



# 2020 Software Developer's Guide

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SOUTH CAROLINA DEPARTMENT OF REVENUE

OCTOBER  
2020

## Tax Law Changes

- Increase in military retirement deduction amount:
  - Maximum deduction is \$17,500 for taxpayers under age 65 (must have other earned income to qualify).
  - Maximum deduction is \$30,000 for taxpayers age 65 and older.
  - Retirement deduction and age 65 and older deductions are reduced by any military retirement deduction taken.
- Increase in Two Wage Earner Credit :
  - Maximum earned income is \$40,000.
  - Maximum credit is \$280.
  - Credit can only be taken by taxpayers who are Married Filing Jointly.
- Increase in Earned Income Credit:
  - Credit is 62.50% of the federal Earned Income Tax Credit.
  - Completed TC-60 and SC1040TC must be included.
  - Credit is only available for full-year resident individuals (taxpayer should not take if they have a Schedule NR included).
- Increase in South Carolina Dependent Exemption
  - The 2020 South Carolina Dependent Exemption amount is \$4,260.
- Increase in Dependent Under the Age of 6 Deduction
  - The 2020 Dependent Under the Age of 6 Deduction is \$4,260.
- Increase in Motor Fuel User Fee Credit
  - User fee increase is \$0.07 per gallon purchased in South Carolina.
  - Completed I-385 must be included.
  - We recommend alerting taxpayers to check their calculations if the total credit taken is greater than \$150 per vehicle.
  - Taxpayers need to keep copies of receipts for fuel purchased and preventative maintenance performed in South Carolina for any credit claimed. Receipts should not be turned in to the SCDOR, but should be maintained in the taxpayer's records.
- New Nonrefundable Tax Credits
  - The Preceptor Income Tax Credit is a nonrefundable Individual Income Tax credit available for eligible physicians, advanced practiced registered nurses, or physician assistants who serve as a preceptor for qualifying clinical rotations required by a medical school, physician assistant program, or advanced practice nursing program. Use the TC-62 to calculate the credit. The TC-62 **must be** included to claim the credit. If a taxpayer serves additional rotations that exceed the credit limit for the tax year, they may be eligible for a deduction on line v of the SC1040. For more information, refer to SC Revenue Ruling #20-2 at [dor.sc.gov/policy](http://dor.sc.gov/policy).
  - The South Carolina Housing Tax Credit is a nonrefundable tax credit available to eligible owners of residential low-income rental buildings. The credit is equal to the federal housing tax credit allowed for the project, on their federal Income Tax return. The credit may be used against Individual, Fiduciary, Partnership, or Corporate Income Taxes and

Corporate License Fees. Use the TC-63 to calculate the credit. Check [dor.sc.gov/policy](https://dor.sc.gov/policy) for updates or more information.

- New Contribution for Check-Off
  - Contributions to the SC Department of Archives and History fund are used to purchase or preserve collections with significant historical value to the State. For more information, visit the SC Department of Archives and History at [scdah.sc.gov](https://scdah.sc.gov).

## Tax Relief

### COVID-19 relief

- The SCDOR provided special filing and payment relief to those impacted by COVID-19 in South Carolina.
  - Individual Income Tax, Fiduciary Income Tax, and Corporate Income Tax, Estimated Tax payments with a due date on or after April 1, 2020 and before July 15, 2020 could be made by July 15, 2020 without penalty.

### Tornados, Severe Storms, and Flooding in April of 2020

- The SCDOR extended the same relief granted by the IRS to individuals and businesses located in the nine South Carolina counties affected by the tornados, severe storms, and flooding in April of 2020. This relief postponed various tax filing and payment deadlines that occurred starting on April 12, 2020.
  - Individual Income Tax, Fiduciary Income Tax, Corporate Income Tax, First Quarter Estimated Tax, and Second Quarter Estimated Tax payments that were due on July 15 due to COVID-19 relief could be made by October 15, 2020 without penalty.
  - Third Quarter Estimated Tax payments normally due on September 15, 2020 could be made by October 15, 2020 without penalty.
  - For a listing of the nine affected counties in South Carolina, refer to SC Information Letter #20-16 at [dor.sc.gov/policy](https://dor.sc.gov/policy).

## Return Formatting and Field Changes

### Individual Income Tax

#### *Schedule NR*

- Has two line changes
  - Line 28 – Tuition and fees deduction
  - Line 29 – Charitable contributions if you take the standard deduction
    - At the time of printing, we do not conform to the charitable contribution deduction. Updates will be provided if conformity legislation is passed.

## Corporate Income Tax

### *SC1120*

- Will utilize one new checkbox and two new entry fields regarding a consolidated federal return.
  - Is the corporation included in a consolidated federal return? Yes No
  - Name of federal parent company
  - FEIN of federal parent company
- Page 1 has field placement changes in the top informational section.
- Two fields removed:
  - Line 10, Credit carryover, delta and entry field removed
  - Line 22, Credit carryover, delta and entry field removed

### *SC1120S*

- Will utilize three new entry fields regarding nonresident shareholders.
  - Number of nonresident shareholders
  - Number of nonresident shareholders with an I-309 affidavit
  - Number of nonresident shareholders included in a composite return
- Page 1 has field placement changes in the top informational section.

### *SC1120S K-1*

- Will utilize two new checkboxes to report if a shareholder is exempt from nonresident withholding because they:
  - filed an I-309, or
  - are included in a composite return

## Partnership Income Tax

### *SC1065*

- Page 1 has field placement changes in the top informational section.

### *SC1065 K-1*

- Will utilize two new checkboxes to report if a partner is exempt from nonresident withholding because they:
  - filed an I-309, or
  - are included in a composite return.

## Fiduciary Income Tax

### *SC1041 K-1*

- Will utilize a new checkbox to report if a beneficiary is exempt from nonresident withholding because they filed an I-41 with the trust or estate.

## Tax Credit Schedule

### TC-38

- Will utilize a new checkbox to indicate if the credit is for geothermal machinery and equipment.
- Will no longer use the checkbox for Certification Requirement for Solar Credit.

### New Tax Credit Schedules

- TC-4P – New Jobs Credit for Professional Sports Team
- TC-62 – Preceptor Credit
- TC-63 – South Carolina Housing Tax Credit

## Changes to MeF Business Rules

### Individual Income Tax

- While supplemental tax credit data should be sent for all tax credits claimed on the SC1040, we are adding specific **required** fields to the following supplemental forms:
  - TC-4 – value on line 19, any column
  - TC-4P – value on line 19, any column (use this form to claim the **New Jobs Credit For Professional Sports Teams**)
  - TC-4SA – value on Part III, line 17
  - TC-4SB – value on Part III, line 17
  - TC-38 -- value on line 10
  - TC-62 -- value on line 15, line 29, line 43, or line 57 (use this form to claim the **Preceptor Credit**)
  - Returns claiming these credits will be required to include the supplemental schedule with a value in the required field.
- Any amended SC1040 that does not include the Schedule AMD in the XML will be rejected.

### Fiduciary Income Tax

- While supplemental tax credit data should be sent for all tax credits claimed on the SC1041, we are adding specific required fields to the following supplemental forms:
  - TC-4 – value on line 19, any column
  - TC-4P – value on line 19, any column (use this form to claim the **New Jobs Credit For Professional Sports Teams**)
  - TC-4SA – value on Part III, line 17
  - TC-4SB – value on Part III, line 17
  - TC-38 – value on line 10
  - Returns claiming these credits will be required to include the supplemental schedule with a value in the required field.

## Corporate Income Tax

- While supplemental tax credit data should be sent for all tax credits claimed on the SC1120 or the SC1120S, we are adding specific required fields to the following supplemental forms:
  - TC-4 – value on line 19, any column
  - TC-4P – value on line 19, any column (use this form to claim the **New Jobs Credit For Professional Sports Teams**)
  - TC-4SA – value on Part III, line 17
  - TC-4SB – value on Part III, line 17
  - TC-38 – value on line 10
  - Returns claiming these credit will be required to include the supplemental schedule with a value in the required field.

## Electronic Mandate for filing and paying

Any SCDOR return owing \$15,000 or more must be filed electronically and the tax paid electronically.

- Individuals – have two options for filing and paying electronically.
  1. MyDORWAY: The SCDOR’s free and secure tax portal for managing all of your South Carolina taxes is available at [MyDORWAY.dor.sc.gov](http://MyDORWAY.dor.sc.gov). Payments can be made with ACH debit or credit card. Tutorials for signing up and making payments are available at [dor.sc.gov/MyDORWAY](http://dor.sc.gov/MyDORWAY).
  2. Fed/State EFile: This option allows you to file both federal and state or just the state return electronically and pay with ACH debit using one of our approved vendors. Visit [dor.sc.gov/iit-filing](http://dor.sc.gov/iit-filing) for more information.
- Fiduciaries – Visit [dor.sc.gov/biz-services](http://dor.sc.gov/biz-services) for a list of electronic services.
- Partnerships – Visit [dor.sc.gov/biz-services](http://dor.sc.gov/biz-services) for a list of electronic services.
- Corporations – Visit [dor.sc.gov/biz-services](http://dor.sc.gov/biz-services) for a list of electronic services.

## Direct Deposit

Encourage direct deposit for individuals claiming a refund on their SC1040, Individual Income Tax Return. In future years, the check refund option may be limited.

We prefer you use the following highlights to promote direct deposit.

### **Getting a refund?** Direct deposit is fast and safe!

- With direct deposit, you:
  - get your refund sooner and help save tax dollars
  - receive your refund in a fast, simple, safe, and secure way
  - get your refund deposited directly into your bank account, giving you the fastest access to your refund

## Reminders

### Individual Income Tax

- Amended SC1040 with Sch. AMD – On the Sch. AMD, Amended Return Schedule, checkboxes must be marked to let us know the reasons the return is being amended. An explanation of the changes must also be included. Without this information, the return is considered incomplete, resulting in delays in return processing for your customers. It also increases the chance that your customer will be sent a letter requesting additional information.

### Corporate Income Tax

- For a tax account to be closed with the SCDOR, the final return must be marked to notify us that the corporation is closed and that no future returns will be filed.
- Limit the use of tax period overrides for payments and returns. These overrides often result in payments being misapplied and general delays in processing.

### Programming Preferences

- Payments included with MeF submissions should default the payment withdrawal date to the same day as the return transmission date unless the taxpayer specifies otherwise.
  - We recommend that you do not default payments to May 1.

### Communication Preferences

- We prefer that you direct taxpayers to MyDORWAY for the following:
  - Making payments: Taxpayers can choose credit card or ACH methods
    - Direct taxpayers to [dor.sc.gov/pay](https://dor.sc.gov/pay)
  - Filing appeals and penalty waivers
    - Direct taxpayers to [MyDORWAY.dor.sc.gov](https://MyDORWAY.dor.sc.gov)
  - Request a Payment Plan
    - Direct taxpayers to [dor.sc.gov/payplan](https://dor.sc.gov/payplan)
  - Filing a refund reissue request
    - Direct taxpayers to [MyDORWAY.dor.sc.gov](https://MyDORWAY.dor.sc.gov)
  - Accessing their 1099 online
    - Direct taxpayers to [MyDORWAY.dor.sc.gov](https://MyDORWAY.dor.sc.gov)
  - Checking account balances
    - Direct taxpayers to [MyDORWAY.dor.sc.gov](https://MyDORWAY.dor.sc.gov)
  - Checking their refund status
    - Direct taxpayers to [dor.sc.gov/refund](https://dor.sc.gov/refund)
  - Penalty and Interest Calculator
    - Direct taxpayers to [dor.sc.gov/calculator](https://dor.sc.gov/calculator)

- We prefer that you direct taxpayers to the following resources for tax information:
  - For tax credit information
    - Direct taxpayers to [dor.sc.gov/taxcredits](https://dor.sc.gov/taxcredits)
  - I-330 Contribution for Check-Off information
    - Direct taxpayers to [dor.sc.gov/forms/find-a-form?name=I-330&category=&year=All](https://dor.sc.gov/forms/find-a-form?name=I-330&category=&year=All)
  - IIT FAQs
    - Direct taxpayers to [dor.sc.gov/tax/individual-income/faq](https://dor.sc.gov/tax/individual-income/faq)
  - Fiduciary FAQs
    - Direct taxpayers to [dor.sc.gov/tax/fiduciary/faq](https://dor.sc.gov/tax/fiduciary/faq)
  - Partnership FAQs
    - Direct taxpayers to [dor.sc.gov/tax/partnership/faq](https://dor.sc.gov/tax/partnership/faq)
  - Corporate FAQs
    - Direct taxpayers to [dor.sc.gov/tax/corporate/faq](https://dor.sc.gov/tax/corporate/faq)
- We prefer that you do not list our physical locations. Direct taxpayers to [dor.sc.gov/contact/in-person](https://dor.sc.gov/contact/in-person) for location information.
- If you list an SCDOR mailing addresses, confirm address accuracy with us at least annually by contacting [SoftwareDevelopersForms@dor.sc.gov](mailto:SoftwareDevelopersForms@dor.sc.gov)
- We prefer the following use of our brand:
  - Only refer to our agency as South Carolina Department of Revenue or SCDOR.
  - Our website is [dor.sc.gov](https://dor.sc.gov). Remove references to sctax.org.
  - Our free online tax portal is [MyDORWAY.dor.sc.gov](https://MyDORWAY.dor.sc.gov).
  - SCDOR standard logo png





- SCDOR all white logo png



- Contact [Communications@dor.sc.gov](mailto:Communications@dor.sc.gov) if you need another logo variation.
- SCDOR primary colors



RGB: 21 | 32 | 73  
CMYK: 100 | 92 | 39 | 43  
#0d204a



RGB: 67 | 156 | 70  
CMYK: 69 | 0 | 92 | 19  
#439c46



RGB: 21 | 121 | 47  
CMYK: 75 | 0 | 100 | 41  
#18792f

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