



# MILK CREDIT

Name As Shown On Tax Return

SS No. or Fed. EI No.

**This form must be attached to the SC1040, SC1065, SC1120 or SC1120S.**

1. Enter the number of pounds (lbs.) of milk produced and sold during Calendar Year \_\_\_\_\_, as certified by the Commissioner of Agriculture. \_\_\_\_\_ lbs.  
If less than 500,000 lbs., **STOP**. You do not qualify.
2. Enter \$2,500 if line 1 is greater than or equal to 500,000 pounds (lbs.). \$ \_\_\_\_\_
3. Subtract 500,000 pounds (lbs.) from line 1. \_\_\_\_\_ lbs.
4. Divide line 3 by 500,000 pounds (lbs.) and round down to the nearest whole number. \_\_\_\_\_
5. Multiply line 4 by \$1,250. \$ \_\_\_\_\_
6. Add lines 2 and 5. \$ \_\_\_\_\_
7. Enter the number of quarters in Calendar Year \_\_\_\_\_ to which the credit applies, as certified by the Commissioner of Agriculture. \_\_\_\_\_
8. Multiply line 6 by line 7. Enter here and on the appropriate line of your tax return. This is the amount of the credit. \$ \_\_\_\_\_

**General Instructions:**

For taxable years beginning after 2004, a refundable credit against individual or corporate income tax is available to resident taxpayers engaged in the business of producing milk for sale, based on the amount of milk produced and sold.

The credit amount is \$10,000 for the first 500,000 pounds of milk produced and sold below the production price over a calendar year, and \$5,000 for each additional 500,000 pounds of milk produced and sold below the production price during the calendar year. Credits must be prorated on a quarterly basis.

The S.C. Commissioner of Agriculture will certify to the Department of Revenue which producers are eligible to claim the credit and the amount of the credit.

The credit is allowed when the USDA Class I price of fluid milk in South Carolina drops below the production price as determined by the S.C. Department of Agriculture. The production price is based on such factors as: (1) the average price of milk in the top five states where milk is imported to South Carolina; (2) the average transportation cost of importing milk from those five states; and (3) the cost of production in South Carolina. The Department of Agriculture's regulations are available at [www.scstatehouse.net](http://www.scstatehouse.net).

The average production price is posted on the S.C. Department of Agriculture's website ( [www.scd.a.state.sc.us](http://www.scd.a.state.sc.us) ) and available in the S.C. Commissioner of Agriculture's Office at least once a year after all information needed to compute the average production price becomes available.

If information necessary for determining the cost of production in South Carolina is not readily available, then the Department of Agriculture may use the next best information available, which may include the cost of production in other Southern states.

The Department of Agriculture provides a form to be filled out and signed by all dairy producers filing for this credit. The form is for certifying the amount of milk produced and sold by a specific producer for the entire taxable year. The form includes a sworn statement by the producer regarding the accuracy of the information listed.

The S.C. Department of Revenue will use this information to verify for the credit claim. All disputes regarding the credit or refund under the Milk Producer Tax Credit program will be resolved accordance with Department of Revenue regulations and policies.

The credit allowed pursuant to this section must be reviewed after it has been in place for two taxable years.

**Definitions:**

The “Class I price of fluid milk” means the uniform milk price in South Carolina published by the USDA.

“Producer” means any individual, farm, corporation or other legal entity that produces and sells milk produced from his own cows.

“Cost of production” means the average cost of production in South Carolina.

The “production price” means the Cost of Production in South Carolina, plus the difference between the average uniform price of milk in the top five markets where milk is imported, including transportation costs, and the uniform price of milk in the Appalachian Order.

**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 SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

**The Family Privacy Protection Act**

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, 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.