



STATE OF SOUTH CAROLINA
PARTNERSHIP RETURN
Tax Year 2018

SC1065
(Rev. 7/30/18)
3087

Return is due on or before the **15th day of the 3rd month** following the close of the taxable year.

For the year January 1 - December 31, 2018, or fiscal tax year beginning - 2018 and ending - 2019

Name		
Address		
City	State	Zip Code

FEIN (Required):	SC File #:	County Code:
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Check applicable boxes: Initial return Final return Address change Amended return

Total Number of Partners:	Number of Partners that are Not SC Residents:
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Check here if you filed a federal or state extension. **ATTACH COMPLETE COPY OF FEDERAL RETURN**

Location of business property: City _____ State _____ Phone Number _____

COMPLETE SCHEDULE SC-K FIRST

Schedule W-H Withholding Tax on Income of Nonresident Partners

STAPLE PAYMENT HERE

1. Total from line 21, page 2, SC1065	1.	00
2. Amount of line 1 income taxable to nonresident partners (from SC1065 K-1s).....	2.	00
3. Amount of line 2 exempt from withholding because of I-309 affidavit or composite filing	3.	00
4. Subtract line 3 from line 2, if less than zero, enter -0-.....	4.	00
5. Withholding tax due - line 4 times .05 (5%)	5.	00
6. Withholding from nonresident sale of real estate (Attach I-290) or SC Withholding from form 1099-MISC.....	6.	00
7. Amount paid with extension	7.	00
8. Add lines 6 and 7	8.	00
9. Subtract line 8 from line 5. If zero or less, enter zero here	9.	00
10. Refundable Motor Fuel Income Tax Credit.....	10.	00
11. If line 9 is greater than line 10, enter the difference on line 11. This is the amount due with this return	11.	00
12. If line 10 is greater than line 9, enter the difference on line 12. This is the amount of Refundable Motor Fuel Income Tax Credit available for refund.....	12.	00

NOTE: Only a refund resulting from the Motor Fuel Income Tax Credit can be claimed on Form SC1065. An overpayment resulting from other sources must be claimed and refunded at the partner(s) level.

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

Sign Here	Signature of general partner or LLC/LLP member	Date	Taxpayer's Email	Mail to: Balance Due: SC DEPARTMENT OF REVENUE TAXABLE PARTNERSHIP PO BOX 125 COLUMBIA SC 29214-0036
	I authorize the Director of the Department of Revenue or delegate to discuss this return, attachments and related tax matters with the preparer. <input type="checkbox"/> Yes <input type="checkbox"/> No			
Paid Preparer's Use Only	Preparer Printed Name	Check if self-employed <input type="checkbox"/>	Preparer telephone number	Zero Tax: SC DEPARTMENT OF REVENUE NONTAXABLE PARTNERSHIP PO BOX 125 COLUMBIA SC 29214-0037
	Preparer signature		PTIN	
	Firm's name (or yours if self-employed) and address		Date	
			FEIN	



Form SC1065

SCHEDULE SC-K

PARTNERS' SHARES OF INCOME (LOSSES), DEDUCTIONS, CREDITS ETC. (See instructions.)

	(A)* Enter Amounts From Federal Schedule K	(B) Plus or Minus South Carolina Adjustment	(C) Federal Schedule K Amounts After SC Adjustments	(D) Amounts Allocated to SC	(E) Amounts Allocated to States Other Than SC	(F) Amounts Subject 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 Cap. Gain (loss)						
9	Net Long Term Cap. Gain (loss)						
10	Net § 1231 gain (loss)						
11	Other Income (loss)						
12	§ 179 Deduction						
13a	Contributions						
13b	Investment Interest Expense						
13c	§ 59 (e)(2) Expenditures						
13d	Other Deductions						
14	Total						
15.	Amounts from federal Schedule K (line 14, Schedule SC-K, Col. A)					15	
16.	Amount Allocated to South Carolina (from line 14, Schedule SC-K, Col. D)					16	
17.	Net income (loss) subject to apportionment (from line 14, Schedule SC-K, Col. F)					17	
APPORTIONMENT							
				TOTAL	SC		
18.	Total Sales or Gross Receipts						
19.	Apportionment factor (SC ÷ TOTAL). 100% if operating entirely within SC					19	%
20.	Net business income (loss) apportioned to SC (line 17 multiplied by line 19)					20	
21.	Net business income (loss) taxable to SC (line 16 plus line 20)					21	

* Enter amounts from corresponding lines on your federal Schedule K in Column A.

INSTRUCTIONS FOR PARTNERSHIP INCOME TAX RETURN
South Carolina Department of Revenue SC1065 (Rev. 7/30/18)

The references to line numbers and form numbers on federal income tax forms were correct at the time of printing. If they have changed and you are unable to determine the proper line to use, please contact the Department of Revenue. These instructions are to be used as a guide in the preparation of a South Carolina partnership income tax return and are not intended to cover all provisions of the law.

A. Who Must File - Every partnership (including any multiple member LLC not taxed as a corporation), domestic or foreign, doing business or owning property in South Carolina must file SC1065. Partnership income or loss is computed in the same manner and on the same basis as for an individual. Taxpayers carrying on business in a partnership are liable for income tax in their individual capacities. Each partner's return shall include his 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 shall include income or loss reported by the partnership during the partner's taxable year.

B. Registration Information – A newly formed partnership can be registered through **MyDORWAY.dor.sc.gov**. To get started, select For Businesses, Register a New Business or Tax Account. If you do not wish to register your partnership electronically, form SCDOR-111 can be downloaded and submitted to the Department. The form is available at **dor.sc.gov/forms**.

C. Filing Requirements - File SC1065 and include the amount required to be withheld to the Department of Revenue by the 15th day of the third month following the end of the partnership's taxable year. **Within the same deadline, provide each nonresident partner with a federal Form 1099-MISC with "SC only" written at the top, showing the amount of the nonresident partner's withholding. Withholding is not required for any partner participating in a composite return or for partners that provide an I-309 affidavit.** Attach each SC1065 K-1. Tiered or layered partnerships must withhold only once for activities of the partnership within South Carolina. Any related partnership must attach a statement explaining any pass-through withholding and provide a 1099-MISC "for SC purposes only" to each partner. Amend SC1065 whenever the Internal Revenue Service adjusts a federal Form 1065. If a balance is due, mail to **SC DEPARTMENT OF REVENUE, TAXABLE PARTNERSHIP, PO BOX 125, COLUMBIA, SC 29214-0036**. If no tax is due, mail to **SC DEPARTMENT OF REVENUE, NONTAXABLE PARTNERSHIP, PO BOX 125, COLUMBIA, SC 29214-0037**.

D. Payment of Tax - The balance of the tax shown to be due on line 11, page 1 of SC1065, must be paid in full. Failure to pay the tax on time will cause penalty and interest to accrue. Pay online by credit card or electronic check using our free tax portal, MyDORWAY, at **dor.sc.gov/pay**. Select Business Income Tax Payment to get started. If paying by check or money order, include name of partnership and FEIN on payment and attach to the paper return.

E. How To Obtain Past Year Forms – Past year SC1065 partnership forms can be found on our website at **dor.sc.gov/forms**.

F. 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. See SC form I-348 for instructions for filing a composite return. This information can be found on our website at **dor.sc.gov/forms**.

G. Extensions - A partnership may request an extension of time to file SC1065 by filing SC8736 by the 15th day of the third month following the end of the partnership's taxable year. When filing SC8736, include withholding of 5% of income taxable to South Carolina on all nonresident partners. However, you are not required to withhold on behalf of partners that (a) participate in a composite return, or (b) provide an I-309 affidavit stating that the taxpayer is subject to the jurisdiction of the SC Department of Revenue and the courts of South Carolina for purposes of determining and collecting tax, interest and penalties. Request your extension to file by paying your balance due on our free tax portal, MyDORWAY, at **dor.sc.gov/pay**. Select Business Income Tax payment to get started. Your credit card or electronic check payment on MyDORWAY automatically submits your filing extension request. No additional form or paperwork is required. If filing by paper, include all I-309s when filing SC8736. In lieu of SC8736, the Department of Revenue will accept a federal extension. Check the box on the front of the SC1065 to indicate if you filed a federal or state extension.

H. Composite Extensions - In order to extend the time allowed for filing a composite return, file SC4868 using the name and FEIN of the partnership, estimate the tax due, and pay the estimated tax on or before the 15th day of the 4th 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, file SC4868 instead. For tax years after 2004, 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 detailed information, see SC Revenue Procedure #92-5 on our website at **dor.sc.gov/policy**.

I. Information To Be Furnished To Partners - Supply SC1065 K-1 to each partner. Partnerships receiving passive activity income and losses from investments located within and without South Carolina must furnish partners with detailed accountings of these amounts. Similar information must be furnished 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.

J. Acceptable Forms of K-1 Information - If a partnership has more than 50 partners, we request that you submit the K-1 information on a CD in any file format that is compatible with Microsoft Word or Excel. The CD should be labeled with the following information: Name of Partnership, Federal Employer Identification Number, South Carolina Partnership File Number and Tax Year. Excel spreadsheets are also accepted. We will continue to accept paper K-1s, but request the CD or spreadsheet method of reporting. Permission does not need to be obtained from this office to submit K-1s by these methods.

K. Tax Credits - Enter non-refundable tax credits on SC1040TC and attach to this return. Attach specific tax credit schedules to the return. Indicate the amount of credit allocated to each partner on that partner's SC1065 K-1.

L. Allocation and Apportionment of Income: A taxpayer whose entire business is transacted or conducted in SC is subject to income tax based on the entire taxable income of the business for the taxable year. A taxpayer that transacts or conducts its business partly within and partly outside of SC is subject to income tax based on the portion of its business carried on in SC. This portion is determined through allocation and apportionment of income. SC Code §§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 in accordance with SC Code §12-6-2240. SC generally requires the use of one of the following apportionment methods:

1. A "sales only" apportionment method for taxpayers whose principle business in SC 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 to anyone other than the US government, 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 all rentals not allocated from tangible personal property located in South Carolina and sales of intangible personal property and receipts from services of income-producing activities performed entirely within South Carolina. If the income-producing activity is performed partly within and partly without 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 SC gross receipts divided by gross receipts everywhere. See SC Code §§12-6-2290 and 12-6-2295.
3. A "special" apportionment method provided in SC Code §12-6-2310 for certain companies, such as railroad companies, telephone companies, pipeline companies, airline companies, and shipping lines. Use the appropriate apportionment method in place of sales only or gross receipts.
4. A taxpayer may apply pursuant to SC Code §12-6-2320 for an individualized apportionment method tailored to a particular business because the normally required method would not fairly represent the extent of the taxpayer's business in SC, or as an economic incentive.

See our publication **South Carolina Tax Incentives for Economic Development** for details. This publication can be found on our website at dor.sc.gov/communications/publications.

M. Completing the SC1065

Print or type the legal name and address of the partnership.

Federal Identification Number (FEIN) number is required.

Enter the county code where the partnership is located. See county code listing in these instructions.

Check the boxes that apply:

1. Initial Return – mark this box if this return is the first SC1065 filed for this entity.
2. Final Return – mark this box if this return is the last SC1065 that will be filed for this entity. Marking this box will allow us to close the partnership account. The Account Closing Form C278 should be filed to close any other tax accounts for this entity such as Sales or Employer Withholding. Form C278 can be located on our website at dor.sc.gov/forms.
3. Address Change – mark this box if the address shown on this return is different from the address on the last SC1065 filed or from any other address documentation sent to our office. Form SC8822 should be used to change the address on any other tax accounts for this entity such as Sales or Employer Withholding. Save time and paper by completing this form on MyDORWAY, our free tax portal. Simply visit MyDORWAY.dor.sc.gov and sign in to your existing account or create an account to get started. To notify us by paper, find the SC8822 at dor.sc.gov/forms.
4. Amended Return – mark this box if this return amends a previously filed return for this period.

The SC1065 is a four step process described below in general terms.

1. Complete Schedule SC-K. Bring amounts from Schedule SC-K to lines 15, 16, and 17.
2. Complete the Apportionment, lines 18-20.
3. Complete SC1065 K-1 for each partner. Enter the amount of income taxable to nonresident partners on Line 2 of Schedule W-H Withholding Tax on Income of Nonresident Partners.
4. Complete Schedule W-H Withholding Tax on Income of Nonresident Partners. Bring amount from line 21, page 2, SC1065 to line 1. Complete lines 2-12 if applicable.

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

STEP-BY-STEP INSTRUCTIONS FOR SC1065

STEP 1

COMPLETING SCHEDULE SC-K

Schedule SC-K is a worksheet for making South Carolina adjustments to federal Schedule K items and showing the amount of these items that are allocated to South Carolina and amounts subject to apportionment.

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

Column B South Carolina Adjustment: Include in Column B additions and subtractions resulting from differences between federal and South Carolina law. 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 SC.
- 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 SC 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, treasury bills etc. as a subtraction.

Total Column B lines 1 - 13d and enter 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: Allocation of Income: Allocation and apportionment statutes are located in SC Code Sections 12-6-2210 through 12-6-2320. The following items must be allocated. List amounts allocated to South Carolina in Column D. After allocating the following items, all remaining items are subject to apportionment as described below.

- **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, less all related expenses, to the state in which the real property is located, except that the amount of gain which represents the return of amounts deducted in South Carolina as depreciation is allocated to South Carolina. If a taxpayer's business is conducted partly within and partly without 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, unless the business situs of the investment is partly within and partly without South Carolina. 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, less all related expenses, to the state where the property was located at the time the income was derived.
- **Interest and dividends:** Allocate interest and dividends not connected with the taxpayer's business, less all related expenses, to a corporate partner's principal place of business and a noncorporate partner's domicile.
- **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 without this State 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 without South Carolina, the investment is apportioned using the same formula used for apportioning the net income of the corporation.

Total Column D lines 1 - 13d and enter on line 14.

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

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

Line 15 – Enter the amounts from federal Schedule K on line 14, Schedule SC-K, Column A.

Line 16 – Enter the amounts allocated to South Carolina from line 14, Schedule SC-K, Column D.

Line 17 – Enter the Net income (loss) subject to apportionment from line 14, Schedule SC-K, Column F.

STEP 2

APPORTIONMENT

Line 18 – Enter total sales or gross receipts in the first column and SC sales or gross receipts in the second column.

Line 19 – Divide SC 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 SC (line 16 plus line 20).

STEP 3

COMPLETING SC1065 K-1

General purpose: SC1065 K-1 is prepared by the partnership to show each partner's share of the entity's income. Each item of income is adjusted as required by South Carolina law and allocated or apportioned to South Carolina or to states other than South Carolina.

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 2 of Schedule W-H on page 1 of the SC1065.

STEP 4

COMPLETING SCHEDULE W-H WITHHOLDING TAX ON INCOME OF NONRESIDENT PARTNERS

Important: SC-K must be completed before entering any figures on lines 1-12.

Line 1 – Enter the net business income (loss) taxable to South Carolina from line 21, page 2 of form SC1065.

Line 2 – Enter the amount of line 1 income taxable to nonresident partners. (From SC1065 K-1s)

Line 3 – Enter any portion from line 2 which would be exempt from withholding due to form I-309 affidavit or composite filing.

Line 6 – Enter the amount of withholding from nonresident seller real estate or South Carolina withholding from form 1099-MISC pertaining to nonresident partners only. (Attach supporting I-290 or 1099-MISC).

Line 7 – Enter the amount paid with extension request, form SC8736.

Line 9 – Subtract line 8 from line 5. If zero or less, enter zero. This is the amount due with this return.

Line 10 – Attach form I-385 if claiming the refundable Motor Fuel Income Tax Credit. The allowable credit is the lesser of the increase in South Carolina motor fuel user fee you paid during the tax year or the preventative maintenance costs you incurred in South Carolina during the tax year. Refer to the instructions of form I-385 at dor.sc.gov/forms and SC Revenue Ruling #17-6 at dor.sc.gov/policy for detailed information concerning the credit.

Line 11 – If line 9 is greater than line 10, enter the difference. This is the amount due with the return.

Line 12 – If line 10 is greater than line 9, enter the difference. This is the amount of Refundable Motor Fuel Income Tax Credit available to be refunded.

NOTE: Only a refund resulting from the refundable Motor Fuel Income Tax Credit can be claimed on form SC1065. An overpayment resulting from other sources (withholding, payments, etc.) must be claimed and refunded at the partner(s)' level since the SC1065.