



STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE  
**ETHANOL OR BIODIESEL  
PRODUCTION CREDIT**

Name

SSN or FEIN

**Complete a separate TC-40 for each facility.**

- 1. Credit allowed by the South Carolina Energy Office (SCEO) ..... 1. \$ \_\_\_\_\_
  - 2. Current year tax liability ..... 2. \$ \_\_\_\_\_
  - 3. **Allowable Credit** (Enter the lesser of line 1 or line 2) ..... 3. \$ \_\_\_\_\_
- Individuals enter the credit on the SC1040TC. Corporations enter the credit on the SC1120TC.

**INSTRUCTIONS**

**For tax years beginning after 2006 and before 2017**, a Corporate or Individual Income Tax Credit is available for:

- 1. a corn-based ethanol or soy-based biodiesel facility producing corn-based ethanol or soy-based biodiesel, before denaturing, at a rate of at least 25% of its name plate design capacity by December 31, 2011, or
- 2. an ethanol facility using a feedstock other than corn, or a biodiesel facility using a feedstock other than soy oil, for the production of ethanol or biodiesel, before denaturing, at a rate of at least 25% of its name plate design capacity by December 31, 2011.

The ethanol or biodiesel must be produced at a plant in South Carolina where all fermentation, distillation, and dehydration takes place.

Ethanol or biodiesel produced or sold for the use in the production of distilled spirits does not qualify for the credit.

**Amount of credit**

**Corn-based ethanol or soy-based biodiesel facility:** The credit is 20 cents per gallon of corn-based ethanol or soy-based biodiesel produced for 60 months. The 60-month period begins with the first month the facility is eligible to receive the credit and must end by December 31, 2016.

**Ethanol facility using a feedstock other than corn or a biodiesel facility using a feedstock other than soy oil for the production of ethanol or biodiesel:** The credit is 30 cents per gallon of non-corn ethanol or non-soy oil biodiesel produced for 60 months. The 60-month period begins with the first month the facility is eligible to receive the credit and must end by December 31, 2016.

The taxpayer becomes eligible for the credit after the facility has six consecutive months of operation at an average production rate of at least 25% of its name plate design capacity.

Any unused credit may be carried forward for 10 years.

The gallon limits for the production of ethanol or biodiesel are:

- 25 million gallons annually
- 125 million gallons by the end of the 60-month period

**For tax years beginning January 1, 2017**, an ethanol or biodiesel facility will qualify for a Corporate or Individual Income Tax credit of 7.5 cents per gallon of ethanol or biodiesel, before denaturing, for new production for a period not to exceed 36 consecutive months. New production includes a new facility, a facility that has not received credits before 2017, or the expansion of the capacity of an existing facility, first placed in service after 2016, by at least 2 million gallons.

The gallons are certified to the SCEO by the design engineer of the facility. The amount of new production credit is approved by the SCEO based on the ethanol or biodiesel production records necessary to reasonably determine the level of new production.

A new production credit for expansion of the capacity of an existing facility cannot be claimed until production exceeds 12 times the three-month average amount during any period of 12 consecutive months beginning on or after January 1, 2017.

### **Certification by the SCEO**

A taxpayer must apply to the South Carolina Energy Office before claiming any credit. Submit your request to the SCEO by January 31 following the year for which you are claiming the credit. The request must include the total gallons of qualifying fuel produced in the previous calendar year. The SCEO will issue a response to the taxpayer by March 1 of that same year.

Find more information on applying for the credit at [energy.sc.gov](http://energy.sc.gov). The credit can be claimed for the tax year that includes December 31 of the previous calendar year and in the amount approved by the SCEO.

The SCDOR and the SCEO have the right to request examination of records regarding the credit.

### **Definitions**

**Ethanol facility** means a plant or facility primarily engaged in the production of ethanol or ethyl alcohol derived from renewable and sustainable bioproducts used as a substitute for gasoline fuel.

**Biodiesel facility** means a plant or facility primarily engaged in the production of plant- or animal-based fuels used as a substitute for diesel fuel.

**Name plate design capacity** means the original designed capacity of an ethanol or biodiesel facility. Capacity may be specified as bushels of grain ground or gallons of ethanol or biodiesel produced a year.

**New production** means production which results from a new facility, a facility which has not received credits before 2017, or the expansion of the capacity of an existing facility by at least two million gallons first placed into service after 2016, as certified by the design engineer of the facility to the South Carolina Energy Office. For expansion of the capacity of an existing facility, new production means annual production in excess of 12 times the monthly average of the highest three months of ethanol or biodiesel production at an ethanol or biodiesel facility during the 24-month period immediately preceding certification of the facility by the design engineer.

If you file by paper, attach this form and the written certification from the SCEO to your Income Tax return. If you file electronically, keep a copy with your tax 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.