



SCDOR e-File Provider Guide

Tax Year 2023

SC1040, SC1041, SC1065, SC1120, SC1120S

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e-File History and Application Process

e-File History

The South Carolina Department of Revenue (SCDOR) joined the IRS in Phase I of a pilot project to transmit 1040 federal and state data electronically in 1991. The pilot involved approximately 250 employees from the SCDOR. In 1992, South Carolina launched the first statewide Individual Income Tax electronic filing program in the nation.

Tax types added for South Carolina:

- SC1120 and SC1120S in 2007
- SC1065 and SC1041 in 2017

The SCDOR received more than 2.45 million e-Filed Individual Income Tax returns in calendar year 2023, nearly 1.4 million of which were transmitted by an e-File provider.

In total, we received more than 2.7 million e-Filed returns across all accepted tax types.

e-File Application Process

Prospective e-File providers apply to the IRS to participate in e-File. All IRS application requirements and criteria are available at [irs.gov](https://www.irs.gov). Prospective e-File providers are automatically qualified to participate with the SCDOR upon acceptance by the IRS.

South Carolina e-File providers must meet the following requirements:

- Accepted by the IRS
- Have an active and established EFIN (Electronic Filer Identification Number)
- Can transmit South Carolina returns to the IRS using approved software

South Carolina e-File Calendar

Tax Period January 1 to December 31

All dates are subject to change at the discretion of the Internal Revenue Service (IRS).

IRS/State Acceptance Testing..... November 2023

Acceptance for Production Tax Year 2022 Returns.....January 2024

- The first production date for non-1040 returns is the first week of January.
- Acceptance of 1040 returns is normally mid to late January. This date is subject to change.

Deadlines for Timely e-Filed Returns:

- | | |
|---|----------------|
| • SC1120S (varies due to Income Tax period) | March 15, 2024 |
| • SC1065 | March 15, 2024 |
| • SC1041 (calendar year filers) | April 17, 2024 |
| • SC1120 (varies due to Income Tax period) | April 17, 2024 |
| • SC1040 | May 1, 2024* |

* Taxpayers have until May 1 to both e-File the South Carolina 1040 return and pay any balance due with no penalty and interest.

The filing incentive **does not** extend the statute of limitations for filing a refund claim.

A claim for a refund must be filed within:

- three years from the date the return was filed or originally due
- two years from the date the tax was paid

The filing incentive does not apply to:

- paper SC1040 returns
- any SC1120/SC1120S, SC1065, or SC1041 returns
- federal Income Tax returns

Extension Due Date:

- | | |
|-----------|--------------------|
| • SC1120S | September 16, 2024 |
| • SC1065 | September 16, 2024 |
| • SC1041 | October 1, 2024 |
| • SC1040 | October 15, 2024 |
| • SC1120 | October 15, 2024 |

e-File Reminders

- Modernized e-File (MeF) allows e-File providers to attach documentation as a PDF document and submit necessary documentation to the IRS or SCDOR (for example: death certificate).
- The SCDOR rejects e-File returns if returns are missing required information or data is improperly formatted. A listing of SCDOR MeF rejection messages can be found on page 7 under MeF Business Rules for South Carolina.
- Both the IRS and the SCDOR send an acknowledgment within 72 hours of transmission. If you do not receive an acknowledgement, contact your software developer.
- The SCDOR supports state only or the unlinked option for electronic filing programs. State only or unlinked filing allows e-File providers to file state returns in a separate transmission from the federal return. Unlinked returns should be filed in very limited circumstances or in cases where the federal return type is not supported for e-File.
- The SCDOR supports e-File for all 1040-related forms. If your software does not support e-File for a tax type or form, contact your software developer to determine a workaround for the non-supported tax type, form, or issue.
- Balance due taxpayers filing by e-File can pay using their checking or savings bank account. Electronic payment is available for the following returns: SC1040, SC1041, SC1065, and SC1120/SC1120S.
 - The transaction date for an SC1040 balance due return should be no later than May 1. Returns filed and payments submitted after May 1 are subject to penalty and interest.
 - For all other e-File returns, the transmission date should be not later than the respective due date.
 - Taxpayers MUST provide the effective date for the payment transaction.
 - Payments are sent to the bank the next business day if payment information is received after the requested payment transaction date.
- Instruct clients to pay any balance due electronically. Options include:
 - Transmitting payment information with the e-File return submission.
 - Using the SCDOR's free online tax portal, MyDORWAY, available at dor.sc.gov/pay. Payment can be made by credit card (Mastercard, Visa, American Express, or Discover) or ACH debit or bank draft. The SCDOR does not charge a fee on credit card transactions.
- Retain the SC8453 signature document for a three-year period. VITA and similar entities provide the SC8453/SC8453C to the taxpayer for retention. There are no e-File signature documents for the SC1065 or SC1041 returns.
- Report Use Tax on the SC1040 unless your client filed a UT-3. Purchases of tangible goods for use in South Carolina are subject to Use Tax. If no tax is collected, taxpayers still owe the tax. Taxpayers use their home county's Sales and Local Tax rate to calculate amount of use tax owed on the SC1040, Line 26.

- Taxpayers or their e-File provider can submit SC4868 (Extension of Time to File) or SC1040ES (Estimated Tax Payment for Individual) return payments using e-File or the SCDOR's free online tax portal, MyDORWAY, available at dor.sc.gov/pay.
 - For MyDORWAY, payment can be made by credit card (Mastercard, Visa, American Express, or Discover) or ACH debit or bank draft. The SCDOR does not charge a fee on credit card transactions.
- With the exception of the SC1041, the SCDOR grants a six-month extension of time to taxpayers. For the SC1041, the extension of time to file due date is October 2, 2024. Forms utilized to request an extension of time to file are:
 - SC4868 for the SC1040
 - SC1120T for the SC1120 and SC1120S
 - SC8736 for the SC1065 and SC1041 (check the appropriate box)

South Carolina e-File Support

Supported Forms and Schedules

- **SC1040** – South Carolina Individual Income Tax Return
- **Schedule NR** – South Carolina Nonresident Schedule
- **Schedule AMD** – Amended Return Schedule
- **SC4972** – Tax on Lump Sum Distributions
- **SC2210** – Underpayment of Estimated Tax by Individuals
- **SC2220** – Underpayment of Estimated Tax by Corporations
- **SC1040TC** – Tax Credits (all listed credits on the form and instructions)
- **SC TC38** – Solar Energy, Small Hydropower System, or Geothermal Machinery, and Equipment Credit
- **SC TC62** – Preceptor Credit
- **I-319** – Tuition Tax Credit
- **I-333** – Anhydrous Ammonia Additive Credit
- **I-334** – Milk Credit
- **I-335** – Active Trade or Business Income
- **I-360** – Classroom Teacher Expenses Credit
- **I-385** – Motor Fuel Income Tax Credit
- **SC1120** – C Corporation Income Tax Return
- **SC1120S** – S Corporation Income Tax Return
- **SC1120TC** – Corporate Tax Credits (all listed credits on the form and instructions)
- **SC1065** – Partnership Return

- **SC1041** – Fiduciary Income Tax Return
- **SC4868** – Request for Extension of Time to File
- **SC1040ES** – Individual Declaration of Estimated Tax
- **SC1120CDP** – Corporation Declaration of Estimated Tax
- **SC1120T** – Application for Automatic Extension of Time to File Corporate Tax Return
- **SC1065ES** – Partnership Declaration of Estimated Income Tax
- **SC8736** – Request for Extension of Time to File Return for Fiduciary & Partnership
- **SC1041ES** – Fiduciary Declaration of Estimate Tax

Check with your software developer to see if they will support the ability to e-File these returns and payments. The SCDOR encourages software developers to support new e-File options, but users have the greatest influence on their software developers.

Unsupported Forms and Schedules

Exclusions Imposed by the IRS (See irs.gov for additional information):

Federal 1120 – C Farmer’s Cooperative Association

- Federal 1120 – FSC Foreign Sales Corporations
- Federal 1120 – H Homeowners Association
- Federal 1120 – REIT Real Estate Investment Trust
- Tax year 2019 and prior returns
 - Software developer must have supported e-File for South Carolina for the relevant tax type and tax year.

Even though the federal return type may not be supported at the federal level for e-File, the SC1120/SC1120S still can be filed electronically with the SCDOR. Contact your software developer on how to e-File the return as a **state only** or **unlinked** return.

Exclusions Imposed by the South Carolina Department of Revenue:

The SCDOR does not support e-File for the SC4852 (Substitute Form W-2). Taxpayers can still file a South Carolina return electronically. The IRS accepts a non-standard W-2 (substitute W-2). The W-2 has a notation indicating that it is non-standard. We recommend you scan and attach the SC4852 as a PDF to your client’s return.

e-File South Carolina Return

e-File providers must comply with all IRS procedures, communications requirements, and technical specifications. e-File providers must use SCDOR-approved software for filing South Carolina and federal returns.

Acknowledgements (Acceptance and Rejection)

Rejection by the IRS

- The IRS identifies certain conditions in the state return data that will cause rejection upon receipt of return data. The IRS provides a rejection code in the acknowledgment record and generates the rejection of the state return.
- The IRS provides a complete list of all rejection codes. The list includes those applicable to the state return portion.
- Retransmit both return records to the IRS once corrected. Be sure to reattach the South Carolina return when retransmitting rejected returns.
- Repeated rejections of returns could result in the IRS rescinding e-File privileges.

Acknowledgement of the South Carolina Return

Purpose of South Carolina Acknowledgment

The South Carolina acknowledgment informs e-File providers the state return has been accepted or rejected. The SCDOR acknowledgment process is completely separate from the federal process. An acknowledgment from the IRS does not guarantee that the SCDOR will receive and acknowledge the return.

How does the South Carolina acknowledgments process work?

- South Carolina transmits acknowledgments to the IRS.
- Your software picks up the South Carolina acknowledgments from the IRS.
- The acknowledgments file is available within 24 work hours from receipt of the IRS acknowledgment. Delays may occur at the beginning of the filing season and during peak filing periods.

Do Not Retransmit a Return:

- **Unless** your initial transmittal printout indicates a South Carolina return was not attached.
- If the South Carolina return is marked as “Pending” or “Waiting for State.”

Errors on Returns Received by the SCDOR

e-File returns have strict formatting and data validation rules. Some returns generate errors due to omissions or data entered on incorrect lines. The SCDOR corrects these returns through normal error resolution procedures. However, issuance of a refund will be delayed due to the review and correction process. In some cases, we may request additional information from the taxpayer.

Validation or Reject Messages

The SCDOR rejects returns that we cannot properly validate or that violate the MeF business rules below. Messages sent in the rejection acknowledgment reference the problem field or line. This allows easy identification and correction by the e-File provider.

MeF Business Rules for South Carolina

2023 MeF Business Rule Validation Messages	Reason	1 0 4 0	1 0 4 0	1 0 6 5	1 1 2 0 5	Error Code - 1040	Error Code - 1041	Error Code - 1065	Error Code - 1120	Error Code - 1120S
"ETIN not valid for this Form Type/Form Year."	The vendor is not approved for the tax form and year.	x	x	x	x	0001	0001	0001	0001	0001
"Invalid tax period for tax year provided."	The filing period is invalid for the tax year.	x	x	x	x	0003	0003	0003	0003	0003
"Copy of Federal Return not included."	The federal return is not included in the MeF submission.	x	x	x	x	0004	0004	0004	0004	0004
"Schedule I-319 not included for this return."	The amount on the tuition tax line is ≠ \$0, and the schedule 319 is not present.	x				0006				
"Missing or Invalid Foreign Province or State."	The return has a foreign address, and the province/state field is either blank or its value is invalid.	x	x	x	x	0008	0005	0005	0007	0006
"Amended Schedule not included for this return."	The return is marked amended but does not include the schedule AMD.	x				0009				
"Invalid routing number"	The return contains an ACH debit payment, but the bank routing number is not a valid ABA number.	x	x	x	x	P001	P001	P001	P001	P001
"The payment date cannot be more than 12 months in the future"	The return contains an ACH debit payment, and the withdrawal date is more than 12 months in the future.		x	x	x		P002	P002	P002	P002
"The payment date cannot be more than 13 months in the future"	The return contains an ACH debit payment, and the withdrawal date is more than 13 months in the future.	x				P002				
"The payment amount cannot be greater than \$99,999,999.99"	The return contains an ACH debit payment, and the amount is greater than 99,999,999.99	x	x	x	x	P003	P003	P003	P003	P003
"Invalid FEIN."	Taxpayer ID (FEIN) cannot be 9 of the same digit (ex. 111111111, 222222222, etc.)		x	x	x		0002	0002	0002	0002
"Schedule M not included for this consolidated return."	The return is marked consolidated, and the schedule M is missing or blank.				x				0005	
"Schedule L not included for this return."	The return is marked as containing disregarded entities, and the schedule L is missing or blank.				x				0006	0005
"Schedule TC-38 not included for this return."	Tax credit claimed on 1040TC or 1120TC but the schedule TC-38 is not present or credit amount is <= \$0.	x	x	x	x	0015	0015	0011	0013	0012
"Schedule TC-62 not included for this return."	Tax credit claimed on 1040TC but the schedule TC-62 is not present or credit amount is <= \$0.	x				0016				

2023 MeF Business Rule Validation Messages	Reason	1 0 4 0 8 6 8	1 0 4 4 1 7 5	1 0 6 3 6	1 1 2 0 5	1 1 2 0 5	Error Code - 1040ES	Error Code - 4868	Error Code - 1041ES	Error Code - 8736	Error Code - 1065ES	Error Code - 1120CDP	Error Code - 1120T
"ETIN not valid for this Form Type/Form Year."	The vendor is not approved for the tax form and year.	x	x	x	x	x	0001	0001	0001	0001	0001	0001	0001
"Invalid tax period for tax year provided."	The filing period is invalid for the tax year.	x	x	x	x	x	0003	0003	0003	0003	0003	0003	0003
"Invalid routing number"	The return contains an ACH debit payment, but the bank routing number is not a valid ABA number.	x	x	x	x	x	P001	P001	P001	P001	P001	P001	P001
"The payment date cannot be more than 12 months in the future"	The return contains an ACH debit payment, and the withdrawal date is more than 12 months in the future.		x	x	x	x			P002	P002	P002	P002	P002
"The payment date cannot be more than 13 months in the future"	The return contains an ACH debit payment, and the withdrawal date is more than 13 months in the future.	x	x				P002	P002					
"The payment amount cannot be greater than \$99,999,999.99"	The return contains an ACH debit payment, and the amount is greater than 99,999,999.99	x	x	x	x	x	P003	P003	P003	P003	P003	P003	P003
"No estimated payment ACH information included for this return."	The return does not contain an estimated payment.	x	x	x	x	x	P004		P004		P004	P004	
"More than one estimated payment ACH information included for this return."	The return contains more than one estimated payment.	x		x	x		P005		P005		P005	P005	
"Invalid FEIN."	Taxpayer ID (FEIN) cannot be 9 of the same digit (ex. 111111111, 222222222, etc.)		x	x	x	x			0002	0002	0002	0002	0002

Tax Fraud

The SCDOR cooperates with the IRS, the software industry, and other states to prevent tax fraud through its dedicated Fraud and Filing Enforcement units. These units identify and stop fraudulent refund schemes and identify non-filers. Specialized programs exist to detect fraudulent refund schemes and identify non-compliant filers.

SC 8453 - Individual Income Tax Declaration for Electronic Filing

Before submitting their return, the taxpayer (and their spouse, if filing jointly) must verify the return and SC8453. Upon verification, taxpayer and spouse will sign and date the SC8453. e-File providers must provide their client with copies of the return and the SC8453. The SCDOR asks that e-File providers encourage taxpayers to **Go Green** by requesting their banking information for a direct deposit refund. Taxpayers should not be asked to sign a blank SC8453 form.

- The e-File provider must maintain the SC8453 for three years.
- Only the SC1040 and SC1120/SC1120S require maintenance of the SC8453/SC8453C.
- There is no signature document requirement for the e-File SC1065 or SC1041 programs.

Attachments to the SC8453

The e-File provider should maintain a complete copy of the South Carolina return and supporting schedules along with state copies of W-2s and 1099s. The W-2 and 1099 are required only when they indicate South Carolina withholding.

Corrections to the SC8453

If there are changes to the e-Filed return, the taxpayer must submit a corrected and signed SC8453. A corrected SC8453 must be completed if the following conditions apply:

1. Their federal taxable income changes by more than \$25.00.
2. Their state refund changes by more than \$7.00.

Non-substantive changes are permissible if the person making the correction initials the change.

Refund Options and Direct Deposit

Refund Options for the SC1040

Refunds are issued by:

1. Direct Deposit into a bank account (The SCDOR's preferred refund option, since the taxpayer receives their refund faster.)
2. Paper check
3. Applied to 2023 Estimated Tax payments

The following combinations are allowed: The following combinations are allowed:

1. Apply a portion of the refund to Estimated Tax and receive the remainder by Direct Deposit.
2. Apply a portion of the refund to Estimated Tax and receive the remainder by paper check.

Direct Deposit

Preparing Taxpayers for Direct Deposit

Stress to taxpayers the importance of supplying correct banking information! Banking information **cannot** be updated once a return has been transmitted. Taxpayers should use the banking information from a check and not from a deposit slip.

The SCDOR will void the Direct Deposit and issue a check under the following conditions:

- Invalid Routing Transit Number (RTN)
- Rejection by the receiving bank
- SCDOR determination conditions exist to justify a paper check

Bank Products

With elimination of the Debt Offset Indicator, banking institutions no longer issue Refund Anticipation Loans (RALs). However, there are now bank products that mimic a RAL. Using a bank product will **not** speed up the receipt of a refund issued by the SCDOR.

- A preparer should **never** route Direct Deposits to their own personal bank accounts.
- The SCDOR is not responsible for any loss suffered by the taxpayer or preparer due to the denial of a Direct Deposit.
- Filing an e-File refund return **does not** guarantee issuance of a refund.

Refund Assistance

e-File providers and taxpayers can check the status of a state refund by visiting dor.sc.gov/refund.

- Start by entering the taxpayer's Social Security Number (SSN).
 - For returns filed under the Married Filing Jointly status, enter the first SSN listed on the return.
- Enter the anticipated amount of the South Carolina refund in whole dollars.

e-File Assistance

e-File providers may contact the SCDOR's e-File Help Desk at mef@dor.sc.gov or 803-896-1715.

You must provide:

- e-File provider
- Taxpayer Name
- Name of business if an e-File provider
- Name of e-File software being used
- South Carolina Submission ID

Always have the South Carolina Submission ID on hand. Contact your respective software developer on how to find the Submission ID. Do not email Social Security Numbers (SSNs) under any circumstances.

Balance Due Returns

The SCDOR accepts balance due e-File returns. e-File providers **must inform their clients** of electronic payment options for South Carolina balance due returns.

Payment Options

Taxpayers may pay their balance due in one of the following ways:

1. Submit their bank account information with e-Filed return.
2. Visit dor.sc.gov/pay and select **Individual Income Tax payment**. Submit payment by ACH debit/bank draft or credit card.
3. Mail a check or money order with the tax-appropriate voucher (SC1040V, SC1120V, SC1065V, or SC1041V).

Preparing Taxpayers for Bank Account Payments

Stress to taxpayers the importance of supplying correct information! The routing transit number (RTN) and bank account number (BAN) **cannot** be updated once a return has been submitted. Taxpayers should use the RTN and bank account numbers from a check, **not** from a deposit slip.

The SCDOR will void the payment attempt under the following conditions:

- Invalid Routing Transit Number (RTN)
- Rejection by the bank

If a taxpayer selects a payment date after May 1 on their SC1040, the taxpayer will incur penalties and interest from April 15 to the payment date. Requested payment dates within 48 to 72 hours of return submission may be honored the next business day after receipt and processing by the SCDOR.

South Carolina acceptance acknowledgment only indicates receipt of return. It does not guarantee a bank account payment will occur.

e-File Provider Responsibilities

Timeliness of Filing

e-File providers must file MeF returns on time. You must confirm acknowledgment of the state return by the SCDOR before considering the state return received.

Filing an Extension for 1040 Returns

The IRS accepts federal form 4868 for e-File. However, the SCDOR **does not** receive a record of that electronic return. If filing after May 1, file an extension **only** if a balance due return is due.

The SCDOR now supports e-File of the SC4868 through your software. Check with your software developer to see if they support this new e-File option for tax year 2023. If they do not, please encourage them to do so.

- Taxpayers or e-File providers can request an extension to file by paying the balance due on our free online tax portal, MyDORWAY, at dor.sc.gov/pay.
- Payment can be made by credit card (Mastercard, Visa, American Express, or Discover) or ACH debit/bank draft.
- The SCDOR does **not** charge a fee on credit card transactions.

Deadline for Filing

The SCDOR accepts electronically-filed returns transmitted up to the IRS deadline date for that particular tax type.

The SCDOR honors the same perfection period for returns submitted on time and rejected by the IRS.

Responsibility to Clients

e-File providers are entrusted to file a client's tax return. e-File providers assume the responsibility of ensuring that the return arrives to the SCDOR. Resubmit the South Carolina returns only or notify client to file a paper return if the state return is not acknowledged.

Changing Returns

If the preparer or taxpayer needs to update or change their return after acceptance, the taxpayer must file an amended return. SC1040 and non-SC1040 returns are eligible for e-File. Mark the amended checkbox on the SC1040, SC1120/SC1120S, SC1065, and SC1041 returns.

Amended SC1040 returns must include Schedule AMD when e-Filing. Please confirm processing of the original return before filing an amended return.

Debt Setoff

SC Code Section 12-56-20 authorizes the SCDOR to seize refunds due to taxpayers who have delinquent debts with the SCDOR or other governmental and quasi-governmental state agencies. All or part of a tax refund can be offset. The refund offset is sent to the claimant agencies so that they can retire the debt.

The SCDOR notifies the taxpayer in writing of the refund garnishment. The balance of the refund will be issued if the refund exceeds the amount owed the claimant agency along with administrative fees.

Taxpayers disputing the debt owed should contact the claimant agency. Do not contact the SCDOR. Monies offset are in possession of the claimant agency after offset. **The SCDOR cannot assist with any disputes.**

Sales Tax on Electronic Transmission of Data

If you:

- Prepare Only No Sales Tax Due
- Prepare and Transmit No Sales Tax Due
- Transmit Only Sales Tax Due

See South Carolina Revenue Ruling #91-20, available at dor.sc.gov/policy, for the SCDOR's official interpretation of Sales Tax law to electronic transmissions. A transmission-only electronic filing service must obtain a Retail License.