

# SCHEDULE NR INSTRUCTIONS 2018

(Rev. 12/18/18)

## IMPORTANT INFORMATION BEFORE YOU BEGIN

- Use Schedule NR if you are a nonresident or filing as a part year resident.
- Check the Schedule NR box on the front of the SC1040.
- Attach Schedule NR and a copy of your federal return to your completed SC1040.
- Do not submit Schedule NR separately.
- We are unable to process your return if Schedule NR is submitted separately and without a Social Security Number or Individual Taxpayer Identification Number (ITIN).

### ITIN – INDIVIDUAL TAXPAYER IDENTIFICATION NUMBER:

It is mandatory that you provide your Social Security Number on this tax form. If you are a nonresident or resident alien and cannot get a Social Security Number, you may contact the Internal Revenue Service (IRS) to apply for and obtain an Individual Taxpayer Identification Number (ITIN) for the purpose of filing Income Tax returns. South Carolina will accept this number in lieu of a Social Security Number for the purposes of processing your Individual Income Tax returns. For information on obtaining an ITIN, contact the IRS at 1-800-829-1040 or [www.irs.gov](http://www.irs.gov).

## LINE INSTRUCTIONS FOR SCHEDULE NR

The references to form numbers and line descriptions 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, contact the South Carolina Department of Revenue (SCDOR). These instructions are to be used as a guide in the preparation of the South Carolina Schedule NR and are not intended to cover all provisions of the law. Individual Income Tax questions can be emailed to [ITax@dor.sc.gov](mailto:ITax@dor.sc.gov).

## INCOME AND EXCLUSIONS

For lines 1-15 enter on the appropriate lines of Schedule NR all income and losses.

- Indicate losses by placing the figure in brackets.
- Enter in Column A your total income as reported on your federal return.
- Enter in Column B only the income subject to South Carolina Income Tax.
- Round-off all amounts to the nearest whole dollar.

Income on lines 1-15 must be modified in some cases. The following line by line instructions provide explanations of the amount to be entered in Column B.

### Line 1 - WAGES, SALARIES, TIPS, etc.

Enter in Column B wages, salaries, tips or other compensation you received as an employee reported as South Carolina income on your W-2s and wages you earned while a resident of South Carolina. **If you are a nonresident servicemember, see below:**

Do not include in Column A:

- Military compensation paid to a servicemember who maintains domicile in another state.

Do not include in Column B:

- Military compensation paid to a servicemember who maintains domicile in another state.
- Income for services performed in South Carolina by the spouse of a servicemember under the provisions of the Federal Military Spouses Residency Relief Act if:
  - The state where the servicemember and spouse are living is not the domicile of the spouse
  - The spouse is in South Carolina solely to be with the servicemember
  - The servicemember is in South Carolina as a result of military orders; and
  - The spouse and servicemember both have the same domicile

For additional information on the Federal Military Spouses Residency Relief Act see **SC Revenue Ruling #10-5** at [dor.sc.gov/policy](http://dor.sc.gov/policy). Do not make an adjustment if South Carolina is the state of legal domicile.

## Lines 2 AND 3 - TAXABLE INTEREST AND DIVIDENDS

Generally, interest, dividend income and interest from other state's obligations are taxable by South Carolina only for the time you were a resident of South Carolina. Interest connected with a trade or business in South Carolina should be included in Column B regardless of state of residency. Do not include in Column B interest income from United States or South Carolina obligations.

## Line 4 - TAXABLE REFUNDS, CREDITS, OR OFFSETS OF STATE AND LOCAL INCOME TAXES

Refund of state and local Income Tax(es) is not taxable under South Carolina Income Tax law. Enter the amount from federal Form 1040 in Column A. Do not enter an amount in Column B.

## Line 5 - ALIMONY RECEIVED

Alimony received is taxable to South Carolina only for the time you were a resident of South Carolina. Enter this amount in Column B.

## Line 6 - BUSINESS INCOME OR (LOSS)

Enter in Column B **only** the income or loss incurred from businesses located within **South Carolina**. Indicate business losses in brackets. **NOTE:** As of January 1, 2009, a business must add back any amount paid for services performed by an unauthorized alien if the amount is \$600 or more a year.

## Lines 7 and 8 - CAPITAL GAIN OR (LOSS) AND OTHER GAINS OR (LOSSES)

Gains or losses from the sale of real property (such as land or buildings) located in South Carolina must be reported in Column B. Indicate losses in brackets. Gains or losses from property other than real property (such as stocks or bonds) sold while a resident of South Carolina must also be included in Column B. Any gain or loss reported in Column B must be supported by the appropriate federal schedules showing location of business or property.

## Lines 9 and 10 - TAXABLE AMOUNTS OF IRA DISTRIBUTIONS, PENSIONS AND ANNUITIES

Report in Column B, taxable amounts while a resident of South Carolina.

**Line 11 - RENTAL REAL ESTATE, ROYALTIES, PARTNERSHIPS, ESTATES, TRUSTS, ETC.**

Enter in Column B, only the income or loss from property located in South Carolina and/or from doing business in South Carolina. Indicate losses in brackets.

**Line 12 - FARM INCOME OR (LOSS)**

Enter in Column B only the income or loss incurred from a farm located within South Carolina. Indicate your farm loss in brackets. **NOTE:** As of January 1, 2009, a South Carolina business must add back any amount paid for services performed by an unauthorized alien if the amount is \$600 or more a year.

**Line 13 - UNEMPLOYMENT COMPENSATION**

Enter in Column B the portion of unemployment compensation paid from South Carolina or received while a resident of South Carolina.

**Line 14 - TAXABLE AMOUNT OF SOCIAL SECURITY BENEFITS**

Social Security and railroad retirement are not taxed by South Carolina. Do not enter any of these amounts in Column B.

**Line 15 - OTHER INCOME**

Enter in Column B any other income for which there is no line provided on the return. Other income includes prizes, awards, gambling winnings, director's fees, etc. earned while a resident of South Carolina or from sources within South Carolina. The federal foreign earned income exclusion may be claimed on this line by entering the amount in Column B with brackets. Be sure to insert "foreign earned income exclusion" in the margin. Net operating losses may also be claimed on line 15 by inserting "NOL" in the margin and entering the loss in Column B. **Attach a schedule detailing the loss. South Carolina does not allow carryback of net operating loss (NOL).**

**Line 16 - TOTAL INCOME**

Total each column of figures from A and B, lines 1 through 15. Enter the amounts in the appropriate columns on line 16. **NOTE: Subtract items in brackets.**

**ADJUSTMENTS TO INCOME**

This section involves federal adjustments to gross income. Enter amounts from your federal return in Column A. Enter the portion that applies to South Carolina in Column B. The SC adjustments in lines 17-29 cannot exceed 100% of the federal adjustment.

**Line 17 - EDUCATOR EXPENSES**

If you qualify for an educator expenses deduction for federal purposes, you are allowed a deduction in Column B. Use the following formula:

SC Total Income (line 16, Column B)		Line 17		SC Adjustment
Federal Total Income (line 16, Column A)	X	Column A	=	in Column B

**Line 18 - CERTAIN BUSINESS EXPENSES OF RESERVISTS, PERFORMING ARTISTS AND FEE-BASED GOVERNMENT OFFICIALS**

SC Total Income (line 16, Column B)		Line 18		SC Adjustment
Federal Total Income (line 16, Column A)	X	Column A	=	in Column B

**Line 19 - HEALTH SAVINGS ACCOUNT**

SC Compensation		Line 19		SC Adjustment
Federal Compensation	X	Column A	=	in Column B

Compensation includes wages, salaries, commissions, tips, professional fees, bonuses, and other amounts you received for providing personal services including self-employment income.

**Line 20 - MOVING EXPENSES**

If you had allowable moving expenses on your federal Form 1040 and if **your move was into or within South Carolina, you are allowed a full moving expense adjustment in Column B.** If you moved out of South Carolina, your expenses are not deductible.

**Lines 21 through 23**

If you have self-employment income derived from other states as well as South Carolina, use the following formula to prorate the federal adjustment reported in Column A in order to determine the South Carolina adjustment in Column B.

SC self-employment income		Federal Adjustment		SC Adjustment
Total self-employment income	X	Column A	=	in Column B

**Line 24 - PENALTY ON EARLY WITHDRAWAL OF SAVINGS**

Enter in Column B any penalty for early withdrawal of savings taxable to South Carolina.

**Line 25 - ALIMONY PAID**

If you paid alimony which qualified as an adjustment for federal tax purposes, you may take an adjustment in Column B. Use the following formula:

SC Total Income (line 16, Column B)		Line 25		SC Adjustment
Federal Total Income (line 16, Column A)	X	Column A	=	in Column B

**Line 26 - IRA DEDUCTION**

To compute the IRA adjustment for Column B you must use the percent that your South Carolina compensation bears to your federal compensation. Use the formula below:

$$\frac{\text{SC Compensation}}{\text{Federal Compensation}} \times \text{Line 26 Column A} = \text{SC Adjustment in Column B}$$

Compensation is defined in the instructions to line 19.

**Line 27 - STUDENT LOAN INTEREST DEDUCTION**

If you qualify for a student loan interest deduction for federal purposes, you are allowed a deduction in Column B. Use the following formula:

$$\frac{\text{SC Total Income (line 16, Column B)}}{\text{Federal Total Income (line 16, Column A)}} \times \text{Line 27 Column A} = \text{SC Adjustment in Column B}$$

**Line 29 - OTHER ADJUSTMENTS TO INCOME**

Enter in Column B any federal adjustment to income for which there is no line provided.

**Line 31 - ADJUSTED GROSS INCOME**

To determine your federal adjusted gross income, subtract the figure on line 30, Column A, from the amount on line 16, Column A. Enter this figure on line 31, Column A. This amount should be the same as the adjusted gross income amount on your federal tax return.

To determine your South Carolina adjusted gross income, subtract the amount on line 30, Column B, from the amount on line 16, Column B. Enter this figure on line 31, Column B.

**SOUTH CAROLINA ADJUSTMENTS**

**Line 32 - SOUTH CAROLINA ADDITIONS TO INCOME**

Attach an explanation of your entry for this line. Taxpayers that claim bonus depreciation under federal law must add back the difference between the bonus depreciation taken and the depreciation which would have been allowed without bonus depreciation. A charitable contribution deduction under IRC Section 170 for a gift of land must be added back unless the contribution also meets the requirements of SC Code Section 12-6-5590. Withdrawals from Catastrophe Savings Accounts are taxable in the amount by which they exceed qualified catastrophe expenses.

**SOUTH CAROLINA SUBTRACTIONS**

**Line 33 - SOUTH CAROLINA DEPENDENT EXEMPTION**

A South Carolina dependent exemption is allowed for each eligible dependent, including both qualifying children and qualifying relatives. Eligible dependents are dependents claimed on your federal Income Tax return. See worksheet below

**SOUTH CAROLINA DEPENDENT EXEMPTION WORKSHEET**

South Carolina dependent exemption amount \$4,110

Number of dependents claimed on your federal return. X       

Allowable deduction, enter this amount on line 33       

**Line 34 - NET CAPITAL GAIN DEDUCTION**

Net capital gains which have been held for a period of more than one year and have been included in the South Carolina taxable income are reduced by 44% for South Carolina Income Tax purposes.

The term "**net capital gain**" means the **excess of the net long-term capital gain** for the taxable year **over the net short-term capital loss** for such year. Income received from installment sales as well as capital gain distribution qualifies for this deduction **provided the more than one year holding period has been met**. South Carolina capital gains holding period is the same as the federal holding period. Multiply the net gain which meets the above guidelines by 44% (.44) and enter the results on this line.

**Example:** Taxpayer has gain on stock (held more than one year) of \$10,000 and a long term (LT) loss on stock of \$3,000. Also reported is a short term (ST) loss on stock held for six months of \$5,000.

	SC Net LT Capital Gain	\$ 7,000 (10,000 - 3,000)
-	SC Net ST Capital Loss	5,000
	<u>SC Net Capital Gain</u>	<u>\$2,000</u>
X	<u>Gain Deduction</u>	<u>X 44%</u>
	Amount to be deducted	\$880

**Lines 35a - 35c RETIREMENT DEDUCTION FOR SOUTH CAROLINA RESIDENTS**

South Carolina taxes retirement received during the time you were a resident of this state.

Up to \$3,000 of qualified taxable retirement income is deductible for resident taxpayers under age 65. Up to \$10,000 of qualified taxable retirement income is deductible for resident taxpayers age 65 and older.

Line 35a applies to the taxpayer whose name appears first on the return. Line 35b applies to the spouse whose name appears second on the return.

To claim the deduction on line 35c, a surviving spouse must receive the deceased spouse's qualified taxable retirement income as a surviving spouse. The surviving spouse retirement deduction is in addition to the **individual** retirement deduction from his or her own plan. Enter the date of birth of the deceased spouse. **See next page for retirement worksheets.**

Worksheet for Taxpayer line 35a:	
1. Maximum deduction allowed for taxpayer based on age (\$3,000 or \$10,000).	1. _____
2. Taxpayer's individual qualified retirement income included in federal form and taxable to South Carolina (taxable IRA distributions, pensions & annuities).	2. _____
3. Amount on line 1 or 2, whichever is smaller. Enter on line 35a.	3. _____

Worksheet for Spouse line 35b:	
1. Maximum deduction allowed for spouse based on age (\$3,000 or \$10,000).	1. _____
2. Spouse's individual qualified retirement income included in federal form (taxable IRA distributions, pensions & annuities).	2. _____
3. Amount on line 1 or 2, whichever is smaller. Enter on line 35b.	3. _____

Worksheet for Surviving Spouse line 35c:	
<b>NOTE: Calculate separately for each deceased spouse and include total on line 35c.</b>	
1. Maximum deduction allowed for surviving spouse based on age of deceased spouse had he/she lived (\$3,000 or \$10,000 per deceased spouse).	1. _____
2. Qualified retirement income received as surviving spouse included in federal form and taxable to South Carolina (taxable IRA distributions, pensions & annuities)	2. _____
3. Amount on line 1 or 2, whichever is smaller. Enter on line 35c.	3. _____

**Lines 35d – 35f MILITARY RETIREMENT DEDUCTION FOR SOUTH CAROLINA RESIDENTS**

An individual taxpayer who has military retirement income, each year may deduct an amount of his South Carolina earned income from South Carolina taxable income equal to the amount of military retirement income that is included in South Carolina taxable income. The deductions are phased in over five years beginning in 2016. The term "retirement income" means the total of all otherwise taxable income not subject to a penalty for premature distribution received by the taxpayer or the taxpayer's surviving spouse in a taxable year from a qualified military retirement plan. For purposes of a surviving spouse, "retirement income" also includes a retirement benefit plan and dependent indemnity compensation related to the deceased spouse's military service. A surviving spouse receiving military retirement income that is attributable to the deceased spouse shall apply this deduction in the same manner that the deduction applied to the deceased spouse. If the surviving spouse also has another retirement income, an additional retirement exclusion is allowed.

**Military Retirement Deduction Under the Age of 65**

For 2018, the deduction is limited to **\$11,700** for individual taxpayers under the age of 65. Taxpayers must have other earned income, other than the military retirement, to take the deduction. South Carolina earned income is generally income you receive for services you provide. It includes wages, salaries, tips, commissions and sub-pay. It also includes income earned

from self-employment, business income or loss, partnership income or loss, farm income or loss and any other earned income taxed to South Carolina. Earned income does not include gambling or bingo winnings, interest, dividends, Social Security benefits, IRA distribution, retirement plan or annuity benefits, unemployment compensation, deferred compensation or non-taxable income. It also does not include any amount you paid your spouse. Once the phase in is complete, the under age 65 military retirement deduction will be \$17,500 per taxpayer in 2020. In the case of married taxpayers who file a joint federal Income Tax return, the deduction allowed by this section shall be calculated separately as though they had not filed a joint return, so that each individual's deduction is based on the same individual's retirement income and earned income. **Caution: Taxpayers under the age of 65 receiving military retirement income; but no earned income, would only be eligible for the retirement deduction on line 35a or 35b.**

**Example 1:** Taxpayer under the age of 65 has military retirement income of \$5,000 and earned income of \$4,000. Taxpayer's **military retirement deduction** is \$4,000.

**Example 2:** Taxpayer under the age of 65 has military retirement income of \$4,000 and earned income of \$0. Taxpayer **does not** qualify for the **military retirement deduction** since there is no earned income; however, the taxpayer **would** qualify for the **\$3,000 retirement deduction** on line 35.

**Example 3:** Taxpayer under the age of 65 has military retirement income of \$11,000 and retirement income from other sources of \$12,000. Additionally, the taxpayer has earned income of \$13,000. Taxpayer's **military retirement deduction would be \$11,000. Caution: Individual taxpayers are only allowed one retirement deduction, for all retirement income whether military or other retirement. Surviving spouse benefits would be calculated separately.**

**Military Retirement Deduction Age 65 and Older:**

An individual taxpayer who is age 65 and older who has military retirement may deduct **\$24,000 for 2018** of military retirement income that is included in South Carolina income. For taxpayers age 65 and older, there are no requirements for other earned income. The deduction is phased in over five years beginning in 2016. Once the phase in is complete, the age 65 and older military retirement deduction will be \$30,000 per taxpayer in 2020. **Caution: See the instructions for line 36 age 65 and older deduction.**

**Line 36 - AGE 65 AND OLDER DEDUCTION FOR SOUTH CAROLINA RESIDENTS**

**You must have been a resident for at least part of the year in order to claim this deduction.** A resident taxpayer age 65 and older is entitled to a deduction of \$15,000 against any South Carolina income. Line 36a applies to the taxpayer whose name appears first on the return. Line 36b applies to the spouse whose name appears second on the return.

**The amount of the deduction on line 36a and 36b is reduced by any individual retirement deduction claimed on line 35a and 35b as well as any military retirement deduction claimed on lines 35d and 35e. The age 65 and over deduction is not reduced by any surviving spouse retirement deduction claimed on line 35c or 35f.**

**See the examples below.** Assume for all examples that taxpayers are residents and have income to qualify for the age 65 and older deduction in addition to the retirement deductions.

**Example 1:** Taxpayer age 65 and older has no military or other sourced retirement income on lines 35a or 35d. Taxpayer is eligible for a deduction of \$15,000 on line 36a.

**Example 2:** Taxpayer age 65 and older has no military retirement income but other sourced retirement of \$14,000.

Taxpayer is allowed a deduction of \$10,000 on line 35a and a deduction of \$5,000 on line 36a.

**Example 3:** Taxpayer age 65 and older has military retirement income of \$13,000 and is allowed a deduction on line 35d of \$13,000. Taxpayer is allowed a deduction of \$2,000 on line 36a. The maximum allowed deduction for 2018 is \$15,000.

**Example 4:** Taxpayer age 65 and older has military retirement income of \$26,000. Taxpayer is eligible for a military retirement deduction of \$24,000 on 35d. Taxpayer is not allowed an additional amount on line 36a. Maximum retirement deduction for military retirement for taxpayers age 65 or older is \$24,000 for 2018. See instructions for military retirement.

**Example 5:** Taxpayer age 65 and older has military retirement income of \$16,000, and other sourced retirement income of \$8,000. Taxpayer is allowed a deduction on line 35d of \$16,000. Taxpayer is not allowed an additional amount on line 36a. See instructions for military retirement.

**Line 37 - DEPENDENTS UNDER SIX YEARS OF AGE**

**You must have been a resident for at least part of the year in order to claim this deduction.** A deduction is allowed for each dependent claimed on the federal Income Tax return who had not reached the age of six years by December 31 of the tax year. Furnish the date of birth and Social Security Number(s) in the available blanks. If additional space is needed, attach a separate sheet with the requested information. Use the following worksheet to compute the deduction:

South Carolina Dependent Exemption Amount .....	\$4,110
Number of dependents claimed on your 2018 federal return <b>who had not reached age six during the tax year</b> .....	X _____
Allowable deduction, enter this amount on line 37.....	_____

**Line 38 - CONTRIBUTIONS TO THE SC COLLEGE INVESTMENT PROGRAM ("FUTURE SCHOLAR") OR TO THE SC TUITION PREPAYMENT PROGRAM**

You may deduct 100% of any contributions to the SC College Investment Program ("Future Scholar") made between January 1, 2018 and through April 15, 2019. You may deduct 100% of any contributions to the SC Tuition Prepayment Program made between January 1, 2018 and December 31, 2018.

**Line 39 - ACTIVE TRADE OR BUSINESS INCOME**

Enter the amount from I-335, Line 5.

**Line 40 - CONSUMER PROTECTION SERVICES**

An individual may deduct the costs incurred by him or her in the tax year to purchase a monthly or annual contract or subscription for identity theft protection and identity theft resolution services. The deduction is only for individuals who filed a return with the SCDOR for a tax year between 1998 and 2012 or when another's personal identifiable information was included on the return. **The deduction may not be claimed for an individual who either deducted the same actual costs as a business expense or was enrolled in the free identity theft protection and resolution services that were offered by the State until October 31, 2018. If an enrollee purchased their own coverage after the free coverage ended, those expenses may be deducted. The deduction is limited to \$300 for an individual taxpayer, and to \$1,000 on a joint return or a return claiming dependents.**

Identity theft protection includes products and services designed to prevent an incident of identify fraud or identity theft or otherwise protect the disclosure of a person's personal identifying information (for example your SSN) by preventing a third party from gaining unauthorized acquisition of another's personal identifying information to obtain financial resources or

other products, benefits or services. Identity theft resolution services include products and services designed to assist persons whose personal identifying information was obtained by a third party, which results in minimizing the effects of the identity fraud or identity theft incident and restoring the person's identity to pre-theft status.

**Line 41 - OTHER SUBTRACTIONS**

Enter on line 41, Column B, any other deductions for which there is no line provided. Other deductions include Reserve or National Guard income received for weekend drills and customary training periods; subsistence allowances for law enforcement officers and full-time firefighters and emergency medical service personnel; volunteer firefighters, rescue squad members, HAZMAT members, reserve police officers, DNR deputy enforcement officers, State Guard members, and state constables; special needs child adoption deductions; and a deduction for amounts contributed to and interest income earned by a Catastrophe Savings Account and ABLE Savings Account. These deductions are allowable only if the corresponding income is reported in Column B. **See SC1040 instructions for a detailed explanation of these deductions.**

**Line 43 - TOTAL SOUTH CAROLINA ADJUSTMENTS**

Subtract line 42 from line 32. For example, if line 32 is -0- and line 42 is \$3,000, enter (\$3,000) as a negative entry on line 43.

**Line 45 - PRORATION**

Divide the amount on line 31, Column B, by the amount on line 31, Column A. Enter the result on line 45. You may round to the second decimal.

**Line 46 - DEDUCTIONS ADJUSTMENT**

**Part I**

If not itemizing, enter the standard deduction from your federal return.

If you itemized deductions on your federal return, enter the total itemized deductions from your federal return on line 46, Part I.

**Part II**

If you itemized your deductions on your federal Income Tax return and deducted state and local Income Tax or general Sales Tax you may be required to subtract all or part of this amount from your total federal itemized deductions when computing your South Carolina taxable income.

The new federal law limits your total deduction for state and local income, sales, and property taxes to a combined, total deduction of \$10,000 (\$5,000 if Married Filing Separate). Any state and local taxes paid above this amount cannot be deducted on your federal return.

In determining the state tax adjustment for a taxpayer whose tax deduction is limited to \$10,000, you may first apply real or personal property taxes reported on Federal Schedule A, lines 5b and 5c before applying state and local Income Taxes or general Sales Taxes reported on Federal Schedule A, line 5a.

The state tax adjustment required for South Carolina is the lesser of your: (a) itemized deductions in excess of the standard deduction that would have been allowed if you had used the standard deduction for federal Income Tax purposes; (b) state and local Income Taxes or general Sales Taxes from your Federal 1040, Schedule A, line 5a; or (c) the \$10,000 federal tax deduction limit less deductible property taxes.

The worksheet below is useful in computing the state tax adjustment on the Schedule NR. This worksheet is not submitted with your return.

**Part II**

**Worksheet for State Tax Adjustment**

1. Itemized deductions from Part I 1. \_\_\_\_\_
2. Enter the federal standard deduction you would have been allowed if you had not itemized. **Enter zero if filing status is married filing separate (MFS). (See federal instructions)** 2. \_\_\_\_\_
3. Subtract line 2 from line 1. (Enter zero if line 2 is greater than line 1.) 3. \_\_\_\_\_
4. Enter the amount of state and local Income Taxes (or general Sales Taxes) from federal Schedule A. 4. \_\_\_\_\_
5. Subtract real estate taxes and personal property taxes as reported on federal Schedule A from the federal limit of \$10,000 (\$5,000 if MFS). Enter the difference, but not less than 0. 5. \_\_\_\_\_
6. Enter the lesser of line 3, line 4, or line 5. Enter this amount on line 46, Part II of Schedule NR. 6. \_\_\_\_\_

**Part III**

Total amounts of other expenses which were included in the federal itemized deductions. Other expenses include:

- Expenses deducted on the federal return related to any income that is exempt or not taxed by South Carolina. Some examples are investment interest to out-of-state partnerships and interest paid to purchase United States obligations.
- Miscellaneous federal estate tax deduction on income of decedent.

Enter here and on line 46, Part III. III. \_\_\_\_\_

**Part IV**

**Total Deductions Adjustment.** Subtract the state tax adjustment (Part II) and other expenses (Part III) from itemized deductions (Part I).

Enter here and on line 46 IV. \_\_\_\_\_

**Line 48 - SC TAXABLE INCOME**

This amount should be entered on line 5 of SC1040. If less than zero, enter zero.

**IMPORTANT REMINDERS**

- **Check the Schedule NR box on the front of the SC1040.**
- **Schedule NR and a copy of your federal return must be attached to a completed SC1040.**
- **Do not submit Schedule NR separately. Your return cannot be processed if Schedule NR is submitted separately.**
- **Record Keeping: keep a complete copy of your return, including attachments. Do not mail your only copy of any tax document.**
- **We are unable to process your return if filed without a Social Security Number or Individual Taxpayer Identification Number (ITIN).**

**Social Security Privacy Act Disclosure**

It is mandatory that you provide your Social Security Number on this tax form. 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 shall 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.