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STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE

SC SCH.TC-23

(Rev. 10/30/19)

3386

**CREDIT FOR TEXTILES REHABILITATION**

Effective for property placed in service after June 30, 2004

**20** \_\_\_\_\_

dor.sc.gov

Name	SSN or FEIN
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Name as shown on Notice of Intent to Rehabilitate (if different from name on tax return)

If credit was received from a pass-through entity, name and FEIN of entity

Street address of the textile mill site

County	City	State	ZIP
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**Credit calculation: Year \_\_\_\_\_ of 5. If you are taking an installment after the year the credit is first earned, begin with line 6.**

1. Amount of rehabilitation expenses made to an eligible site placed in service during the tax year. Attach certification of textile mill site if applicable..... 1. \_\_\_\_\_
2. Estimated expenses reported in the Notice of Intent to Rehabilitate..... 2. \_\_\_\_\_
3. Maximum amount eligible for credit (multiply line 2 by 125%)..... 3. \_\_\_\_\_
4. Eligible rehabilitation expenses (lesser of line 1 or line 3)..... 4. \_\_\_\_\_
5. Current year credit earned (multiply line 4 by 25%)..... 5. \_\_\_\_\_
6. Annual installment (multiply line 5 by 20% if the property was placed in service during this tax year or enter the installment amount from a previous year's TC-23 if the property was placed in service before this year)..... 6. \_\_\_\_\_
7. Credit carryforward from prior years..... 7. \_\_\_\_\_
8. Current year credit available (add line 6 and line 7)..... 8. \_\_\_\_\_
9. Current year tax liability..... 9. \_\_\_\_\_
10. Allowable credit (lesser of line 8 or line 9)  
Enter here and on the SC1040TC or the SC1120TC..... 10. \_\_\_\_\_
11. Credit carryforward (subtract line 10 from line 8)..... 11. \_\_\_\_\_  
Unused credit may be carried forward for five years.

# INSTRUCTIONS

The credit for textiles rehabilitation is available for a taxpayer who rehabilitates, renovates, and redevelops an abandoned textile mill site in South Carolina.

## **For sites placed in service after December 31, 2007:**

A taxpayer who qualifies for the credit for revitalizing an abandoned textile facility may claim either:

- A) a credit against real property taxes levied by local taxing entities; or
- B) a credit against Corporate or Individual Income Tax, Bank Tax, Corporate License Fees, or Insurance Premium Tax.

Use SC SCH TC-23 to claim the credit under option B.

- The credit is equal to 25% of the actual rehabilitation expenses made at the textile mill site.
- The credit is limited to the taxpayer's tax liability for the tax year.
- If the taxpayer acquired the textile mill site after December 31, 2007, they must file a Notice of Intent to Rehabilitate (Notice) with the SCDOR prior to receiving the building permits for rehabilitating the textile mill site or phase of the site.
  - If the taxpayer does not provide the Notice before receiving the building permits, all rehabilitation expenses incurred before the Notice was provided will be disqualified.
  - If actual rehabilitation expenses exceed 125% of the estimated expenses in the Notice, the amount of available credit will be capped at 125% of the estimated expenses instead of the actual expenses incurred.
  - A transfer between affiliated taxpayers of phases of a textile mill site is not considered an acquisition.
- The entire credit is earned in the year the applicable phase or portion of the textile mill site is placed in service but is taken in equal installments over a five-year period.
- Unused credit may be carried forward for up to five years.
- A taxpayer claiming this credit may be able to qualify for TC-21, Certified Historic Structure Credit. If the site is eligible for both credits, the taxpayer can take both credits.
- A taxpayer that leases all or part of the textile mill site may transfer any applicable remaining credit associated with the rehabilitation expenses for that part of the site to the lessee of the site.  
A taxpayer that sells all or any phase or portion of the textile mill site may transfer all or part of the remaining credit that is associated with the rehabilitation expenses for that phase or portion of the site transferred to the purchaser. The taxpayer must notify the SCDOR of the transfer in order for it to be effective.
- A taxpayer that is a partnership or a limited liability company taxed as a partnership may pass through the credit to its partners or members and may allocate the credit among any of its partners or members on an annual basis. This could include an unlimited allocation of the entire credit to any partner or member who was a partner or member at any time during the year in which the credit is allocated. This provision also applies when the partner or member is a lessee.
- A taxpayer is not eligible for the credit if the facility has previously received textile mill credits, or if the taxpayer owned the otherwise eligible textile mill site when the site was operational and immediately prior to its abandonment.
- The area of the site is limited to the land located within the boundaries where the textile manufacturing facility structure is located and does not include land located outside the boundaries of the structure.
- The provisions of Chapter 31, Title 6 apply to this credit, except for the requirements of Section 6-31-40.
- The taxpayer may apply to the municipality or county in which the textile mill site is located for a certification of the textile mill site made by ordinance or binding resolution of the governing body of the municipality or county. The certification must include:
  - a) whether the textile mill site was a textile mill;
  - b) whether the textile mill site has been abandoned; and
  - c) the geographic area of the textile mill site.The taxpayer may rely on the certification to determine the credit. You must include a copy of the certification with the first return that claims the credit.

**If a portion but not all of the textile mill site was placed in service on or before December 31, 2007**, the taxpayer may elect to either:

- a) have the portion placed in service on or before December 31, 2007 be governed by the provisions in effect on that date, as if the portion were an entire textile mill site, or
- b) have the portion be governed under the new provisions so that it is deemed to be a phase of the site placed in service after December 31, 2007.

## Definitions

- **Abandoned** means that at least 80% of the textile mill has been closed continuously to business or otherwise nonoperational as a textile mill for a period of at least one year immediately before the date the taxpayer files a Notice of Intent to Rehabilitate. A textile mill site that otherwise qualifies as abandoned may be subdivided into separate parcels. Parcels may be owned by the same taxpayer or different taxpayers. Each parcel is deemed to be a textile mill site for purposes of determining whether each subdivided parcel is considered to be abandoned.
- **Ancillary uses** means uses related to the textile manufacturing, dying, or finishing operations on a textile mill site consisting of sales, distribution, storage, water runoff, wastewater treatment and detention, pollution control, landfill, personnel offices, security offices, employee parking, dining and recreation areas, and internal roadways or driveways directly associated with such uses.
- **Notice of Intent to Rehabilitate** means a letter submitted by the taxpayer to the SCDOR or the municipality or county indicating the taxpayer's intent to rehabilitate the textile mill site, the location of the textile mill site, the amount of acreage involved in the textile mill site, and the estimated expenses to be incurred in connection with rehabilitation of the textile mill site. The notice must include which buildings the taxpayer intends to renovate, which buildings the taxpayer intends to demolish, and whether new construction is to be involved.
- **Placed in service** means the date the textile mill site is completed and ready for its intended use. If the textile mill site is completed and ready for use in phases or portions, each phase or portion is considered to be placed in service when it is completed and ready for its intended use.
- **Rehabilitation expenses** means the expenses or capital expenditures for the rehabilitation, renovation, or redevelopment of the textile mill site. This includes the demolition of existing buildings, environmental remediation, site improvements, and the construction of new buildings and other improvements on the textile mill site. Excluded is the cost of acquiring the textile mill site or the cost of personal property located at the textile mill site. The textile mill and buildings on the textile mill site must be either renovated or demolished for the expenses to qualify for the credit. For new or rehabilitated buildings on contiguous parcels, do not include expenses that increase the amount of square footage of the buildings that existed on the parcel immediately before the textile mill became abandoned by more than 200%.
- **Textile mill** means a facility or facilities that were initially used for textile manufacturing, dying, or finishing operations and for ancillary uses to those operations.
- **Textile mill site** means the textile mill, together with the land and other improvements on it, which were used directly for textile manufacturing operations or ancillary uses. The area of the site is limited to the land located within the boundaries where the textile manufacturing, dying, or finishing facility structure is located and does not include land located outside the boundaries of the structure or devoted to ancillary uses.

For any site acquired by a taxpayer before January 1, 2008, the textile mill site includes the textile mill structure, together with all land and improvements, which were used directly for textile manufacturing operations or ancillary uses, or were located on the same parcel within one thousand feet of any textile mill structure or ancillary uses, provided the site:

- is located on the Catawba River near Interstate 77, or
  - is located in a distressed area of a county in this state on the date the Notice is filed.
- **Contiguous parcel** means any separate tax parcel sharing a common boundary with an adjacent parcel or separated only by a private or public road.

## Line instructions

Enter which year of the five allowable years you are taking the credit.

If you are taking an installment after the year the credit is first earned, begin with line 6.

**Line 1:** Enter the amount of rehabilitation expenses made to an eligible site placed in service during the tax year. If this is your first time claiming the credit, attach the certification, if any, of the textile mill site made by ordinance or binding resolution of the governing body of the municipality or county in which the site is located.

**Line 2:** Enter the amount of estimated expenses from the Notice of Intent to Rehabilitate you provided to the SCDOR. Only expenses from after the Notice was provided qualify for the credit.

**Line 3:** Multiply the estimated expenses on line 2 by 125%. This is the maximum amount of expenses that can qualify for the credit.

**Line 4:** Enter the lesser of line 1 or line 3. These are the rehabilitation expenses eligible for the credit.

**Line 5:** Multiply line 4 by 25%. This is the amount of credit earned this year.

**Line 6:** The credit is claimed in equal installments over a five-year period beginning with the tax year that the property is placed in service. If the credit was earned this year, multiply line 5 by 20%. If the property was placed in service in a prior year, begin with this line and enter the installment amount from the prior year's TC-23.

**Line 7:** Enter the amount of unused credits carried forward from prior years. Attach a schedule detailing when the credit was earned and amounts used in previous years. Unused credits can be carried forward for five years.

**Line 8:** The current year credit available is the amount of this year's annual installment plus any amount carried forward from prior years.

**Line 9:** Enter your current year tax liability.

**Line 10:** The amount of allowable credit is limited to your current year tax liability. Take the lesser of line 8 or line 9, and enter the credit amount on the SC1040TC or the SC1120TC.

**Line 11:** The amount of available credit you are unable to use can be carried forward for five consecutive years.

If you file by paper, attach a copy to your tax return. If you file electronically, keep a copy with your records.

## Social Security Privacy Act Disclosure

It is mandatory that you provide your Social Security Number on this tax form if you are an individual taxpayer. 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 SCDOR must 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 SCDOR is limited to the information necessary for the SCDOR to fulfill its statutory duties. In most instances, once this information is collected by the SCDOR, 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.