



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
DEFERRED INCOME TAXES
For South Carolina

Name As Shown On Tax Return

SSN or FEIN

	YEAR	AMOUNTS
1. Enter the prior three years and the amounts of Gross Foreign Trading Receipts for each year.	_____	1. a.
	_____	b.
	_____	c.
2. Total Foreign Trading Receipts. (Add a, b, and c)		2.
3. Average of three years. (Divide amount on line 2 by 3.) If the average on line 3 exceeds five million dollars, DO NOT complete the rest of this form!		3.
4. Foreign Trading Receipts for current tax year.		4.
5. Increase in Foreign Trading Receipts. (Subtract line 3 from line 4.)		5.
6. Net Income subject to tax from SC1120, SC1040, SC1041, or SC1065.		6.
7. Income attributable to increase in Foreign Sales. Multiply the net income amount on line 6 by the ratio of increase in Foreign Trading Receipts (line 5) over total gross receipts. Flow-through Entities - See Specific Instructions.		7.
8. Net Income subject to tax after deferral. (Subtract line 7 from line 6.) If zero or less, enter zero.		8.
9. Compute tax on Net Income from line 6 according to tax rate. (Corporation, Individual or Fiduciary)		9.
10. Compute tax on Net Income after deferral from line 8 according to tax rate. (Corporation, Individual or Fiduciary)		10.
11. Deferred South Carolina Income Tax. (Subtract line 10 from line 9.)		11.

NOTE: The interest rate can be determined by applying the base period T-bill rate to the Deferred South Carolina Income Tax on line 11. The current T-bill rate is established annually by the Internal Revenue Service.

GENERAL INSTRUCTIONS

For tax years beginning after 12-31-85, taxpayers, except Domestic International Sales Corporations (DISC) or Foreign Sales Corporations, may elect to defer South Carolina Income Taxes attributable to the increase in Gross Income from Foreign Trading Receipts.

"Foreign Trading Receipts" means receipts from invoices issued by a seller directly to an unrelated purchaser outside the United States from:

- (a) the sale, exchange, or other disposition of export property outside the United States;
- (b) the lease or rental of export property that is used by the leasee outside the United States;
- (c) the performance of services that is related and subsidiary to the sale, exchange, lease, rental, or other disposition of export property outside the United States by the South Carolina taxpayer including, but not limited to, maintenance and training services;
- (d) the performance of engineering, architectural, or consulting services for projects located outside the United States.

A portion of the tax on Foreign Trading Receipts may be deferred as long as the base amount does not exceed five million dollars and the taxpayer pays interest annually on the aggregate deferred tax at the "base period T-bill rate". Tax on Foreign Trading Receipts may NOT be deferred if the taxpayer intentionally ceases exporting property or after three taxable years in which the taxpayer has no Gross Income from Foreign Trading Receipts.

The interest is due on the date the taxpayer is required to file the annual return without regard to any extension, but no interest is due on amounts deferred for less than an entire taxable year. If the taxpayer fails to pay interest as required, then all deferred taxes are due and payable on the annual return filing date.

The payment of deferred tax is due no later than the tax return filing date of the fifth tax year, following the taxable year for which the tax was first deferred.

Example: Tax deferred in 2008 is due with the tax return for 2013. Deferred taxes may be paid at an accelerated rate. Failure to pay deferred taxes when due renders the taxpayer ineligible to defer payment of taxes for a subsequent tax year.

On Form SC1120 enter the payment of deferred tax on line 8 or its equivalent and attach a statement. For other returns, enter the deferred tax on an "other" tax line and label in the dotted line.

SPECIFIC INSTRUCTIONS

Line 1 — Foreign Trading Receipts are defined in the General Instructions.

Line 6 — Enter the Net Income subject to South Carolina tax from the appropriate tax return. These returns include: an individual, a corporation, a fiduciary of an estate or trust, a partnership or a limited liability company (L.L.C.) taxed as either a partnership or a corporation.

Line 7 — If a Partnership or S Corporation, or L.L.C. taxed as a partnership **DO NOT** complete lines 8 - 11 of this form. The amount on line 7 is the amount of Deferred Income from Foreign Trading Receipts. Partners, shareholders or members of an L.L.C. taxed as a partnership must be furnished their prorata share of the Deferred Foreign Trading Receipts.

Line 10 — Corporations must use the tax rate provided for form SC1120.
Individuals and Fiduciaries must use the tax rate schedule provided for forms SC1040 or SC1041.

File the original SC SCH TD-1 with your tax return. Taxpayers also are requested to send a copy of SCH TD-1 to the address below.

South Carolina Department of Revenue
Research and Review
Columbia, SC 29214-0019