SOUTH CAROLINA DOR DEPARTMENT OF REVENUE

SC1040 Instructions

2026 Individual Income Tax Instructions

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Before You Begin

- For tax year 2026, unless you have a valid extension, your SC1040 is due April 15, 2027 and the deadline to claim a refund is April 15, 2030.
- South Carolina tax forms and instructions are available at **dor.sc.gov/forms**. South Carolina Advisory Opinions and other publications are available at **dor.sc.gov/policy**. References to forms, instructions, advisory opinions, and publications are accurate as of the date these instructions were published.
- Read the instructions carefully before you begin preparing your SC1040. These instructions are a guide to help you complete your return. They are not intended to cover all provisions of the law.
- Complete your federal return before you begin your SC1040. You will need information from your federal return when preparing your South Carolina return.
- South Carolina conforms to the Internal Revenue Code (IRC) as amended through December 31, 2024, except as otherwise provided. Any IRC sections adopted by South Carolina that would have expired on December 31, 2024 but were extended, but otherwise not amended, by congressional enactment during 2025 are also extended for South Carolina Income Tax purposes in the same manner they are extended for federal Income Tax purposes.
- These instructions reflect the law as of the end of the 2026 South Carolina legislative session. References to the South Carolina Code of Laws and the Internal Revenue Code are accurate as of the date these instructions were published and may be amended or repealed.
- Any references to federal form numbers and line descriptions were correct at the time these instructions were published. If they have changed and you are unable to determine the proper line to use, contact the SCDOR's Individual Income Tax section at 1-844-898-8542.
- You must complete and attach all proper tax schedules to your return. Incomplete information may result in delays with processing your return and any refund due.
    - If you used federal Schedules C, D, E, or F, you must attach a complete copy of your federal return, including schedules, to your SC1040.
    - If you file a return with a Schedule ADJ, Schedule NR, SC1040TC, I-319, or I-335, you must attach the completed schedules to your SC1040.
    - If you file an amended return, you must include the Schedule AMD along with the amended SC1040.

New for 2026

- Act 110 of 2026 made significant changes to South Carolina's Individual Income Tax laws. Beginning with the 2026 tax year, the starting point for determining South Carolina taxable income is federal adjusted gross income (AGI) instead of federal taxable income.
- South Carolina individuals may be eligible for the new South Carolina Income Adjusted Deduction (SCIAD). The SCIAD amount is based on the taxpayer's filing status and federal AGI.

See the instructions for line 4 of the SC1040 for more information on calculating your SCIAD. The SC1040 was changed to allow for the change to AGI and to include the new SCIAD.

- Individuals who have South Carolina additions and subtractions (other than the new SCIAD) will enter those amounts on the new Schedule ADJ and transfer the totals from the Schedule ADJ to the SC1040. Individuals with amounts on the Schedule ADJ must attach a completed schedule to their SC1040 return.
- The South Carolina Earned Income Tax Credit (EITC) is now limited to a maximum credit amount of $200. The South Carolina credit is a nonrefundable credit. Use these instructions to determine the credit amount to take on line 10 of the SC1040. No additional credit schedule is required to claim the South Carolina EITC for the 2026 tax year.
- The South Carolina Individual Income Tax brackets were reduced to two brackets with a top marginal tax rate of 5.21% for the 2026 tax year. Use the SC1040TT, SC1040 Tax Tables, to determine your tax liability based on your South Carolina taxable income.

Frequently Asked Questions

General Information

Do I need to file a South Carolina Individual Income Tax return?

South Carolina Residents: If you are a South Carolina resident for the 2026 tax year, you are required to file a return if your gross income is greater than the standard SCIAD amount, which is based on your filing status. If you are age 65 or older, add the additional $15,000 deduction amount to your SCIAD amount to determine if you are required to file a South Carolina return.

Use the chart below to help determine if you are required to file. If your gross income for 2026 is greater than the amount shown for your age and filing status, then you are required to file a South Carolina return.

Filing Status	Under Age 65	Age 65 or Older
Single	$15,000	$30,000
Married Filing Jointly	$30,000	$45,000 if one spouse age 65 or older $60,000 if both spouses age 65 or older
Married Filing Separately	$15,000	$30,000
Head of Household	$22,500	$37,500
Qualified Surviving Spouse	$30,000	$45,000

Nonresidents and part-year residents: You are required to file a South Carolina Individual Income Tax return if your South Carolina gross income is greater than the standard SCIAD amount based on your federal filing status, reduced by the proportion of South Carolina adjusted gross income to your federal AGI.

Even if you are not required to file a return based on your gross income, you may still want to file if you had South Carolina Income Tax withheld from your wages, or if you have South Carolina losses or credits to carry forward to a future year.

What form and schedules should I file?

SC1040: All individuals, including part-year residents and nonresidents, who file a South Carolina Individual Income Tax return will use the SC1040.

Also, you may be required to submit the following schedules. If you do not complete and attach all required schedules with your return, there may be delays with processing your tax return and any refund due:

Schedule ADJ: Complete and attach this schedule if you have South Carolina additions or subtractions, other than the South Carolina Income Adjusted Deduction (SCIAD).

Schedule NR: Complete and attach this schedule if you are a nonresident with South Carolina income or if you are a part-year resident electing to file as a nonresident.

SC1040TC: Complete and attach this schedule if you are claiming nonrefundable South Carolina Income Tax Credits. If you are claiming the credit for taxes paid to another state, you must also attach copies of any other states' returns.

Schedule AMD: Complete and attach this schedule to your amended SC1040 if you are filing an amended return.

Do I need to round amounts on my return?

Round cents to the nearest whole dollar on your return and schedules. For amounts less than 50 cents, round down to 0. For amounts of 50-99 cents, round up to the next dollar. For example, $2.15 becomes $2, $3.50 becomes $4, and $4.75 becomes $5.

When is my return due?

Calendar year 2026 returns are due by April 15, 2027.

If you used a fiscal year for your federal return, you must use the same period for your South Carolina return. A return for a fiscal year tax period is due by the 15th day of the fourth month following the close of the tax year. On the front of the SC1040, complete the dates covered by the fiscal year.

South Carolina provides an electronic filing incentive that allows you to file and pay electronically by May 1, 2027 without being charged penalties and interest. This incentive does not change the due date of any returns.

You must both file **and** pay electronically to receive the benefits of this incentive. If you file electronically but do not pay electronically by May 1, you will be charged penalties and interest from the original April 15 due date until you file and pay.

The May 1 electronic filing incentive does not apply to federal returns or returns submitted by paper.

Can I get an extension of time to file my return?

You can request a six-month extension of time to file your return. For a calendar year taxpayer, this extends the return filing due date to October 15, 2027. The extension does not extend the time to pay

the tax due. If you do not pay at least 90% of your South Carolina Income Tax due by April 15, 2027, you may be subject to penalties and interest.

If you owe South Carolina Income Tax, you can request an extension by paying your balance due on our free online tax portal, MyDORWAY, at **dor.sc.gov/pay**. Select **Individual Income Tax Payment** to get started. You do not need to log in or create a MyDORWAY account. Your payment on MyDORWAY automatically submits your extension request. No additional form or paperwork is required.

If you do not pay your balance due on MyDORWAY, you can request an extension by filing the SC4868, Request for Extension of Time to File, by April 15, 2027.

If no South Carolina Income Tax is due, and you have been granted an extension of time to file your federal return, we will accept a copy of the federal extension when you file your extended return. You do not need to send us a separate copy of the federal Form 4868 by the original due date of the return.

When you file your return, mark the correct box on the front of your SC1040 to indicate you filed an extension. Enter any payment made with your extension request on line 18 of your SC1040.

Can I get more time to pay my taxes?

An extension allows additional time to file your SC1040, but not to pay any taxes due. You will be charged interest, at the prevailing federal rates, on any unpaid tax. Interest is applied from the original due date of the tax return to the date of the payment.

In addition to the interest, you will be charged a penalty of 0.5% per month for failure to pay at least 90% of the total tax due by the original due date. The penalty will be imposed on the difference between the amount paid with the extension and the tax to be paid for the period.

Will I owe any penalties or interest?

A Penalty and Interest Calculator is available at **dor.sc.gov/calculator**.

Interest, calculated at the prevailing federal rates, is due on any unpaid tax. Interest is applied starting from the original due date of the return until the tax balance is paid in full.

If you do not file your Income Tax return by the due date, including any extension of time to file, you will be charged a failure to file penalty. The penalty is 5% of the tax amount if the failure is for not more than one month, with an additional 5% for each additional month or fraction of a month the failure continues, not to exceed 25% in total.

If you do not pay your income tax due on or before the original due date, you will be charged a failure to pay penalty. The penalty is 0.5% of the tax if the failure is for not more than one month, with an additional 0.5% for each additional month or fraction of a month the failure continues, not to exceed 25% in total.

If you do not pay estimated payments equal to at least 90% of the tax shown on your current year return or 100% of the tax from your prior year return, you will be subject to a penalty for underpayment of estimated tax. If your AGI is greater than $150,000, substitute 110% of the prior year's tax for the 100% amount.

Any person who deliberately fails to file a return, files a fraudulent return, or attempts to evade the tax in any manner may be liable for a penalty up to $10,000, imprisoned for up to 5 years, or both.

Am I required to file my return and pay electronically?

Individuals who owe more than $15,000 in connection with any South Carolina tax return must file and pay electronically according to the Electronic Mandate provided in SC Code Sections 12-54-250 and 12-54-210. If you do not file and pay electronically, you may be subject to a $500 penalty.

We recommend you file electronically even if you are not required to do so. It's our fastest, easiest, and safest option.

How do I file and pay electronically?

File electronically using **Fed/State Efile** with one of our approved vendors. This option allows you to electronically file both federal and state returns (or just the state return) and pay with ACH debit from your checking or savings account. Visit **dor.sc.gov/iit-filing** for more information.

You cannot file your return on MyDORWAY, but you can make a payment on MyDORWAY. If you manage your Individual Income Tax account on MyDORWAY, log in to **MyDORWAY.dor.sc.gov**. If you don't have an account, you can still pay electronically at **dor.sc.gov/pay**. On MyDORWAY, you can pay by credit card or from your bank account.

How do I file a return for a deceased taxpayer?

If a person received income during the tax year but died before filing their return, their surviving spouse, or the executor or administer of their estate, should file their SC1040. Use the same filing status that was used on the deceased taxpayer's federal Income Tax return. Mark the **Check if deceased** box next to the decedent's SSN and enter the date of death.

The due date for filing is the same as for federal purposes. In the signature area of the return, write **Filing as surviving spouse**, if applicable. A personal representative filing the return must sign in their official capacity and attach the SC1310, Statement of Person Claiming Refund Due a Deceased Taxpayer. Any refund will be issued to the decedent's surviving spouse or estate.

Residency

Am I a resident or a nonresident?

You are a South Carolina resident, even if you live outside of South Carolina, if all the following are true:

1. Your intention is to maintain South Carolina as your permanent home.
2. South Carolina is the center of your financial, social, and family life.
3. When you are away, you intend to return to South Carolina.

You are a nonresident if your permanent home is outside of South Carolina for the entire year and none of the above applies. For more information on residency and domicile, refer to the SCDOR's **Guide to Determining a Taxpayer's Domicile for Income Tax Purposes.**

What is my residency status if I moved into or out of South Carolina during the tax year?

You are a part-year resident and may choose to consider yourself a full-year resident or a nonresident.

If you file as a full-year resident, file the SC1040. Report all of your income as if you were a resident for the entire year. You will be allowed credit for taxes paid on income taxed by South Carolina and another state, if applicable. Include a completed SC1040TC and attach a copy of the other state's Income Tax return.

If you file as a nonresident, file the SC1040 with the Schedule NR. You will only include income earned while a South Carolina resident and income from South Carolina sources. Report all personal service income earned in South Carolina. You will prorate your deductions on the Schedule NR.

You may choose the filing method that is most beneficial for you. This option is only available for the tax year in which you are a part-year resident.

How should I file if I am a nonresident of South Carolina but work in this state?

File the SC1040 with the Schedule NR. You will be taxed only on income earned in South Carolina, and you will prorate your deductions. You must report all personal service income earned in South Carolina.

How should I file if I am a full-year South Carolina resident but my spouse is not?

If you file a joint federal return, you must file a joint SC1040 with the Schedule NR. You will report all income for the entire year to South Carolina. Your nonresident spouse will report only income earned in this state.

If you file separate federal returns, you must file a separate South Carolina return. Your spouse must also file a separate South Carolina return if they have income taxable by South Carolina.

What is my residency status if I am in the armed forces?

If you enter the armed forces when you are a South Carolina resident, you keep your South Carolina residency status, even if you are absent from the state on military orders. You are subject to the same residency requirements as any other South Carolina resident and are required to file an SC1040.

If you are not a South Carolina resident but are stationed in South Carolina on military orders, your military income is not subject to South Carolina Income Tax. You may have other income that is subject to South Carolina Income Tax, such as income from another employer in South Carolina or rental income or a gain from the sale of a property located in South Carolina. If you have other South Carolina income, file the SC1040 with the Schedule NR.

Military spouses may be exempt from South Carolina Income Tax on income from services performed in South Carolina under the Federal Military Spouses Residency Relief Act.

Military servicemembers and spouses may elect for tax purposes to use either the domicile state of the servicemember, the domicile state of the spouse, or the permanent duty station of the servicemember for their state of domicile. For more information, see **SC Revenue Ruling #24-5**.

Use Tax

Do I need to pay South Carolina Use Tax?

Use Tax is due on purchases made outside of South Carolina for use, storage, or consumption in South Carolina. Use Tax is paid to the SCDOR when state Sales and Use Tax has not been collected by the seller.

You may need to pay Use Tax if you make purchases:

- from retailers online
- from out-of-state catalog companies
- from home shopping networks
- when visiting another state

The Use Tax rate is the same as the Sales Tax rate. The rate is determined by where the tangible personal property will be used, stored, or consumed, regardless of where the sale takes place. For more information and updated tax rates, visit **dor.sc.gov/use**.

How do I report and pay Use Tax?

You have three options for reporting and paying Use Tax:

1. Use Line 26 of your SC1040. Calculate your Use Tax using the SC Use Tax Worksheet included in these instructions. No additional paperwork is required.
2. Use our free online tax portal, MyDORWAY, at **MyDORWAY.dor.sc.gov**. Log in to your existing account or create a new account to get started. No additional form or paperwork is required.
3. Mail the UT-3 with your check to: **SCDOR, Sales Taxable, PO Box 100193, Columbia, SC 29202**. Make your check payable to SCDOR. Include your name, SSN, and UT-3 in the memo. **Do not send cash.**

Estimated Tax

Do I need to pay Estimated Income Tax?

You must pay Estimated Income Tax throughout the year if you expect to owe $100 or more in Income Tax with your SC1040. Use the Estimated Tax Worksheet in the instructions of the SC1040ES, Declaration of Estimated Tax, to determine your Estimated Tax.

For tax year 2027:

- If you are a resident, use your 2026 SC1040 as a basis for determining your 2027 Estimated Tax.
- If you are a nonresident, use your 2026 SC1040 and the Schedule NR as a basis to calculate the modified South Carolina taxable income to enter on the worksheet.

The following taxpayers are **not** required to make quarterly Estimated Tax payments:

- Farmers and commercial fishermen whose gross income from farming or fishing for 2026 or 2027 is at least two-thirds (66.67%) of their total gross income from all sources. Instead of making four quarterly Estimated Tax payments, farmers and commercial fishermen may choose to pay all of their 2027 Estimated Tax by January 18, 2028 or file their 2027 SC1040 and pay the total tax due by March 1, 2028.
- Individuals whose prior year tax liability was $0 for a full 12 months.
- Nonresidents of South Carolina doing business in the state on a contract basis where the contract is more than $10,000 and tax is withheld at 2% from each contract payment.

How do I pay Estimated Tax?

You can make Estimated Tax payments using our free online tax portal, MyDORWAY, at **dor.sc.gov/pay**. Select **Individual Income Tax Payment** to get started. You do not need to log in or create a MyDORWAY account. Do not mail the SC1040ES if you pay online.

If you do not pay online, mail your SC1040ES, Declaration of Estimated Tax, and payment to: **SCDOR, IIT Voucher, PO Box 100123, Columbia, SC 29202**. Make your check payable to SCDOR. Include your SSN, tax year, and SC1040ES in the memo. **Do not send cash.**

What are the penalties for failing to pay Estimated Tax?

You may be charged a penalty if:

- You do not pay enough Estimated Tax.
- You do not make your payments by the due date and for the required amount.
- You do not pay at least 90% of the total tax due.

You will not be charged a penalty if your underpayment results from personal service income earned in another state and tax was withheld by the other state.

You can avoid a penalty if you make timely Estimated Tax payments equal to 100% of the tax shown on your SC1040 for the prior tax year. If the South Carolina adjusted gross income on your prior year SC1040 was more than $150,000, use 110% of the last year's tax liability instead of 100%. You must have filed an SC1040 for the prior tax year, and it must have covered a 12-month year.

Refer to the SC2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, for more information on computing the underpayment penalty.

After Filing the SC1040

When will I get my refund?

Learn more about our refund processing timeline at **dor.sc.gov/refund**. Once you're there, click **Where's My Refund?** to check your current year refund status.

To avoid long wait times, check your status online before calling us. Our **Where's My Refund?** tool is updated nightly and has the same information as our representatives. Processing your return and refund is expected to take up to 8 weeks from the date you filed. If you have not received your refund more than 8 weeks after filing your return, contact us at 1-844-898-8542.

Why was my refund adjusted?

The SCDOR assists other state agencies, institutions of higher learning, political subdivisions of the state, and the IRS in collecting overdue balances. All or part of your refund can be sent directly to these claimant agencies if they notify us that you have a past-due balance with them. This may include balances for hospital bills, EMS bills, student loans, and utility bills.

The SCDOR charges a $25 administrative fee to complete a refund setoff. If any of your refund is sent to a claimant agency, the SCDOR will notify you in writing. If your refund exceeds the amount owed the claimant agency plus the $25 administrative fee, the balance will be issued to you.

If you believe that you do not owe the debt, the amount sent was incorrect, or the debt has already been paid, **you must contact the claimant agency, not the SCDOR**. Our written notification to you will include contact information for the claimant agency.

What tax records do I need to keep?

Keep a copy of your return and any schedules, worksheets, or statements used to prepare your return. Keep records that support an item of income or deduction appearing on the return until the limitations period for the return runs out. The limitations period is generally three years from the date the return was filed or due, whichever is later.

Save any records concerning property, home, stocks, and business property you bought and may sell later. The records kept should show the purchase price, date, and related cost. For real property, records should show the costs and date of improvements.

Your return may be audited by the IRS or the SCDOR. If audited, the law requires you to show proof of your income, expenses, and the cost of assets.

When should I file an amended return?

File an amended return if you were audited by the IRS, or if you amended your federal tax return, unless there was no impact on your state return. An amended return is also necessary if you omitted income, claimed deductions or credits you were not entitled to, failed to claim deductions or credits you were entitled to, or changed your filing status after you filed your initial return.

You may apply for a refund for any tax period which is open under the statute of limitations. The SCDOR will not issue a refund for requests received outside of the limitations period.

In general, a claim for refund must be filed within three years from the date the return was filed or originally due. The refund is limited to the tax paid within the past three years plus the period of any extension. Withholding, Estimated Taxes, and amounts paid with extension requests are considered to have been paid on the date the return was originally due.

If a claim is not filed within three years from the date when the return was filed or originally due, the refund is limited to tax paid during the last two years.

How do I file an amended return?

File a new SC1040 and check the **Amended Return** box on the first page. Compete the return as it should have been filed, including all schedules and attachments. Complete the Schedule AMD, Amended Return Schedule, and submit it with your amended SC1040.

The SCDOR accepts electronically-filed amended returns. Check with your software provider to be sure their products can file amended returns. If you file electronically, the Schedule AMD will be included as part of the electronic return process.

What do I do if I am audited by the IRS?

If you receive a refund or owe additional federal tax, you must file an amended SC1040, along with a Schedule AMD, after the federal audit report becomes final. If you do not amend your SC1040 to reflect federal changes, and the SCDOR receives notice of tax adjustments from the IRS, the SCDOR may assess additional taxes based on the IRS adjustments.

How do I change my name or address?

If you have a MyDORWAY account, log in to **MyDORWAY.dor.sc.gov**, select the **More** tab, then click **Manage Names & Addresses.**

If you don't have a MyDORWAY account, complete the SC8822I, Update Name/Address/Contact Information for Individual, and email it along with any required documents to **TaxSupport@dor.sc.gov**.

How do I get copies of my prior year return transcripts?

Copies of prior year Individual Income Tax return transcripts are available on MyDORWAY, at **MyDORWAY.dor.sc.gov**, for tax years starting with 2023. You must sign up for a MyDORWAY account to access copies of past transcripts. After you've signed up:

- Log in and click the **Accounts** tab.
- Scroll to your Individual Income Tax account and select **View Returns and Periods**.

- Under **Period**, select any period starting with tax year 2023 or after. For example, to access the transcript for tax year 2025, you would select period 31-Dec-2025.
- On the next screen, select **Print Return Transcript**, then download your transcript as a PDF.

For tax years 2022 and older, you must request transcripts by completing a paper version of the SC4506, Request for Copy of Tax Return or Tax Account Information/Transcript. The SCDOR has a six-year retention period for previously filed returns.

If you used a paid preparer to file your return, your preparer should have a copy of your return.

SC1040 Instructions

Name, Address, and Social Security Number

- Enter your name and Social Security Number (SSN). If the taxpayer is deceased, check the appropriate box and provide the date of death.
- If you are married and filing a joint return, enter your spouse's name and SSN. If your spouse is deceased, check the appropriate box and provide the date of death.
- **If you are married and filing separate returns, do not include your spouse's name or SSN in this section.** Enter your spouse's SSN on line 3 in the **Filing status** section.
- Enter your mailing address and the county code of the county where you live. You can find a list of county codes on page 44 of these instructions. Check the box to let us know if this is a new address. **To avoid delays, be sure your mailing address is complete and accurate on your return.**
- For a foreign address, check the appropriate box to let us know the address is outside the US. Enter the complete foreign address, including postal code.

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.

Individual Taxpayer Identification Number (ITIN)

If you are a nonresident or resident alien and cannot get an SSN, contact the IRS to apply for an Individual Taxpayer Identification Number (ITIN) for the purpose of filing Income Tax returns. South Carolina will accept this number in place of an SSN to process your Individual Income Tax returns. For more information, contact the IRS at 1-800-829-1040 or visit **irs.gov**. We cannot accept your return for processing without complete SSNs or ITINs.

Filing Status

Choose the same filing status that you used on your federal return. **Check only one box.**

Checkboxes

- **I am filing an amended return:** Check this box if you are filing an amended SC1040. Complete the return as it should have been filed. Complete the Schedule AMD, Amended Return Schedule, and submit it with your amended SC1040. **Your amended return cannot be processed without the Schedule AMD.**
- **I am a part-year or nonresident:** Check this box if you are a nonresident for the entire year or a part-year resident electing to file as a nonresident. Attach your Schedule NR to the completed SC1040. **Do not submit the Schedule NR separately.**
- **This is a composite return for a business:** Check this box if you are filing a composite return for a partnership or S Corporation. See the I-348, Composite Filing Instructions, for more information on filing a composite return. **Do not check this box if you are an individual.**
- **I have filed a federal or state extension:** Check this box if you filed a federal or state request for extension of time to file.
- **I served in a combat zone during the filing period:** Check this box if you served in a Military Combat Zone and enter the name of the combat zone.

Dependents and Taxpayers age 65 or older

- Enter the number of taxpayers who are age 65 or older. You may be eligible for additional age-based subtractions on the Schedule ADJ.
- Enter the total number of eligible dependents, including both qualifying children and qualifying relatives. You can take a South Carolina dependent exemption on the Schedule ADJ for each eligible dependent. The total number of dependents claimed on your South Carolina return must equal the number of dependents claimed on your federal return.
- Attach the federal 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent, if you are required to file this form with your federal return.
- Enter the number of dependents who were under the age of 6 on December 31. You can claim an additional deduction on the Schedule ADJ for dependents under age 6.
- Enter the first and last name, SSN, relationship, and date of birth of each dependent.

Income and Adjustments

Line 1: Adjusted Gross Income (AGI)

The starting point for determining South Carolina taxable income is federal adjusted gross income (AGI). Enter the AGI from line 11 of your completed federal Form 1040. If you do not file a federal Income Tax return, you must still complete page 1 of the federal Form 1040 to determine your federal AGI.

If your federal AGI is negative, enter zero here and enter the negative amount as a subtraction on the Schedule ADJ.

If you are a nonresident or part-year resident, **STOP**! Complete the Schedule NR, then enter your South Carolina taxable income on line 7.

Line 2: Additions from Schedule ADJ

To determine your South Carolina taxable income, you must add certain items that were not included in your federal AGI. See the Schedule ADJ instructions, and enter the **Total additions** amount from the Schedule ADJ.

Line 3: Add line 1 and line 2

Line 4: South Carolina Income Adjusted Deduction (SCIAD)

Your South Carolina Income Adjusted Deduction is based on your federal filing status and your AGI as follows:

Filing Status	AGI	SCIAD
Single or Married Filing Separately	$0 to $40,000	$15,000
	$40,001 to $94,999	$15,000 reduced by fraction: (AGI – 40,000)/55,000
	$95,000 or more	$0
Head of Household	$0 to $60,000	$22,500
	$60,001 to $142,499	$22,500 reduced by fraction: (AGI – 60,000)/82,500
	$142,500 or more	$0
Married Filing Jointly or Surviving Spouse	$0 to $80,000	$30,000
	$80,001 to $189,999	$30,000 reduced by fraction: (AGI – 80,000)/110,000
	$190,000 or more	$0

You can determine your SCIAD using the calculator available at **dor.sc.gov/sciad-calculator** or the SCIAD Worksheet below.

SCIAD Worksheet	
1. Enter the Standard SCIAD based on your filing status.	1.
2. Enter your federal AGI.	2.
3. Enter the Phase Out Numerator, based on your filing status.	3.
4. Subtract line 3 from line 2. *If zero or negative, STOP. Your SCIAD amount is based on your filing status and is not phased out. Enter the amount from line 1 of this worksheet on line 4 of your SC1040.*	4.
5. Enter the Phase Out Denominator, based on your filing status.	5.
6. Divide line 4 by line 5. *If the amount is 1 or greater, STOP. Your SCIAD amount is fully phased out based on your AGI. Enter 0 on line 4 of your SC1040.*	6.
7. Multiply line 1 by line 6. Round down to the nearest $10. *For example: 10,049 rounds down to 10,040.*	7.
8. Subtract line 7 from line 1. *This is your SCIAD. Enter this amount on line 4 of your SC1040.*	8.

Filing Status	Standard SCIAD	Phase Out Numerator	Phase Out Denominator
Single	15,000	40,000	55,000
Married Filing Jointly	30,000	80,000	110,000
Married Filing Separately	15,000	40,000	55,000
Head of Household	22,500	60,000	82,500
Qualifying Surviving Spouse	30,000	80,000	110,000

Line 5: Subtractions from Schedule ADJ

When calculating your South Carolina taxable income, you may be able to subtract certain items that were included in your federal AGI and certain South Carolina deductions. See the Schedule ADJ instructions, and enter the **Total subtractions** amount from the Schedule ADJ.

Line 6: Total Subtractions

Add line 4 and line 5

Line 7: South Carolina Income Subject to Tax

Subtract line 6 from line 3. Nonresidents and part-year residents, enter the amount from line 48 of the Schedule NR.

South Carolina Tax

Line 8a: Tax on South Carolina Income Subject to Tax

If your income subject to tax on line 7 is less than $100,000, use the SC1040TT, South Carolina Individual Income Tax Tables, to determine your South Carolina tax. Enter the tax on line 8a.

If your income subject to tax on line 7 is $100,000 or more, use the tax rate schedule provided in the SC1040TT to compute your tax. Enter the tax on line 8a.

Line 8b: Tax on lump-sum distribution

South Carolina follows the federal provisions regarding lump-sum distributions. If you used the federal 4972 for a lump-sum distribution, you must use the SC4972, Tax on Lump Sum Distributions, to compute the South Carolina tax to enter on line 8b.

This separate tax on lump-sum distributions is in addition to the tax computed on line 8a.

Do not enter the federal 10% premature early withdrawal penalty on line 8b.

Line 8c: Tax on active trade or business income

Individuals may elect to have active trade or business income from pass-through businesses taxed at a flat 3% rate. For more information, see the I-335, Active Trade or Business Income Reduced Rate Computation. Enter the tax amount from line 9 of the I-335 on line 8c.

Line 8d: Tax on excess withdrawals from catastrophe savings accounts

Multiply excess withdrawals from a catastrophe savings account by 2.5% and enter the additional tax on line 8d.

Excess withdrawals from a Catastrophe Savings Account are taxed an additional 2.5% unless:

- the taxpayer no longer owns a qualifying legal residence in South Carolina
- the amount contributed was within the allowable limits, and the withdrawal occurred after the taxpayer reached age 70, or
- the withdrawal followed the death of the individual who set up the account or the surviving spouse.

Line 9: Total South Carolina Tax

Add line 8a through line 8d.

Nonrefundable Credits

Line 10: South Carolina Earned Income Tax Credit

The South Carolina Earned Income Tax Credit (EITC) is 125% of the federal Earned Income Tax Credit, limited to $200. **You cannot claim the South Carolina EITC if you are a nonresident or part-year resident.**

Use the worksheet below to determine your South Carolina EITC.

South Carolina Earned Income Tax Credit Worksheet	
1. EITC allowed on your federal return	1.
2. Credit percentage	2. 125%
3. South Carolina Credit Multiply line 1 by line 2. **If the result is $200 or more, enter $200.** Enter this amount on line 10 of your SC1040.	3.

Line 11: Child and Dependent Care Credit

For a full-year resident, the credit is calculated at 7% of the federal child and dependent care expense. The maximum credit allowed is $210 for one child or $420 for two or more children. **You cannot claim this credit if your filing status is Married Filing Separately.**

If you are a part-year resident or nonresident, you are not eligible for this credit if you are a resident of a state that does not offer a credit for child and dependent care expense to nonresidents of that state. If you are an eligible part-year resident or nonresident, calculate the credit at 7% of the prorated federal expenses using your proration percentage from the Schedule NR.

Example A: Full-year resident

Federal child care expense from the federal 2441 is $2,000

$2,000 x .07 = $140 (allowable credit)

Example B: Part-year resident or nonresident

Federal child care expense from the federal 2441 is $2,000, and the proration percent from line 45 of Schedule NR is 30%.

$2,000 x .30 = $600 x .07 = $42 (allowable credit)

Line 12: Two Wage Earner Credit

This credit is available to a married couple filing jointly when both spouses have earned income taxed to South Carolina. This credit is **not** allowed on returns with a filing status of Single, Married Filing Separately, or Head of Household.

The credit is computed at .007 of the lesser of $50,000 or the South Carolina qualified earned income of the spouse with the lower South Carolina qualified earned income for the taxable year.

Use your South Carolina qualified earned income to calculate the credit. Compute your South Carolina qualified earned income by subtracting certain adjustments reported on your federal 1040 from your South Carolina earned income.

Adjustments to subtract are:

- deductible part of self-employment tax
- self-employment SEP, simple and qualified plans
- self-employment health insurance deduction
- IRA deduction
- repayment of sub-pay

South Carolina earned income is generally income you receive from services you provide. Compute the earned income for you and your spouse separately.

Earned income **includes**	Earned income **does not** include
wages	gambling winnings
salaries	bingo winnings
tips	interest
commissions	dividends
sub-pay	Social Security benefits
self-employment income	IRA distributions
business income or loss	retirement plan or annuity benefits
partnership income or loss	deferred compensation
farm income or loss	any amount your spouse paid you

Example: A taxpayer earned a salary taxed to South Carolina of $40,000. The taxpayer's qualified earned income is $40,000. Their spouse earned wages of $17,000 taxed to South Carolina and had an IRA deduction of $1,000. The spouse's qualified earned income is $16,000 ($17,000- $1,000). The credit is based on the spouse's qualified earned income, because it is the lesser of the two. The credit is $112 ($16,000 x .007).

Worksheet for Two Wage Earner Credit		
	(a) You	(b) Your spouse
1. Wages, salaries, and tips taxed to South Carolina (Do not include pensions or annuities)		
2. Net profit or loss from self-employment (from Schedule C) and any other income taxed to South Carolina		
3. Add line 1 and line 2. (This is your total earned income taxed to South Carolina.)		
4. Add the adjustment amounts from your federal 1040. (See adjustments above.) If filing Schedule NR, enter amounts from Column B, lines 21, 22, 23, 26, and any repayment of supplemental unemployment benefits (sub-pay) allocable to South Carolina income.		
5. Subtract line 4 from line 3. (This is your qualified earned income taxed to South Carolina.) If the amount in Column (a) or Column (b) is zero or less, you may not take this credit.		
6. Enter the lesser of 5(a) or 5(b). **Cannot be greater than $50,000.**		
7. Allowable credit (multiply line 6 by .007). Enter on line 12. **Cannot be greater than $350.**		

Line 13: Other nonrefundable credits

Refer to the instructions for the SC1040TC for descriptions of the nonrefundable tax credits along with the required tax credit schedule for each credit. Most tax credits are computed on separate tax credit schedules.

Attach tax credit schedules for all tax credits you claim, along with the SC1040TC Worksheet and the SC1040TC, to your SC1040. We may disallow your tax credits if you do not attach necessary schedules to your return.

Line 14: Total nonrefundable credits

Add line 10 through line 13.

Line 15: Tax after nonrefundable credits

Subtract line 14 from line 9 and enter the difference. If less than zero, enter zero. Nonrefundable credits cannot reduce your tax below zero.

Payments and Refundable Credits

Line 16: South Carolina Income Tax withheld

Enter the total South Carolina tax withheld:

- from your wages and reported on your W-2s as state Income Tax, and
- by a fiduciary on your behalf and reported on your SC41s

Do not include:

- withholding paid to another state
- federal withholding paid to the IRS
- withholding from a federal 1099
- amounts reported on a South Carolina substitute 1099-G/INT
- withholding from a 1099-MISC "for SC purposes only" reporting withholding by an S Corporation or Partnership on behalf of nonresident shareholders or partners.

Attach readable copies of your W-2s to the front of your return.

If filing an amended return, you must enter your South Carolina Income Tax withheld from wages on line 16 of your SC1040 and on line 1 of your Schedule AMD.

Your employer is responsible for providing you with a W-2. If you do not have a W-2, complete the SC4852, Substitute for Form W-2 Wage and Tax Statement, and provide proof of tax withheld.

Line 17: 2026 Estimated Tax payments

Enter the total Estimated Tax payments you made, including any amount transferred from your 2025 tax return. Do not include nonresident sale of real estate withholding paid on an I-290, Nonresident Real Estate Withholding. Report it on line 19.

Line 18: Amount paid with extension

Enter the amount you paid with your extension request. Check the box on the front of the return to indicate you requested an extension of time to file your return.

Line 19: Nonresident sale of real estate

A nonresident of South Carolina who sells real property located in this state is subject to withholding of South Carolina Income Tax. The sale is reported to South Carolina on an Individual Income Tax return.

The state Income Tax withheld at the time of the sale is reported to you on an I-290 provided by the closing attorney. Enter the withholding from the I-290 and attach the form to your return.

Line 20: Other SC withholding

Enter the total South Carolina tax withheld from federal 1099 forms. Attach copies of all 1099 forms to the front of your return. If you have a 1099-MISC that includes withholding "for SC purposes only" (withholding by an S Corporation or Partnership on behalf of nonresident shareholders or partners), include it on this line.

Do not include:

- withholding from a W-2
- amounts reported on a South Carolina substitute 1099-G/INT
- federal withholding paid to the IRS

If filing an amended return, you must enter your Other SC withholding on line 20 of your SC1040 and on line 1 of your Schedule AMD.

Line 21: Tuition tax credit

Students who attend qualifying South Carolina institutions may be able to claim a refundable credit for

50% of the tuition paid, up to a total of $1,500. Refer to the I-319, Tuition Tax Credit, and **SC Revenue Ruling #24-3** to see if you qualify for the credit. If you qualify, complete all information on the I-319 and attach it to your return. If you have more than one qualifying student, complete a separate I-319 for each student. You must also attach a copy of your federal return to your SC1040 if you are claiming this credit.

Line 22: Other refundable credits

Add lines 22a through 22e and enter the total.

Line 22a: Anhydrous Ammonia Additive Credit

Resident taxpayers involved in the business of farming may take a refundable credit equal to the amount spent to obtain a required additive to anhydrous ammonia for agricultural use. Use the I-333, Anhydrous Ammonia Additive Credit, to see if you qualify and to claim the credit.

Line 22b: Milk Credit

Taxpayers who are in the business of producing milk for sale may be allowed a refundable credit when the USDA Class I price of fluid milk in South Carolina drops below the production price during the year. The South Carolina Commissioner of Agriculture annually certifies to the SCDOR which milk producers meet the credit requirements. If you qualify for this credit, use the I-334, Milk Credit, to claim the credit on your SC1040.

Line 22c: Classroom Teacher Expenses Credit

South Carolina classroom teachers who are not eligible for a nontaxable reimbursement for teaching supplies and materials may claim a refundable credit, up to $400, for the amount spent on teacher supplies and materials. This includes classroom teachers at a South Carolina private school. Use the I-360, Classroom Teacher Expenses Credit, to claim the credit on your SC1040.

Line 22d: Parental Refundable Credit

Taxpayers who pay tuition to an eligible school for an exceptional needs child in their custody may be able to qualify for a refundable credit. You must apply and be approved for the credit in advance. If you received a Parental Refundable Credit Approval Notice from the SCDOR, complete the I-361, Parental Refundable Credit, to claim the credit on your SC1040. For more information, visit **dor.sc.gov/ecenc**.

Line 22e: Credit for repayment of amounts included in income from earlier years

South Carolina adopts IRC Section 1341, which allows certain taxpayers to reduce their current year tax when an item of income reported in an earlier year was returned in a subsequent year ("claim of right"). If you claimed a refundable credit for repayment of amounts included in income from earlier years on your federal return, you may also be eligible to claim a refundable credit on the SC1040

Calculate the decrease in South Carolina tax that would have resulted from excluding the income in the prior year and enter the amount on line 22e.

Line 23: Total Payments and Refundable Credits

Add line 16 through line 22 and enter the total.

Amended return: enter the amount from the Schedule AMD, line 7. If a negative, enter in [brackets].

Refund or Balance Due

Line 24: Overpayment

If line 23 is larger than line 15, subtract line 15 from line 23 and enter the overpayment.

Amended return: Enter the amount from line 24 on line 30. (Do not enter amounts on line 26 through line 29.)

Example 1 (amended return)
Line 15 = 200
Line 23 = 250 (calculated on Sch. AMD)
Line 24 = 50 (250 - 200)
Enter the $50 refund amount on line 30.

Line 25: Amount due

If line 15 is larger than line 23, subtract line 23 from line 15 and enter the amount due.

Amended return: Enter the amount from line 25 on line 31. (Do not enter amounts on line 26 through line 29.)

Example 1 (amended return)
Line 15 = 200
Line 23 = <125> (negative number, calculated on Sch. AMD)
Line 25 = 325 (200 - <125>)
Enter the $325 tax due amount on line 31.

Example 2 (amended return)
Line 15 = 200
Line 23 = 125 (positive number, calculated on Sch. AMD)
Line 25 = 75 (200 - 125)
Enter the $75 tax due amount on line 31.

Line 26: South Carolina Use Tax

Use Tax is due on purchases outside of South Carolina for use, storage, or consumption in South Carolina. Use Tax is paid to the SCDOR when state Sales and Use Tax has not been collected by the seller. See **Use Tax** on page 6 for more information.

Calculate your Use Tax using the worksheet on page 20.

If you have paid your Use Tax during the year or have no Use Tax due, check the box on line 26.

Use Tax rates

The state Sales and Use Tax rate is **6% plus the applicable local Use Tax rate of the county** in which you are located or other applicable rate wherever tangible personal property was delivered. Sales of unprepared food are exempt from state Sales and Use Tax. Local taxes still apply to sales of unprepared food unless the local tax law exempts such sales.

For current Sales and Use Tax rates, visit **dor.sc.gov/sales-and-use**. Enter the Use Tax rate for your county on line 2 of the worksheet.

Worksheet for South Carolina Use Tax				
Column A	**Column B**	**Column C**	**Column D**	**Column E**
Date of purchase	Name of store/ company/vendor	Total price of purchases *(includes shipping and handling, warranty costs, and Sales or Use Tax due and paid on the purchase)*	Sales or Use Tax due and paid to another state or local jurisdiction	Amount taxable (subtract Column D from Column C)
		$	$	$
		$	$	$
		$	$	$
		$	$	$
		$	$	$
		$	$	$
		$	$	$
		$	$	$
		Total of Column C:	**Total of Column D:**	**Total of Column E:**
Line 1		**$**	**$**	**$**
Line 2	Enter your county's state and local Sales and Use Tax rate.			**%**
Line 3	Multiply line 1 of Column E by the rate on line 2 of Column E.			**$**
Line 4	Line 1 of Column D			**$**
Line 5	**SC Use Tax Due**. Subtract line 4 from line 3. Round to the nearest dollar. Enter on line 26 of the SC1040.			**$**

Line 27: Estimated Tax

Enter the amount of your overpayment that you would like to apply to next year's tax.

Line 28: Contributions for check offs

You may elect to use your SC1040 to make contributions to various funds and organizations in the state. Refer to the I-330, Contributions for Check-Offs, for descriptions of the available funds. Enter the total from the I-330 on line 28. Attach the completed I-330 to your return. Your contribution cannot be made if you do not attach the I-330.

Line 29: Add line 26 through line 28

Line 30: Refund

If line 29 is larger than line 24, go to line 31. Otherwise, subtract line 29 from line 24 and enter the amount to be refunded to you on line 30. Then enter your bank account information on line 36 to receive your refund by direct deposit. If you do not enter bank account information on line 36, you will receive a paper check refund mailed to the address listed on your return.

We will not automatically issue a refund under $5. However, upon notification we can release the refund.

Line 31: Tax Due

Add line 25 and line 29.

Line 32: Late filing and late payment penalties and interest

To determine if penalties and interest apply, see **"Will I owe any penalties or interest?"** on page 4. If you calculated failure to file or failure to pay penalties and interest, enter in the appropriate blanks and put the total of both on line 32. A Penalty and Interest Calculator is available at **dor.sc.gov/calculator**.

A failure to file penalty is charged for failing to file a tax return on or before its due date, considering any extension of time for filing. The penalty is 5% of the tax amount if the failure is for not more than one month, with an additional 5% for each additional month or fraction of a month the failure continues, not to exceed 25% in total.

A failure to pay penalty is charged for failing to pay the tax on any return on or before its due date. The penalty is 0.5% of the tax if the failure is for not more than one month, with an additional 0.5% for each additional month or fraction of a month the failure continues, not to exceed 25% in total.

Any unpaid portion of the final tax due will accrue interest at the prevailing federal rates. This amount is computed from the original due date of the tax return to the date of the payment.

Line 33: Underpayment of Estimated Tax penalty

You may owe a penalty for underpayment if you did not pay in the lesser of 90% of your tax liability for 2026 or 100% of your liability for 2025 in four equal amounts by the required dates. See **Estimated Tax** on page 7 for more information on the requirements for making quarterly estimated payments.

If your adjusted gross income is greater than $150,000, you must pay 110% of the prior year's tax, not 100%. Use the SC2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts to calculate any penalty that may be due.

Exceptions to the underpayment of Estimated Tax:

- Enter an A in the blank if you completed federal Schedule AI-Annualized Income Installment Method for South Carolina purposes when determining the amount to enter on line 33.
- Enter an F in the blank if you are a farmer or fisherman who receives at least two-thirds of your gross income for the year from farming and fishing and you pay your tax due by March 1, 2027.
- Enter a W if you are requesting a waiver of your penalty for any other reason. See the SC2210 instructions for information on what qualifies for a waiver of penalty.

Calculate your penalty for underpayment and enter the amount on line 33. If you are due a refund, subtract the penalty amount from the difference of line 24 and line 29 and enter the result on line 30. Attach the SC2210 to your SC1040 when using an exception to waive the penalty.

Line 34: Balance due

Add line 31 through line 33 and enter the total on line 34. This is the amount you owe.

If you owe $15,000 or more in connection with any SCDOR return, you must pay electronically according to SC Code Sections 12-54-250 and 12-54-210.

Line 35: Payment Options

Paying electronically is quick and easy! You can pay your balance using our free online tax portal, MyDORWAY, or by using ACH Debit. Select only one option.

- **MyDORWAY** – The quickest, easiest way to pay is using MyDORWAY, at **dor.sc.gov/pay**. Select **Individual Income Tax Payment** to get started. Choose the 31-Dec-2026 filing period. **If you choose to pay on MyDORWAY, do not enter bank account information on line 36 of the SC1040.**
- **ACH Debit** – Pay electronically by ACH Debit when you file your return. Enter your payment withdrawal date and payment withdrawal amount. Enter your bank information on line 36. The SCDOR will make a request to your bank for payment of the South Carolina taxes you owe. Your bank will automatically debit your account for the requested funds. **If you choose to pay by ACH Debit and enter bank account information on line 36, do not also pay your balance on MyDORWAY.**

Line 36: Bank information

You must enter complete and correct account information to pay by ACH debit or receive a direct deposit refund.

If you are requesting direct deposit of your refund and your account information is not complete and correct, we will mail a paper check to the address listed on your return. If you are making a payment by ACH Debit and your account information is not complete and correct, the withdrawal of the funds will not be successful.

You cannot have your funds directly deposited into an account located outside the United States or an ACH Debit withdrawn from an account located outside the United States.

Enter your account information.

1. Mark an X to choose checking or savings account.
2. Enter your 9-digit routing transit number (RTN). The RTN should begin with 01 through 12 or 21 through 32. Do not use a deposit slip to verify the RTN.
3. Enter your bank account number (BAN). The BAN contains 17 or fewer alphanumeric digits. Enter the BAN from left to right. Do not enter hyphens, spaces, special symbols, or the check number.

Sign and date your return

You must sign and date your return. If your filing status is Married Filing Jointly, both spouses must sign.

The return for a deceased taxpayer must be signed by a surviving spouse, an executor, or an administrator. If you are signing as a surviving spouse, write **filing as surviving spouse** next to your signature.

If signing as a personal representative, sign in your official capacity and attach a completed SC1310, Statement of Person Claiming Refund Due a Deceased Taxpayer.

Any refund check will be issued to the decedent's surviving spouse or estate.

Authorization

The signature section of the return contains a **check the box** authorization for release of confidential information. A check in the **yes** box authorizes the Director of the SCDOR or delegate to discuss the return; its attachments; and any notices, adjustments, or assessments with the preparer.

If a person is paid to prepare the Income Tax return, they are required to enter their signature and Preparer Tax Identification Number (PTIN) or Federal Employer Identification Number (FEIN) in the spaces provided. Penalties are applicable for failure to comply.

Schedule ADJ Instructions

Part 1: South Carolina Additions

To determine your South Carolina taxable income, you must add items that are not included in your federal AGI but are taxable to South Carolina. Enter all numbers as positive numbers, even if they are negative numbers on the federal return.

Line a: Out of state losses

Enter losses from:

- out-of-state rental property
- businesses located outside South Carolina
- real property located in another state

Enter the total amount of out-of-state loss from your federal return, including any related expenses. Enter the type of loss on the space provided.

Personal service income (W-2 or business wages) is taxable to South Carolina no matter where it is earned.

Line b: Expenses related to National Guard and Military Reserve income

Enter the expenses from your service in the National Guard or Reserves that you deducted on your federal return. You will deduct the related income from the National Guard or Reserves on line f of the Schedule ADJ Subtractions.

Line c: Interest income

Enter the amount of interest income that was exempt on the federal return and comes from obligations of states and political subdivisions other than South Carolina. For a mutual fund, add back the percentage of exempt interest income attributable to out-of-state, non-federal obligations. For more information, see **SC Revenue Ruling #16-2**.

Line d: Other additions to income

Attach an explanation of your entry for this line. Some examples of items to enter on this line are:

- Taxpayers who 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.

- Add back the federal net operating loss when it is larger than the South Carolina net operating loss being claimed.
- Add back any expenses deducted on the federal return related to any income not taxed by South Carolina. Some examples are investment interest to out-of-state partnerships and interest paid to purchase US obligations.
- Add back foreign area allowances, cost of living allowances, and income from US possessions.
- For qualifying investments made after June 30, 1998, taxpayers must reduce the basis of the qualifying property to the extent the Capital Investment Tax Credit is claimed. Add back any resulting reduction in depreciation.
- Include any withdrawals during the tax year from a Catastrophe Savings Account that were:
    1. necessary because contributions were more than the allowable limits; or
    2. more than the amount needed to cover qualified catastrophe expenses.

  Do not include any withdrawals made by the surviving spouse of the account owner. Qualified catastrophe expenses are expenses paid or incurred because of a major disaster as declared by the Governor.
- A business must add back any amount paid for services performed by an unauthorized alien if the amount is $600 or more a year.
- Add back any federal deductions resulting from IRC sections that South Carolina does not adopt.

Certain federal deductions from AGI, such as the qualified business income deduction under IRC Section 199A or charitable contribution deductions which resulted in South Carolina tax credits, are not allowed when determining South Carolina taxable income. Beginning with the 2026 tax year, the South Carolina Income Tax return begins with federal AGI instead of federal taxable income. No South Carolina addition is needed for federal deductions taken after AGI.

Depending on how a particular item was reported or deducted, the following may be additions or subtractions:

- A change in the accounting method to conform in the same manner and the same amount to the federal. At the end of the federal adjustment, any balance will continue until fully adjusted.
- Adjust the installment method of reporting if:
    - the entire sale has been reported for state purposes, or
    - the entire sale was reported for federal purposes and you wish to continue on an installment basis for state purposes.
- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis.

Total additions

Add additions line a through line d. Enter the total on page 1, line 2 of the SC1040.

Part 2: South Carolina Subtractions

Subtract items that are included in federal AGI but are not taxable in South Carolina and South Carolina specific deductions. Enter amounts on line a through line v as positive numbers.

Line a: Negative amount of federal adjusted gross income

Because the SC1040 begins with your federal AGI, it is important that you get the benefit of any negative amount of AGI from your federal return. If your federal AGI is negative, enter a zero on line 1 of the SC1040. Then, on line a of the South Carolina Subtractions on Schedule ADJ, enter the negative amount of your federal AGI. Enter the amount on line a as a positive number.

Line b: 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 and must be listed on page 1 of the SC1040. Use the worksheet below to determine your dependent exemption amount.

Worksheet for South Carolina Dependent Exemption	
1. South Carolina dependent exemption amount	1. $5,040
2. Number of dependents claimed on your federal return	2.
3. Allowable deduction (multiply line 1 by line 2). Enter on line b.	3.

Line c: Dependents under 6 years of age

An additional deduction is allowed for each dependent claimed on your federal Income Tax return who had not reached the age of 6 by December 31 of the tax year. Enter the dependent information, including birth dates and SSNs, on page 1 of the SC1040. Use the worksheet below to determine your deduction amount.

Worksheet for dependents under age 6	
1. South Carolina dependent exemption amount	1. $5,040
2. Number of dependents claimed on your federal return who had not reached age 6 during the tax year	2.
3. Allowable deduction (multiply line 1 by line 2). Enter on line c.	3.

Line d: Social Security and/or railroad retirement if taxed on your federal return

Enter the amount of Social Security from Title 2 of the Social Security Act or railroad retirement that was taxed on your federal return.

Line e: Total and permanent disability retirement income

If **disability retirement income** was taxed on your federal Income Tax return, and you are **totally and permanently disabled**, you may be able to deduct this income from your South Carolina taxable income.

To deduct this income, you must be:

- totally and permanently disabled
- unable to be substantially gainfully employed
- receiving income from a disability retirement plan, and
- eligible for the homestead exemption under SC Code Section 12-37-250.

Attach a copy of the physician's statement establishing that you are totally and permanently disabled.

The deduction is limited to payments received from retirement plans. Third-party sick pay reported on a W-2 does not qualify for the total and permanent disability retirement deduction.

If you deduct total and permanent disability retirement income on this line, do not include that income in your qualified retirement income in the worksheets for line g or line h.

A surviving spouse may take a disability retirement deduction for amounts received in the year the disabled spouse died. In following years, a surviving spouse may be eligible for the retirement deduction on line h but not the disability deduction.

Line f: National Guard and Reserves retirement exclusion

Retirement income paid by the US government for service in the Reserves or National Guard is not taxed for South Carolina purposes. You may deduct the entire amount of any stipend paid by the state of South Carolina for National Guard service. Determine the percentage of your military retirement income which is excludable by dividing the length of time you served in the Reserves and/or National Guard (not full-time) by the length of time of your total military service as follows:

Inactive Reserve Time = _____% exclusion
\+ Inactive National Guard
Total Military time (active and inactive)

Determine the excludable amount of your military retirement income by multiplying it by the percentage of exclusion as follows:

_____% exclusion x total taxable military retirement income shown on federal return = excludable military retirement income to be entered on line f

If you exclude income on line f, do not include that income in your qualified retirement income in the worksheets for line g or line h.

Line g-1 through line g-3: Military Retirement Deduction

Individuals may deduct all military retirement income included in their South Carolina taxable income. Reduce the retirement deduction (line h-1 and line h-2) and the age 65 and older deduction (line i-1 and line i-2) by the amount of military retirement deduction taken.

Military retirement income means taxable income received by the taxpayer or the taxpayer's surviving spouse from a qualified military retirement plan. Income that is subject to a penalty for premature distribution does not qualify as military retirement income. For a surviving spouse, military retirement income includes a retirement benefit plan and dependent indemnity compensation received due to the deceased spouse's military service.

Retirement benefits received for service in the National Guard or Reserves due to inactive time are subtracted on line f and are not included in taxable income. Do not include these amounts in the deduction on line g.

Line g-1: Include military retirement income related to the taxpayer's military service.

Line g-2: Include military retirement income related to the spouse's military service.

Line g-3: Include military retirement income received on behalf of a deceased spouse. Apply the deduction in the same manner that it was applied to the deceased spouse.

The surviving spouse military retirement deduction is in addition to any retirement deductions claimed on the taxpayer's own retirement income.

If you are claiming the surviving spouse military retirement deduction for more than one deceased spouse, calculate the deduction separately for each deceased spouse. Add the surviving spouse military retirement deductions and enter the total on line g-3. Attach a statement showing the date of birth for each deceased spouse and the separate calculation for each deduction.

Line h-1 through line h-3: Retirement Deduction

The deduction is allowed for an individual taxpayer who is the original owner of a qualified retirement account. An individual who is **under age 65** may claim a retirement deduction up to $3,000 on qualified retirement income from their own plan.

An individual who is **age 65 or older** during the tax year may claim a retirement deduction up to $10,000 on qualified retirement income from their own plan.

Line h-1: Include only qualified withdrawals from the taxpayer's own qualified retirement plan.

Line h-2: Include only qualified withdrawals from the spouse's own qualified retirement plan.

Line h-3: A surviving spouse receiving qualified retirement income on behalf of a deceased spouse may deduct up to $3,000 or $10,000 of the qualified retirement income, based on the age of the deceased spouse if they were alive. The surviving spouse must receive the decedent's retirement income as a surviving spouse.

The surviving spouse retirement deduction is in addition to the individual retirement deduction claimed from the taxpayer's own retirement plan.

If you are claiming the surviving spouse retirement deduction for more than one deceased spouse, calculate the deduction separately for each deceased spouse. Add the surviving spouse retirement deductions and enter the total on line h-3. Attach a statement showing the date of birth for each deceased spouse and the separate calculation for each deduction.

Qualified retirement income is income from plans defined in IRC 401, 403, 408, and 457, and all public employee retirement plans of the federal, state, and local governments, including individual retirement plans, Keogh plans, and military retirement.

Disability retirement income due to total and permanent disability, Social Security income, and railroad retirement income do **not** qualify because these items are not taxed by South Carolina. Use line d to subtract Social Security or railroad retirement income. Use line e to subtract total and permanent disability retirement income.

Any portion of qualified retirement income received this tax year that resulted in a federal premature withdrawal penalty does **not** qualify for a retirement deduction.

Reduce the taxpayer and spouse retirement deductions by any military retirement deductions taken. Do **not** reduce the surviving spouse retirement deduction by any surviving spouse military retirement deduction taken.

Worksheet for taxpayer (line h-1)	
1. Maximum deduction allowed for taxpayer based on age ($3,000 or $10,000)	1.
2. Taxpayer's military retirement deduction (line g-1)	2.
3. Taxpayer's retirement deduction available (subtract line 2 from line 1; if less than zero, enter zero)	3.
4. Taxpayer's individual qualified retirement income included in federal gross income (taxable IRA distributions, pensions, and annuities)	4.
5. Retirement deduction (lesser of line 3 and line 4). Enter on line h-1.	5.

Worksheet for spouse (line h-2)	
1. Maximum deduction allowed for spouse based on age ($3,000 or $10,000)	1.
2. Spouse's military retirement deduction (line g-2)	2.
3. Spouse's retirement deduction available (subtract line 2 from line 1; if less than zero, enter zero)	3.
4. Spouse's individual qualified retirement income included in federal gross income (taxable IRA distributions, pensions, and annuities)	4.
5. Retirement deduction (lesser of line 3 and line 4). Enter on line h-2.	5.

Worksheet for surviving spouse (line h-3)	
Calculate separately for each deceased spouse.	
1. Maximum deduction allowed for surviving spouse based on age of deceased spouse had they lived ($3,000 or $10,000 for each deceased spouse)	1.
2. Qualified retirement income received as a surviving spouse included in federal gross income (taxable IRA distributions, pensions, and annuities)	2.
3. Retirement deduction (lesser of line 1 and line 2). Enter on line h-3.	3.

Line i: Age 65 and older deduction

Beginning in the tax year a resident taxpayer reaches age 65, they are entitled to a deduction of $15,000 against any South Carolina income.

Line i-1 applies to the taxpayer whose name appears first on the return.

Line i-2 applies to the spouse whose name appears second on the return.

Reduce the age 65 and older deduction claimed on line i-1 and line i-2 by:

- any military retirement deduction claimed on line g-1 and line g-2, and
- any individual retirement deduction claimed on line h-1 and line h-2

Claiming a surviving spouse retirement deduction on line g-3 or line h-3 does not reduce the age 65 and older deduction for a taxpayer on line i-1 or line i-2.

Worksheet for taxpayer (line i-1)	
1. Age 65 and older deduction amount	1. $15,000
2. Taxpayer's military retirement deduction (line g-1)	2.
3. Taxpayer's retirement deduction (line h-1)	3.
4. Total retirement deductions (add line 2 and line 3)	4.
5. Deduction available (subtract line 4 from line 1; if less than zero, enter zero). Enter on line i-1.	5.

Worksheet for taxpayer (line i-2)	
1. Age 65 and older deduction amount	1. $15,000
2. Spouse's military retirement deduction (line g-2)	2.
3. Spouse's retirement deduction (line h-2)	3.
4. Total retirement deductions (add line 2 and line 3)	4.
5. Deduction available (subtract line 4 from line 1; if less than zero, enter zero). Enter on line i-2.	5.

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

Example 1: A taxpayer age 65 or older has no military or other sourced retirement income on line g-1 or line h-1. The taxpayer is eligible for a deduction of $15,000 on line i-1.

Example 2: A taxpayer age 65 or older has no military retirement income but has other sourced retirement of $14,000. The taxpayer is allowed a deduction of $10,000 on line h-1 and a deduction of $5,000 on line i-1.

Example 3: A taxpayer age 65 or older has military retirement income of $13,000 and is allowed a deduction on line g-1 of $13,000. The taxpayer is allowed a deduction of $2,000 on line i-1.

Example 4: A taxpayer age 65 or older has military retirement income of $36,000 and no other earned income. The taxpayer is eligible for a military retirement deduction of $36,000 on line g-1. The taxpayer is not allowed an additional amount on line i-1.

Example 5: A taxpayer age 65 or older has military retirement income of $16,000 and other sourced retirement income of $8,000. The taxpayer is allowed a deduction on line g-1 of $16,000. The taxpayer is not allowed an additional amount on line h-1 or line i-1.

For more information about retirement deductions and the age 65 and older deduction, refer to **SC Revenue Ruling #22-11**.

Line j: State tax refund

If you included your state tax refund on your federal 1040, enter that amount on this line.

Line k: Active trade or business income deduction

You may be able to elect to have South Carolina active trade or business income from a pass-through business taxed at a flat 3% rate. For more information see the I-335, Active Trade or Business Income Reduced Rate Computation. Enter the amount from line 5 of the I-335.

Line l: Out-of-state income/gain

Enter:

- income from out-of-state rental property
- income from a business located outside South Carolina, or
- gain from real property located in another state.

Enter the amount as reported on your federal return. Check the appropriate box to indicate the type of income or gain.

Personal service income (W-2 or business wages) is taxable to South Carolina no matter where it is earned.

Line m: Net capital gain deduction

Net capital gains included in taxable income are reduced by 44% for South Carolina Income Tax purposes.

Net capital gain means the **excess** of the **net long-term** capital gain for the tax year **over** the **net short-term** capital loss for the tax year. The South Carolina holding period for long-term capital gains is the same as the federal holding period. Income received from installment sales and capital gain distribution qualifies for this deduction if the more than one year holding period has been met. Multiply the net capital gain by 44% and enter the result.

Example: A taxpayer reports a long-term (LT) gain on stock (held more than one year) of $10,000 and a long-term loss on stock held since 1985 of $3,000. The taxpayer also reports 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
SC Net Capital Gain	$2,000
x Gain Deduction	x 44%
Amount to be deducted	$880

Line n: Volunteer deduction

Qualifying volunteer firefighters, rescue squad workers, volunteer hazardous material (HAZMAT) team members, reserve police officers, Department of Natural Resources (DNR) deputy enforcement officers, members of the State Guard, and state constables are allowed to deduct $6,000.

- **Volunteer firefighters, rescue squad workers, and HAZMAT members** qualify only if their employer provides them with a form stating they have earned the minimum number of points established by the State Fire Marshal during the year.
- **Reserve police officers, DNR deputy enforcement officers, and State Guard members** qualify only if the appropriate authority provides them with an I-332, Written Certification for Reserve Police Officer, DNR Deputy Enforcement Officer, or Member of the State Guard, certifying their eligibility.
- **Volunteer state constables** qualify if they complete at least 240 logged service time hours per year. They must be designated as a state constable by the State Law Enforcement Division (SLED) prior to the tax year the deduction is first claimed. SLED must provide the volunteer state

constable with documentation verifying that they have completed the annual training required for the recently completed fiscal year.

An individual taxpayer is limited to one deduction of $6,000. If a taxpayer and spouse both qualify, enter $12,000. Enter the type and amount of deduction.

Line o: Contributions to the SC College Investment Program (Future Scholar) or to the SC Tuition Prepayment Program

You may deduct 100% of any contributions made to:

- the SC College Investment Program between January 1, 2026 and April 15, 2027.
- the SC Tuition Prepayment Program between January 1, 2026 and December 31, 2026.

Line p: Interest from US obligations

Enter the interest income from US obligations that you reported as income on your federal Income Tax return. US obligations include savings bonds, treasury notes, and treasury bills. For more information, see **SC Revenue Ruling #16-2**.

Interest income from the following obligations are taxable for state purposes:

- Federal Home Loan Mortgage Corporation (Freddie Mac)
- Federal National Mortgage Association (Fannie Mae)
- Government National Mortgage Association (Ginnie Mae)

Line q: Certain nontaxable National Guard or Reserve pay

Income received by National Guard or Reserve members for customary annual training, weekend drills, and other inactive duty training is generally exempt from South Carolina Income Tax.

- Members of the National Guard or Reserves may deduct all inactive duty pay from the United States or any state for weekend drills and other inactive duty training they attended.
- Members of the National Guard and active duty Reserve members may also deduct up to 15 days of customary annual training pay, referred to as **active duty training** or **ADT**.
- Inactive duty Reserve members may also deduct up to 14 days of customary annual training pay, referred to as **active duty training** or **ADT**, plus up to two days of travel time listed on official orders.
- Full time Active Guard and Reserve (AGR) employees may deduct up to 15 days of annual training they attended and up to 24 days of weekend drills (a maximum of 39 days) at the daily rate of pay.

For more information, see **SC Revenue Ruling #09-16**. Use line f to subtract Military Reserve and National Guard retirement income.

Line r: Subsistence allowance

The following taxpayers are entitled to a subsistence allowance of $16 per regular workday:

- police and all commissioned law enforcement officers paid by South Carolina municipal, county, or state governments or the federal government
- **full-time** firefighters
- **full-time** emergency medical service personnel

Your employer should provide you with the number of workdays.

Line s: Consumer protection services

An individual may deduct the costs of a monthly or annual contract or subscription for identity theft protection and resolution services. The deduction is only for individuals who filed a return with the SCDOR for a tax year between 1998 and 2012 or whose Personal Identifiable Information (PII) was included on another taxpayer's return. An individual who deducted the same actual costs as a business expense may not claim the deduction.

The deduction is limited to:

- $300 for an individual taxpayer
- $1,000 for a married filing jointly return
- $1,000 for a return claiming dependents

Identity theft protection includes products and services designed to prevent an incident of identity fraud or identity theft. It protects against the disclosure of your PII (for example, your SSN) by preventing a third party from using unauthorized access to your PII to obtain financial resources or other products, benefits, or services.

Identity theft resolution services include products and services designed to assist persons whose PII was obtained by a third party. This minimizes the effects of the identity fraud or identity theft incident and restores the person's identity to its pre-theft status.

Line t: Preceptor deduction

Eligible physicians, advanced practice registered nurses, or physician assistants who serve as preceptors for more than four qualifying clinical rotations may be able to qualify for a deduction in addition to the Preceptor Credit. Refer to the TC-62, Preceptor Credit, for more information on calculating the credit and deduction.

Line u: Poll worker pay deduction

Managers and clerks of elections may exclude their compensation up to the extent the amounts are not subject to FICA tax. For the 2026 tax year, the maximum exclusion amount is $2,500.

Line v: Other subtractions from income

Attach an explanation of your entry on this line. Some examples of items which may be subtracted on this line:

- You may deduct 100% of any contributions made to a Palmetto ABLE Account Expense Fund, subject to program limitations, between January 1, 2026 and December 31, 2026. For more information, visit **treasurer.sc.gov**.
- South Carolina does not recognize bonus depreciation in IRC Section 168(k). With or without bonus depreciation, the depreciable life of the property is the same for federal and state purposes. For the tax year the property is placed in service, a taxpayer must add back, on line d of the Schedule ADJ additions, the difference between the depreciation deduction allowed for federal purposes and the deduction that would have been allowed without bonus depreciation. The South Carolina adjusted basis will then be greater than the federal adjusted basis. For all other years of the depreciable life of the property, an additional depreciation deduction is available for South Carolina purposes.

- South Carolina net operating loss that is larger than the federal amount is a subtraction. The same loss can only be deducted once. Attach your own worksheet or keep with your tax records. No carryback losses are allowed.
- If you have adopted a special needs child, you may subtract $2,000 per year per child as long as the adopted child qualifies as a dependent on your federal return. A qualifying special needs child is:
    1. a person under the age of 18 at the time of adoption
    2. a dependent of a public or private non-profit adoption agency
    3. legally free for adoption
    4. determined by the agency to have specific conditions

  Attach a copy of the letter you received at the time of adoption from the SC Department of Social Services which certified the person as a special needs child.
- Subtract amounts contributed to a Catastrophe Savings Account and interest income earned by the account. If your legal residence is insured against hurricane, rising floodwater, or other catastrophic windstorm event damage, you are allowed to contribute:
    - $2,000 if the qualified deductible is $1,000 or less
    - twice the qualified deductible if it is between $1,000 and $7,500
    - $15,000 if the qualified deductible is more than $7,500

  If your legal residence is not insured against hurricane, rising floodwaters, or other catastrophic windstorm event damage, the limit is $250,000 or the value of your legal residence, whichever is less.
- Subtract any amounts allowed due to IRC Sections South Carolina does not adopt.

Depending upon how a particular item was reported or deducted, the following may be additions or subtractions.

- A change in accounting method to conform in the same manner and same amount as federal. At the end of the federal adjustment, any balance will continue until fully adjusted.
- Adjust the installment method of reporting if:
    - the entire sale was reported for state purposes, or
    - the entire sale was reported for federal purposes, and you wish to continue on an installment basis for state purposes.
- Adjust the federal gain or loss to reflect any difference in the South Carolina basis and federal basis.

Total subtractions

Add subtractions line a through line v. Enter the total on page 1, line 5 of the SC1040.

Schedule NR Instructions

Name, SSN, and Dates

Enter your name and SSN as it appears on your SC1040. We cannot process your Schedule NR without an SSN or ITIN.

If you or your spouse, if married filing jointly, were a part-year resident of South Carolina during the tax year, provide your dates of residency.

Gross Income

Enter your income and losses on line 1 through line 15. Place losses in [brackets]. Enter the total income from your federal return in Column A. Enter the South Carolina income in Column B. Round all amounts to the nearest dollar.

Line 1: Wages, salaries, tips, and other compensation

Enter in Column B:

- All wages, salaries, tips, or other compensation reported to you as South Carolina income on your W-2 forms, and
- All wages you earned while a resident of South Carolina.

Nonresident military servicemembers:

Do not include in Column A:

- Military compensation paid to you if you are a resident of another state.

Do not include in Column B:

- Military compensation paid to you if you are a resident of another state.
- Income for services performed in South Carolina by your nonresident spouse under the provisions of the Federal Military Spouses Residency Relief Act if:
  - you (the military servicemember) are in South Carolina because of military orders, and
  - your nonresident spouse is in South Carolina solely to be with you.

Do not make an adjustment if South Carolina is your state of legal residency.

Military servicemembers and their spouses may elect for tax purposes to use either the domicile state of the servicemember, the domicile state of the spouse, or the permanent duty station of the servicemember for their state of domicile. For more information, see **SC Revenue Ruling #24-5**.

Line 2 and Line 3: Taxable interest and dividends

Interest, dividend income, and interest from another state's obligations are taxable by South Carolina, and included in Column B, for the time you were a resident of South Carolina. Include in Column B any amounts connected with a trade or business in South Carolina, regardless of your state of residency. Do not include in Column B interest income from US or South Carolina obligations.

Line 4: Taxable refunds, credits, or offsets of state and local Income Taxes

South Carolina does not tax a refund of state and local Income Taxes. Enter the taxable amount from the federal 1040 in Column A. Do not enter an amount in Column B.

Line 5: Alimony received

Enter in Column B alimony received for the time you were a resident of South Carolina, if the alimony results from a divorce decree executed or modified before December 31, 2018.

Alimony received as a result of a divorce decree executed or modified after December 31, 2018 is not taxable.

Line 6: Business income or loss

Enter in Column B the income or loss resulting from businesses located in South Carolina. Indicate business losses in [brackets]. 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.

Line 7 and Line 8: Capital gain or loss and other gains or losses

Include in Column B gains or losses from:

- the sale of real property (land or buildings) located in South Carolina
- stocks or bonds sold while a resident of South Carolina

Any gain or loss reported in Column B must be supported by the appropriate federal schedules showing the location of the business or property.

Line 9 and Line 10: Taxable IRA distributions, pensions, and annuities

Enter in Column B the taxable amounts you received while a resident of South Carolina.

Line 11: Rental real estate, royalties, partnerships, estates, and trusts

Enter in Column B the income or loss from property located in South Carolina or from doing business in South Carolina.

Line 12: Farm income or loss

Enter in Column B the income or loss resulting from a farm located in South Carolina. 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 unemployment compensation paid from South Carolina or received while a resident of South Carolina.

Line 14: Taxable Social Security benefits

South Carolina does not tax Social Security or railroad retirement. Do not enter any of these amounts in Column B.

Line 15: Other income

Enter in Column B any other income earned while a resident of South Carolina or from sources within South Carolina for which there is no line provided on the return.

Other income includes:

- prizes
- awards
- gambling winnings
- director fees

Report a foreign earned income exclusion or net operating loss resulting while you were a South Carolina resident or from sources within South Carolina in [brackets].

Line 16: Total income

Add line 1 through line 15 of each column. Enter the total of each column.

Adjustments to Income

Enter federal adjustments to gross income in Column A. Enter the portion that applies to South Carolina in Column B. The South Carolina adjustments on line 17 through line 28 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. Calculate your allowable South Carolina deduction using the following formula:

$$\frac{\text{SC total income (line 16, Column B)}}{\text{Federal total income (line 16, Column A)}} \times \text{Line 17, Column A} = \text{SC adjustment in Column B}$$

Line 18: Certain business expenses of reservists, performing artists, and fee-basis government officials

Calculate your allowable South Carolina deduction using the following formula:

$$\frac{\text{SC total income (line 16, Column B)}}{\text{Federal total income (line 16, Column A)}} \times \text{Line 18, Column A} = \text{SC adjustment in Column B}$$

Line 19: Health savings account

Calculate your allowable South Carolina deduction using the following formula:

$$\frac{\text{SC compensation}}{\text{Federal compensation}} \times \text{Line 19, Column A} = \text{SC adjustment in Column B}$$

Compensation is income you receive for providing personal services. This includes:

- wages
- salaries
- commissions
- tips
- professional fees
- bonuses
- self-employment income

Line 20: Moving expenses

If you have allowable moving expenses, and your move was into 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.

Line 21 through line 23

If you have self-employment income earned from South Carolina and other states, calculate your allowable South Carolina deduction using the following formula:

$$\frac{\text{SC self-employment income}}{\text{Federal compensation}} \times \text{Federal adjustment in Column A} = \text{SC adjustment in Column B}$$

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 resulting from a divorce decree executed or modified before December 31, 2018, and it qualified for an adjustment for federal tax purposes, calculate your allowable South Carolina deduction using the following formula:

$$\frac{\text{SC total income (line 16, Column B)}}{\text{Federal total income (line 16, Column A)}} \times \text{Line 25, Column A} = \text{SC adjustment in Column B}$$

Line 26: IRA deduction

Determine your IRA adjustment for Column B using the percentage of your federal compensation that is South Carolina compensation. Calculate your allowable South Carolina deduction using the following formula:

$$\frac{\text{SC compensation}}{\text{Federal compensation}} \times \text{Line 26, Column A} = \text{SC adjustment in Column B}$$

Compensation is income you receive for providing personal services. This includes:

- wages
- salaries
- commissions
- tips
- professional fees
- bonuses
- self-employment income

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. Calculate your allowable South Carolina deduction using 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 28: Other adjustments to income

Enter in Column B any South Carolina portion of your federal adjustment to income for which there is no line provided.

Line 29: Reserved for future use

Line 30: Total adjustments

Add line 17 through line 29.

Line 31: Adjusted gross income

Federal adjusted gross income: Subtract line 30, Column A from line 16, Column A. Enter on line 31, Column A. This amount should equal the adjusted gross income from your federal return.

South Carolina adjusted gross income: Subtract line 30, Column B from line 16, Column B. Enter on line 31, Column B.

South Carolina Adjustments

Refer to the **Schedule ADJ instructions**, beginning on page 23, for descriptions of South Carolina adjustments that may be available. Add items that are not included in your federal AGI but are taxable to South Carolina. Subtract items that are included in federal AGI but are not taxable in South Carolina.

Line 32: South Carolina additions to income

See **South Carolina Additions** for the Schedule ADJ on page 23 of these instructions for items that are reported on this line. If you report items on this line, you must attach an explanation.

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. Use the worksheet on page 25 of these instructions to determine your dependent exemption amount.

Line 34: Net capital gain deduction

Net capital gains included in taxable income are reduced by 44% for South Carolina Income Tax purposes.

Net capital gain means the **excess** of the **net long-term** capital gain for the tax year **over** the **net short-term** capital loss for the tax year. The South Carolina holding period for long-term capital gains is the same as the federal holding period. Income received from installment sales and capital gain distribution

qualifies for this deduction if the more than one year holding period has been met. Multiply the net capital gain by 44% and enter the result.

Line 35a through line 35c: Retirement deductions for South Carolina residents

South Carolina taxes retirement income received while you are a resident of this state. An individual taxpayer who is the original owner of a qualified retirement account may claim this deduction.

An individual who is under age 65 may claim a retirement deduction up to $3,000 on qualified retirement income from their own plan.

An individual who is age 65 or older during the tax year may claim a retirement deduction up to $10,000 on qualified retirement income from their own plan.

Use the worksheets on page 28 to calculate your retirement deductions.

Line 35a: Include only qualified withdrawals from the taxpayer's own qualified retirement plan.

Line 35b: Include only qualified withdrawals from the spouse's own qualified retirement plan.

Line 35c: A surviving spouse receiving qualified retirement income on behalf of a deceased spouse may deduct up to $3,000 or $10,000 of the qualified retirement income, based on the age of the deceased spouse had they lived.

The surviving spouse must receive the decedent's qualified retirement income as a surviving spouse. The surviving spouse retirement deduction is in addition to the individual retirement deduction claimed from the taxpayer's own retirement plan. If claiming the surviving spouse retirement deduction for more than one deceased spouse, calculate the deduction separately for each deceased spouse. Add the surviving spouse retirement deductions and enter the total on line 35c. Attach a statement showing the date of birth for each deceased spouse and the separate calculation for each deduction.

Line 35d through line 35f: Military retirement deduction for South Carolina residents

Individuals may deduct all military retirement income included in their South Carolina taxable income. Reduce the retirement deduction (line 35a and line 35b) and the age 65 and older deduction (line 36a and line 36b) by the amount of the military retirement deduction taken.

Military retirement income is taxable income received by the taxpayer or the taxpayer's surviving spouse from a qualified military retirement plan. Income that is subject to a penalty for premature distribution does not qualify as retirement income. For a surviving spouse, retirement income includes a retirement benefit plan and dependent indemnity compensation received due to the deceased spouse's military services.

Retirement benefits received for service in the National Guard or Reserves due to inactive time are subtracted on line 41 and are not included in taxable income. Do not include these amounts in the deduction on line 35.

Line 35d: Include military retirement income related to the taxpayer's military service.

Line 35e: Include military retirement income related to the spouse's military service.

Line 35f: Include military retirement income received on behalf of a deceased spouse. Apply the deduction in the same manner that it applied to the deceased spouse.

The surviving spouse military retirement deduction is in addition to any retirement deductions claimed on the taxpayer's own retirement income.

If claiming the surviving spouse military retirement deduction for more than one deceased spouse, calculate the deduction separately for each deceased spouse. Add the surviving spouse military retirement deductions and enter the total on line 35f. Attach a statement showing the date of birth for each deceased spouse and the separate calculation for each deduction.

Line 36: Age 65 and older deduction for South Carolina residents

If you are a resident of South Carolina for at least part of the year and reach the age of 65 during the tax year, you are 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.

Reduce the age 65 and older deduction claimed on line 36a and line 36b by:

- subtracting any individual retirement deduction claimed on line 35a and line 35b, and
- subtracting any military retirement deduction claimed on line 35d and line 35e.

Claiming a surviving spouse retirement deduction on line 35c or line 35f does not reduce the age 65 and older deduction for a taxpayer on line 36a or line 36b.

Use the worksheet on page 29 to calculate your age 65 and older deduction.

Line 37: Dependents under 6 years of age

If you are a resident of South Carolina for at least part of the year, you are allowed a deduction for each dependent claimed on your federal Income Tax return who had not reached age 6 by December 31 of the tax year. Enter the birth dates and SSNs in the available blanks on page 1 of the SC1040. If you need additional space, attach a separate sheet with the requested information. Use the worksheet on page 25 of these instructions to determine your deduction for dependents under 6 years of age.

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 made to:

- the SC College Investment Program between January 1, 2026 and April 15, 2027.
- the SC Tuition Prepayment Program between January 1, 2026 and December 31, 2026.

Line 39: Active trade or business income deduction

You may be able to elect to have South Carolina active trade or business income from a pass-through business taxed at a flat 3% rate. For more information see the I-335, Active Trade or Business Income Reduced Rate Computation. Enter the amount from line 5 of the I-335 here.

Line 40: Consumer protection services

An individual may deduct the costs of a monthly or annual contract or subscription for identity theft protection and resolution services. The deduction is only for individuals who filed a return with the SCDOR for a tax year between 1998 and 2012 or whose Personal Identifiable Information (PII) was included on another's return. An individual who deducted the same actual costs as a business expense may not claim the deduction.

The deduction is limited to:

- $300 for an individual taxpayer
- $1,000 for a married filing jointly return
- $1,000 for a return claiming dependents

Line 41: Other subtractions

Enter any other deductions for which there is no line provided. These deductions are only allowable if the corresponding income is included in your South Carolina taxable income. See the Schedule ADJ instructions for deductions that may be available.

Line 42: Total South Carolina subtractions

Add line 33 through line 41.

Line 43: Total South Carolina adjustments

Subtract line 42 from line 32. If line 32 is zero, enter the amount from line 42 as a negative number in [brackets] on line 43.

Line 44: South Carolina modified adjusted gross income

Add Column B, line 31 and line 43.

Line 45: Proration

Divide line 31, Column B by line 31, Column A. Enter the result as a percentage on line 45. Round to the second decimal. Do not enter a value greater than 100%.

Line 46: South Carolina Income Adjusted Deduction (SCIAD)

Your South Carolina Income Adjusted Deduction is based on your federal filing status and your federal AGI as follows:

Filing Status	AGI	SCIAD
Single or Married Filing Separately	$0 to $40,000	$15,000
	$40,001 to $94,999	$15,000 reduced by fraction: (AGI – 40,000)/55,000
	$95,000 or more	$0
Head of Household	$0 to $60,000	$22,500
	$60,001 to $142,499	$22,500 reduced by fraction: (AGI – 60,000)/82,500
	$142,500 or more	$0
Married Filing Jointly or Surviving Spouse	$0 to $80,000	$30,000
	$80,001 to $189,999	$30,000 reduced by fraction: (AGI – 80,000)/110,000
	$190,000 or more	$0

You can determine your SCIAD using the calculator available at **dor.sc.gov/sciad-calculator** or the SCIAD Worksheet on page 12 of these instructions.

Line 47: Allowable SCIAD

Multiply the SCIAD on line 46 by the proration percentage on line 45.

Line 48: South Carolina taxable income

Subtract line 47 from line 44. Enter the difference here and on line 7 of the SC1040. If less than zero, enter zero.

Attach the completed Schedule NR and a copy of your federal return to your SC1040. Check the Schedule NR box on the first page of the SC1040. Do not submit your Schedule NR separately. We cannot process your return if you submit the Schedule NR separately.

Reminders

Filing online is faster and more accurate.

You may qualify to file online electronically for free. Even if you don't qualify for free filing options, we recommend you file electronically. It's our fastest, easiest, and safest option. Visit **dor.sc.gov/iit-filing** to learn more.

Getting a refund? Direct deposit is fast, accurate, and secure!

With direct deposit, you:

- get your refund deposited directly into your bank account, giving you the fastest access to your refund.
- help save tax dollars.
- don't have to worry about mail processing.

Have a balance due? Pay electronically!

Paying online is quick and easy! You have two options for paying electronically:

- Use our free online tax portal, MyDORWAY, at **dor.sc.gov/pay**. Select **Individual Income Tax Payment** to get started. Choose the 31-Dec-2026 filing period. On MyDORWAY, you can pay by credit card or from your bank account.
- Pay electronically by ACH Debit when you file your return. Enter your bank information on line 36 of the SC1040. The SCDOR will make a request to your bank for payment of the South Carolina taxes you owe. Your bank will automatically debit your account for the requested funds.

Choose one option for paying electronically. If you pay on MyDORWAY, do not enter your bank account information on your SC1040. If you schedule an ACH Debit payment when you file your SC1040, do not make a payment on MyDORWAY.

Entering your bank information when filing if you're not able to pay your full balance:

If you owe a balance after filing your return, your filing software will likely allow you to enter your bank information and select a payment date.

If you enter your bank information, the SCDOR will debit your account for the full amount on the payment date you choose.

If you want to enter into a payment plan or pay using a different payment method, do not enter your bank information.

Review your return

- Attach a complete copy of your federal return if you filed federal Schedules A, C, D, E, or F, or filed a SCH NR, SC1040TC, I-319, or I-335 with your South Carolina return.
- Make sure you received all of your W-2 forms and other tax documents.
- Verify all SSNs on your return. We can't process your return if it is filed without an SSN or ITIN.
- Double check your name, address, and all math calculations.
- Be sure you and your tax preparer (if applicable) have signed your return.
- Make a copy of your complete return for your records, including attachments. Do not mail your only copy of any tax document.

Before you file your return

- Attach all W-2 and 1099 forms with South Carolina withholding.
- If you aren't paying online at **dor.sc.gov/pay**, or on your return by ACH Debit, mail your SC1040 with payment attached to the proper address.

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 mostinstances, 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.

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