



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
ACTIVE TRADE OR BUSINESS INCOME
REDUCED RATE COMPUTATION

Complete one I-335 for each return

Attach I-335 and all supporting Worksheets to SC1040 or SC1041

For the year January 1 - December 31, 2023, or fiscal tax year beginning 2023 and ending 2024

Form with fields for 'Your name', 'Your SSN', 'Spouse's name', and 'Spouse's SSN'.

- 1a. Amount from Worksheet 1, line 3
1b. Total of amounts from each Worksheet 2, line 22, Column C
1c. Add line 1a and line 1b.
2a. Any adjustments necessary because of at-risk rules, South Carolina net operating losses, and/or passive activity losses. Enter in brackets if negative.
2b. Deductible part of self-employment tax from your federal return on partnership income related to South Carolina. Do not include the amount from Worksheet 1, line 2
2c. Subtract line 2b from line 2a. Enter in brackets if negative
3. Add line 1c and line 2c. If zero or negative, stop
4. Amounts reasonably related to personal services of the taxpayer, the taxpayer's spouse, or any person claimed as a dependent on the taxpayer's Income Tax return. Do not include amounts from W-2s or guaranteed payments for personal services
Check here if using Safe Harbor. See instructions for Safe Harbor amount to use.
5. Subtract line 4 from line 3. If greater than zero, enter on SC1040, line I; Schedule NR, line 39; or SC1041, Part I, line 2d.
6. Amounts taxed at entity level (from SC K-1s).
7. Subtract line 6 from line 5. If zero or negative, stop
8. Tax Year 2023 rate on qualifying active trade or business income
9. Tax on active trade or business income (multiply line 7 by line 8) Enter here and on SC1040, line 8 or on SC1041, line 9

Note: A taxpayer may decide annually to have eligible active trade or business income taxed at the reduced rate under SC Code Section 12-6-545 or continue to use the standard graduated 0% to 6.4% rates under SC Code Section 12-6-510 to compute South Carolina tax. For taxpayers filing a joint return, the election is effective for both taxpayers. SC Code Sections are available at dor.sc.gov/policy.