



STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE  
**COMPOSITE RETURN  
AFFIDAVIT**

The undersigned taxpayer on oath, being first duly sworn, hereby certifies and agrees as follows:

1. I am a nonresident partner, shareholder of an S-Corporation, or member of a limited liability company (LLC).

My name is: \_\_\_\_\_

2. My address is: \_\_\_\_\_

(number and street)

\_\_\_\_\_  
(city, state, and zip code)

My social security number (SSN) or federal employer identification number (FEIN) is: \_\_\_\_\_

3. The type of income for which this affidavit and agreement applies is:

\_\_\_\_\_ Distributed or undistributed South Carolina income from a partnership.

\_\_\_\_\_ Distributed or undistributed South Carolina income from an S-Corporation.

\_\_\_\_\_ Distributed or undistributed South Carolina income from a Limited Liability Company  
taxed as a partnership.

\_\_\_\_\_ Distributed or undistributed South Carolina income from a Limited Liability Company  
taxed as an S-Corporation.

4. The name of the entity described in Question 3: \_\_\_\_\_

The entity's address: \_\_\_\_\_

(number and street)

\_\_\_\_\_  
(city, state, and zip code)

The entity's federal employer identification number (FEIN): \_\_\_\_\_

5. I have no source of income taxable to South Carolina other than from the entity named in Question 4.

6. This affidavit applies for the year January 1 - December 31, \_\_\_\_\_, or for the fiscal tax year  
beginning \_\_\_\_\_ and ending \_\_\_\_\_.

The undersigned understands that any false statement contained herein could be punished by fine, imprisonment, or both.

Recognizing that I am subject to the criminal penalties under SC Code Section 12-54-44(B) (6) (a) (i), I declare that I  
have examined this affidavit and agreement and, to the best of my knowledge and belief, it is true, correct and complete.

**(Seal)**

\_\_\_\_\_  
(Signature of partner, shareholder or LLC)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Name - Please print)

# I-338 COMPOSITE RETURN AFFIDAVIT INSTRUCTIONS

## Option to File Composite Returns

A composite return is a single return filed by a partnership, S-Corporation, or limited liability company (LLC) taxed as a partnership or S-Corporation on behalf of two or more nonresident participants.

Participants are limited to individuals, trusts or estates who are partners of the partnership, shareholders of the S-Corporation, or members of a LLC taxed as a partnership or S-Corporation.

The composite return includes income received by the participant from the partnership, S-Corporation or LLC.

Each participant's tax is computed separately and added together to arrive at the total tax due on the composite return.

The composite return must be signed by an authorized partner, an authorized officer of the S-Corporation, or an authorized member of the LLC.

Compute the participant's South Carolina income tax in the same manner as if it were being separately reported.

For taxable years beginning after 2005, the partnership, S-Corporation or LLC may elect to determine each participant's tax due by one of the following methods:

**Method A.** If the participant provides an affidavit to the SC Department of Revenue through the entity stating that he has no income taxable to South Carolina other than the income from the entity:

### Option 1:

(1) Prorate the standard deduction or itemized deductions and personal exemptions. For an individual, this means multiplying the standard deduction or itemized deductions and personal exemptions by the amount of South Carolina adjusted gross income, and dividing the result by the amount of federal adjusted gross income. For an estate or trust, this means multiplying the standard deduction or itemized deductions and personal exemptions by the amount of South Carolina gross income, and dividing the result by federal gross income.

(2) At the participant's election, tax active trade or business income at the active trade or business income rate.

(3) Tax all other taxable income using the graduated rate for individuals, estates and trusts.

### Option 2:

(1) Do not use the standard deduction, itemized deductions or personal exemptions.

(2) At the participant's election, tax active trade or business income at the active trade or business income rate.

(3) Tax all other taxable income using the graduated rate for individuals, estates and trusts.

**Method B.** If the participant does not provide an affidavit to the SC Department of Revenue through the entity stating that he has no income taxable to South Carolina other than the income from the entity:

(1) Do not use the standard deduction, itemized deductions or personal exemptions.

(2) Tax active trade or business income at the active trade or business income rate. **The "safe harbor" is not available under Method B.**

(3) Tax all other taxable income at 7% (.07).

## Purpose of the I-338 Composite Return Affidavit

If the participant completes the I-338 affidavit, the partnership, S-Corporation or LLC can use either Option 1 or 2 under Method A. Without an I-338 affidavit, the partnership, S-Corporation or LLC is limited to Method B, and the “**safe harbor**” is not available for computing active trade or business income.

### Who May Execute the I-338 Affidavit

Any individual, trust or estate who is a nonresident partner, shareholder of an S-Corporation, or member of an LLC taxed as a partnership or S-Corporation who has no source of income taxable to South Carolina other than from the partnership, S-Corporation or LLC, may complete I-338. The affidavit should be completed and signed by the participant or by an agent acting on the participant’s behalf.

### Where and When to Execute the I-338 Affidavit

#### Partner, S-Corporation Shareholder and LLC Member Instructions:

A qualifying participant should submit the fully completed I-338 affidavit directly to the partnership, S-Corporation or LLC.

The I-338 affidavit is not valid for subsequent years and must be resubmitted to the entity each year.

Do not mail to the SC Department of Revenue

#### Partnership, S-Corporation and LLC Instructions:

The partnership, S-Corporation or LLC must remit all I-338 affidavits to the SC Department of Revenue along with the composite return (SC1040 South Carolina Individual Income Tax Return or SC1041 Fiduciary Income Tax Return).

Our Internet address is: [www.dor.sc.gov](http://www.dor.sc.gov)

#### Social Security Privacy Act

It is mandatory that you provide your social security number on this tax form. 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 SC Department of Revenue shall 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 Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, 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.