Business Entity Guidelines as related to Motion Pictures

Rev. 4/24/2008

Basic Structures	Sole Proprietorships	Partnerships	Corporations	Subchapter S Corporations	Limited Liability Companies (LLCs)
Forms (only a partial list and some may not apply)	SC1040	SC1065 Composite: SC1040	SC1120, CL1	SC1120S, CL1 Composite: SC1040	May be taxed as a corporation or partnership or may be disregarded (see below)
Due Dates for Returns	The 15th day of the 4th month after the close of the fiscal year, April 15 for calendar year taxpayers	The 15th day of the 4th month after the close of the fiscal year, April 15 for calendar year taxpayers	The 15th day of the 3rd month after the close of the fiscal year, March 15 for calendar year taxpayers	The 15th day of the 3rd month after the close of the fiscal year, March 15 for calendar year taxpayers	Depends on how taxed

LLC filing

A single member LLC which is not taxed as a corporation is a disregarded entity for tax purposes. A single member could be an individual or corporation as follows:

- Individual: income included on his Individual Tax Return (SC1040), perhaps through Schedule C or E
- Corporation: income included on SC1120 or SC1120S

CL-1 Filing Requirements

QSSS-QUALIFIED SUBCHAPTER S SUBSIDARIES

Q-Sub with Business Activity in South Carolina for Foreign Corporations

The Q-Sub must register with Secretary of State and files the CL-1 with SC Department of Revenue. The income is reported under the corporate return filed by the parent corporation.

The **Parent Corporation** does NOT need to file with the Secretary of Sate or file a CL-1 with the SC Department of Revenue. It **DOES** file a return (SC1120) with SC Department of Revenue and PAYS income and license fees on consolidated amounts.

Q-Sub NOT Active but the PARENT CORPORATION has Business Activity in South Carolina

The **Parent Corporation** registers with Secretary of State and files the CL-1 with SC Department of Revenue.

The Q-Sub does not need to file with Secretary of State or file a CL-1 if all income tax information included on the Parent Corporation's return (SC1120).

Q- Sub and Parent Have Business Activity in South Carolina

Both the Q-Sub and Parent register ~~s~~ with the Secretary of State and files the CL-1 with South Carolina Department of Revenue.

LLC DISREGARDED- MEMBER IS A CORPORATION - FOREIGN

LLC <u>only</u> has business activity in South Carolina

The Member must register with Secretary of State and files the CL1.

The LLC files a return (SC1120) with Department of Revenue and pays income and license fees on consolidated amounts.

The LLC registers with the Secretary of State, but does not file a CL1 because income information is consolidated under the Member's CL-1.

LLC and Member have business activity in South Carolina

The Member must register with Secretary of State and files the CL1.

The LLC files a return (SC1120) with Department of Revenue and pays income and license fees on consolidated amounts.

The LLC registers with the Secretary of State but does not file a CL1 because income information is consolidated under the Member's filing above.

Member only has business Activity in South Carolina

The Member must register with Secretary of State and files the CL1.

The Member files a return (SC1120) with Department of Revenue and pays income and license fees on consolidated amounts.

The LLC has no filing requirements.

LLC FILING AS A CORPORATION

The LLC is required to follow corporate filing guidelines and is treated as a corporation. It is required to file with Secretary of State and file a CL1.

The Member has no filing requirement unless actively doing business in South Carolina.

CL1 Initial Annual Report of Corporations Should be filed:

- ✓ With the Articles of Incorporation
- ✓ Receiving an authority to transact business in South Carolina
- ✓ On or before sixty(60) days after commencing business in South Carolina

Additional Resources:
Secretary of State: www.scsos.com
South Carolina Business Tax Guide

For tax compliance purposes contact (803) 896 1877 or (803) 896 1360