sc.gov/forms).
- **Amended return** if you are amending a previously-filed return for this period. You cannot amend the partnership return to decrease the withholding amount shown on the SC1065 K-1s provided to the partners. The partners will claim the amounts withheld on their Income Tax returns.

Enter the total number of:

- Partners in the partnership
- Partners who are not residents of South Carolina
- Nonresident partners who are exempt from withholding because they have filed an I-309 affidavit with the partnership or are tax exempt under IRC 501(a)
- Nonresident partners who are participating in a composite return

## **SCHEDULE SC-K**

Use the Schedule SC-K to make South Carolina adjustments to federal Schedule K items and show the amounts allocated to South Carolina and the amounts subject to apportionment.

**Column A Computation of Income:** Enter the amounts from Column A of federal Schedule K, line 1 through line 13d in the same line numbers of Column A of SC-K. Add line 1 through line 13d and enter the total on line 14.

**Column B South Carolina Adjustment:** Include additions and subtractions resulting from differences between federal and South Carolina law in Column B. Show any income taxed by South Carolina but not subject to federal Income Tax, such as interest income received from states other than South Carolina, or their political subdivisions, as an addition.

Some other examples of additions are:

- Expenses deducted on the federal return related to income exempt or not taxable to South Carolina.
- Federal bonus depreciation: For the year an asset is placed in service, add back the difference between the depreciation taken and the depreciation that would have been allowed without bonus depreciation. A subtraction resulting from a higher South Carolina basis applies to all remaining years of depreciation.
- A nonresident seller of South Carolina real property who elects out of installment sales treatment must report the entire gain for the taxable year in which the sale took place.

Show any income not taxed by South Carolina but subject to federal Income Tax, such as interest paid by the US government on US savings bonds and treasury bills, as a subtraction.

Add line 1 through line 13d and enter the total on line 14.

**Column C Federal Schedule K Amounts after SC Adjustments:** This amount is the sum of Columns A and B.

**Column D Amounts Allocated To SC:** List amounts allocated to South Carolina in Column D. The following items must be allocated. All remaining items are subject to apportionment.

- **Personal service income:** Allocate personal service income, including guaranteed payments, to South Carolina if (a) the income is received by a resident individual or (b) the income is for services performed in South Carolina.
- **Gains and losses from sale of property:** Allocate gains and losses from the sale of **real** property to the state in which the real property is located. Subtract all related expenses. Allocate to South Carolina any gain which represents the return of amounts deducted in South Carolina as depreciation. If a taxpayer's business is conducted partly within and partly outside of South Carolina, allocate gains and losses from sales of **tangible personal** property unrelated to the business activity of the taxpayer to the state in which the business situs of the investment is located. Allocate gains and losses from sales of **intangible personal** property not connected with the business of the taxpayer and not held for sale to customers in the regular course of business to a corporate partner's principal place of business and a noncorporate partner's domicile.
- **Rents and royalties:** Allocate rents and royalties from the lease of rental real estate or tangible personal property not used or connected with the taxpayer's trade or business during the year to the state where the property was located at the time the income was derived. Subtract all related expenses.
- **Interest and dividends:** Allocate interest and dividends not connected with the taxpayer's business to a corporate partner's principal place of business and a noncorporate partner's domicile. Subtract all related expenses.
- **Other income subject to allocation:** Any income, less all related expenses, that is not otherwise allocated and that is unrelated to a taxpayer's business activity conducted partly within and partly outside of South Carolina is allocated to the state in which the business situs of the investment is located. If the business situs of the investment is partly within and partly outside of South Carolina, apportion the investment using the same formula used to apportion net income.

Allocation and apportionment statutes are located in SC Code Sections 12-6-2210 through 12-6-2320, available at [dor.sc.gov/policy](http://dor.sc.gov/policy).

Add line 1 through line 13d and enter the total on line 14.

**Column E Amounts Allocated to States Other Than SC:** See the Column D instructions for Allocation of Income.

**Column F Amounts Subject to Apportionment:** Enter the amounts that are **not allocated** to South Carolina or any other state. These amounts are subject to apportionment. Add line 1 through line 13d and enter the total on line 14.

**Line 15:** Enter the federal Schedule K total from line 14, column A.

**Line 16:** Enter the amounts allocated to South Carolina from line 14, column D.

**Line 17:** Enter the net income (loss) subject to apportionment from line 14, column F.

**Line 18:** Enter total sales or gross receipts in the first column and South Carolina sales or gross receipts in the second column. See the apportionment instructions for more information on how to determine South Carolina sales or gross receipts.

**Line 19:** Divide South Carolina sales or gross receipts by sales or gross receipts everywhere and enter the percentage. Compute all percentages to four digits to the right of the decimal.

**Line 20:** Multiply line 17 by line 19.

**Line 21:** Net business income (loss) taxable to South Carolina (add line 16 and line 20). Enter this amount on line 1 of the SC1065.

### **SC1065 K-1**

Prepare an SC1065 K-1 for each partner to show their share of the partnership's income. Adjust each item of income as required by South Carolina law. Allocate or apportion income to South Carolina or other states.

See the SC1065 K-1 for instructions on completing the form. Include SC1065 K-1 with your SC1065 Partnership Return. Provide a copy to the partner.

Enter the amount of income taxable to nonresident partners on line 6 of the SC1065.

### **SC1065**

Complete the SC1065 after completing the Schedule SC-K and the SC1065 K-1s.

**Line 1:** Enter the net business income (loss) taxable to South Carolina from the Schedule SC-K, line 21.

**Line 2:** Partnerships electing to pay tax on active trade or business income at the entity level enter the active trade or business income from line 14 of the I-435.

**Line 3:** Enter the 3% tax on active trade or business income calculated on line 17 of the I-435.

**Line 4:** Enter any nonrefundable tax credits being taken at the partnership level. Tax credits taken by the partnership are not passed through to partners on their SC1065 K-1s.

**Line 5:** Subtract line 4 from line 3. Enter the total active trade or business income tax due at the partnership level.

**Line 6:** Subtract line 2 from line 1. This is the total South Carolina income taxable to all partners. This amount should also equal the total of line 15 from the SC1065 K-1s provided to the partners.

**Line 7:** Enter all income exempt from withholding, including income for:

- South Carolina resident partners
- Nonresident partners who provided the partnership with an I-309 affidavit
- Nonresident partners who are tax exempt under IRC 501(a)
- Nonresident partners who are included on a composite return

**Line 8:** Subtract line 7 from line 6. This is the income subject to nonresident withholding.

**Line 9:** Multiply line 8 by 5%. This is the nonresident withholding tax. This amount should also equal the total of line 16 from the SC1065 K-1s provided to the partners.

**Line 10:** Add line 5 and line 9. This is the partnership's total tax.

**Line 11:** Enter the amount of withholding from a nonresident sale of real estate or from a 1099-MISC received from another partnership. Attach the supporting I-290 or 1099-MISC.

**Line 12:** Enter the amount paid with your extension request, SC8736.

**Line 13:** Enter the total of all Estimated Payments you made for the year.

**Line 15:** Add line 11 through line 13. This is the total of your payments.

**Line 16:** If line 15 is greater than line 10, subtract line 10 from line 15 and enter the overpayment amount.

**Line 17:** Enter the amount of your overpayment that you would like to apply to next year's Estimated Tax.

**Line 18:** Subtract line 17 from line 16. This is the amount of your overpayment that will be refunded to you.

**Line 19:** If line 10 is greater than line 15, subtract line 15 from line 10 and enter the amount due.

**Line 20:** If you calculated failure to file or failure to pay penalties and interest, enter in the appropriate blanks and put the total of both on line 20.

A failure to file penalty is charged for failing to file a tax return by its due date, considering any extension of time for filing. The penalty is 5% of the tax amount if the failure is for not more than one month, with an additional 5% for each additional month or fraction of the month the failure continues, not to exceed 25% in total.

A failure to pay penalty is charged for failing to pay the tax on any return by its due date. The penalty is 0.5% of the tax if the failure is for not more than one month, with an additional 0.5% for each additional month or fraction of the month the failure continues, not to exceed 25% in total.

Any unpaid portion of the final tax due will accrue interest at the prevailing federal rates. This amount is computed from the original due date of the tax return to the date of payment.

Find a Penalty and Interest Calculator on our free online tax portal, MyDORWAY, at [dor.sc.gov/calculator](https://dor.sc.gov/calculator).

**Line 21:** Add line 19 and line 20. This is your total balance due.

If you owe \$15,000 or more on any SCDOR return, you **must** file and pay electronically according to SC Code Section 12-54-250, available at [dor.sc.gov/policy](https://dor.sc.gov/policy).

**Line 22:** Mark an X in the box to receive your refund by direct deposit. This is the fastest, easiest option for most filers. Enter your bank information on line 23.

**Line 23:** You must enter complete and correct account information. If you are requesting direct deposit of your refund and your account information is not complete and correct, we will mail a paper check to the address listed on your return.

You cannot have your funds directly deposited into an account located outside the United States.

Enter your account information.

1. Mark an **X** to choose checking or savings account.
2. Enter your 9 digit routing transit number (RTN). The RTN should begin with 01 through 12 or 21 through 32. Do not use a deposit slip to verify the RTN.
3. Enter your bank account number (BAN). The BAN contains 17 or fewer alphanumeric digits. Enter the BAN from left to right. Do not enter hyphens, spaces, special symbols, or the check number.

**Signature:** The return must be signed by a partner of the partnership.

The signature section of the return contains an authorization for release of confidential information. A check in the **Yes** box authorizes the SCDOR Director or delegate to discuss the return, its attachments, and any notices, adjustments, or assessments with the preparer.

## THINGS TO KNOW:

### File online

Visit [dor.sc.gov/biz-services](https://dor.sc.gov/biz-services) for information on your electronic filing options. You can file your SC1065 as well as your federal partnership return electronically in a single transmission using third-party tax preparation software.

### Pay online

The fastest, easiest way to pay your balance due is by using our free online tax portal, MyDORWAY, at [dor.sc.gov/pay](https://dor.sc.gov/pay). Select **Business Income Tax Payment** and use your FEIN to get started. Make the following Partnership Income Tax payments online:

- Return payment (SC1065V)
- Extension request payment (SC8736)
- Estimated tax payment (SC1065ES)

### Tax Help

Visit [dor.sc.gov/tax/partnership/faq](https://dor.sc.gov/tax/partnership/faq) for answers to frequently asked questions related to Partnership Income Tax.

If you have a general question or concern, you should first call **1-844-898-8542**. If you received a letter or notice, call the specific number provided on the letter or notice.

SCDOR Taxpayer Service Centers are located across the state. Visit [dor.sc.gov/contact/in-person](https://dor.sc.gov/contact/in-person) for locations and hours.

| COUNTY CODES                    |      |                  |      |                    |      |
|---------------------------------|------|------------------|------|--------------------|------|
| COUNTY                          | CODE | COUNTY           | CODE | COUNTY             | CODE |
| Abbeville .....                 | 01   | Dillon .....     | 17   | McCormick .....    | 33   |
| Aiken .....                     | 02   | Dorchester ..... | 18   | Marion .....       | 34   |
| Allendale .....                 | 03   | Edgefield .....  | 19   | Marlboro .....     | 35   |
| Anderson .....                  | 04   | Fairfield .....  | 20   | Newberry .....     | 36   |
| Bamberg .....                   | 05   | Florence .....   | 21   | Oconee .....       | 37   |
| Barnwell .....                  | 06   | Georgetown ..... | 22   | Orangeburg .....   | 38   |
| Beaufort .....                  | 07   | Greenville ..... | 23   | Pickens .....      | 39   |
| Berkeley .....                  | 08   | Greenwood .....  | 24   | Richland .....     | 40   |
| Calhoun .....                   | 09   | Hampton .....    | 25   | Saluda .....       | 41   |
| Charleston .....                | 10   | Horry .....      | 26   | Spartanburg .....  | 42   |
| Cherokee .....                  | 11   | Jasper .....     | 27   | Sumter .....       | 43   |
| Chester .....                   | 12   | Kershaw .....    | 28   | Union .....        | 44   |
| Chesterfield .....              | 13   | Lancaster .....  | 29   | Williamsburg ..... | 45   |
| Clarendon .....                 | 14   | Laurens .....    | 30   | York .....         | 46   |
| Colleton .....                  | 15   | Lee .....        | 31   |                    |      |
| Darlington .....                | 16   | Lexington .....  | 32   |                    |      |
| APO/FPO Addresses .....         |      |                  |      |                    | 99   |
| Outside of South Carolina ..... |      |                  |      |                    | 99   |
| Outside of United States .....  |      |                  |      |                    | 88   |