



301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC REVENUE PROCEDURE #94-1

SUBJECT: Administration of Policy
(All Laws Administered by the Department of Revenue)

EFFECTIVE DATE: March 16, 1994

SUPERSEDES: SC Revenue Procedure #93-6

I. BACKGROUND INFORMATION:

The Policy and Special Procedures Division ("Policy") was established to recommend policy to the South Carolina Department of Revenue ("Department") so that the Department may accomplish its mission of increasing the public's awareness and knowledge of the revenue laws of this State and to ensure public confidence in the integrity, effectiveness and fairness of the Department.

This is accomplished in part through the dissemination of policy documents to the general public, to specific persons, and to Department employees.

The mission of the Department is also accomplished in part by coordinating the efforts of Policy and the research, review, and technical sections ("Review") of the other divisions of the Department. Policy is responsible for the formulation, promulgation, dissemination, maintenance and control of the policies established by the Department. Review is responsible for providing informal advice and assistance to persons outside the Department and the employees of their division.

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III. TYPES AND DESCRIPTION OF POLICY DOCUMENTS:

The Department promulgates policy through regulations issued in accordance with the State's administrative procedures act (Code Sections 1-23-10 et seq.) and through Policy Documents authorized by the administrative procedures act, Code Section 12-4-320, and this document. Policy Documents are official advisory opinions of the Department. They are binding on the Department's employees but not on others, including the courts. Policy disseminates them to the public to make known the Department's official positions on particular matters and to increase the public's awareness and understanding of the various laws administered by the Department. Policy Documents consist of Revenue Rulings, Revenue Procedures, Private Letter Rulings, Technical Advice Memorandums, and Information Letters. These documents are described in the sections which follow.

(A) Revenue Rulings

Definition: A Revenue Ruling is the Department's official advisory opinion of how laws administered by the Department are to be applied to a specific issue or a specific set of facts and is provided as guidance for all persons or a particular group. It is valid and remains in effect until superseded or modified by a change in a statute, a regulation, a subsequent court decision, a Revenue Ruling or a Revenue Procedure.

When a Revenue Ruling will be issued: A Revenue Ruling will be issued when:

- (1) the law or regulations are not clear and Policy determines that the issue will affect many people.
- (2) a request for a Private Letter Ruling concerns an issue that will affect many people. Policy reserves the right to upgrade any Private Letter Ruling to a Revenue Ruling.
- (3) inconsistency in the treatment of an issue exists between districts or divisions.
- (4) it is believed that issuance of a Revenue Ruling is in the best interest of the

Department.

When a Revenue Ruling will not be issued: A Revenue Ruling will not be issued:

- (1) when the laws or regulations are clear.
- (2) in response to inquiries concerning alternative treatments or hypothetical situations.
- (3) on a matter that concerns only one person.
- (4) on matters scheduled for audit or being audited appealed or litigated.
- (5) on inquiries concerning federal tax matters unless such inquiries concern differences in treatment(s) for federal and state purposes. Other inquiries concerning federal tax matters should be directed to the Internal Revenue Service. The Department will abide by revenue rulings of the Internal Revenue Service until or unless the Department specifies otherwise. The determination that the Department will not abide by an Internal Revenue Service revenue ruling will be prospective, provided that all of the provisions of federal law in question have been specifically adopted by South Carolina.
- (6) on requests that can best be handled by another division within the Department.
- (7) when the issuance of a Revenue Ruling is not in the best interest of the Department.

From time to time it may become necessary to deny issuance of rulings for reasons other than those presented. In such cases, the person who requested the ruling will be notified and the reason(s) given.

(B) Revenue Procedures

Definition: A Revenue Procedure is a document issued for the purpose of disseminating information of a procedural nature. It is valid and remains in effect until superseded or modified by a change in a statute, a regulation, a subsequent court decision, or Revenue Procedure or a Revenue Ruling.

When a Revenue Procedure will be issued: A Revenue Procedure will be issued when:

- (1) inconsistency exists in the handling of an administrative matter.
- (2) the law or regulations are silent or not clear with respect to an administrative matter.
- (3) the issuance of a Revenue Procedure is in the best interest of the Department.

When a Revenue Procedure will not be issued: A Revenue Procedure will not be issued when:

- (1) the law or regulations concerning an administrative matter are clear.
- (2) the administrative matter can best be handled by one of the other divisions within the Department.
- (3) the issuance of a Revenue Procedure is not in the best interest of the Department.

(C) Private Letter Rulings

Definition: A Private Letter Ruling is an official advisory opinion issued by the Department to a specific person, upon written request, and it only applies to the specific facts and circumstances of that person as related in the request.

General Statement: It is anticipated that Private Letter Rulings will be the primary vehicle for responding to ruling requests from outside the Department. A Private Letter Ruling is binding on the Department's employees, with respect to the person to whom it was issued, as long as the representations made in the ruling request reflect an accurate statement of the material facts and the transactions were carried out as proposed. A Private Letter Ruling may only be relied upon by the person to whom it was issued and only for the transaction or transactions to which it relates. A Private Letter Ruling has no precedential value.

If it is determined that the representations made in the ruling request do not reflect an accurate statement of the material facts or the transactions were not carried out as proposed, the Private Letter Ruling may not be relied upon by the person who requested it.

A "sanitized" version of the person's Private Letter Ruling is public information, and even though it may not be relied upon by others, it is made available to the general public to provide insight as to the thinking of Policy on particular matters. However, one should be aware that sometimes the facts of a particular Private Letter Ruling request are voluminous and only a summary of the facts will be set forth in the document.

When Private Letter Rulings Will Be Issued. A Private Letter Ruling is issued only upon written request of a specific person, or that person's representative. If the request is made by the representative, a power of attorney must be provided.

When Private Letter Rulings Will Not Be Issued. A Private Letter Ruling will not be issued:

- (1) when the law or regulations are clear.
- (2) in response to inquiries concerning alternative treatments or hypothetical situations.
- (3) on matters scheduled for audit or being audited, appealed or litigated.

(4) on inquiries concerning federal tax matters unless such inquiries concern differences in treatment(s) for federal and state purposes. Other such inquiries should be directed to the Internal Revenue Service. The Department will abide by private letter rulings of the Internal Revenue Service, issued to the taxpayer for the transaction in question, until or unless the Department specifies otherwise. The determination that the Department will not abide by an Internal Revenue Service private letter ruling will be prospective, provided that all of the provisions of federal law in question have been specifically adopted by South Carolina. A federal private letter ruling may only be relied upon by the taxpayer to whom it was issued and only for the transaction or transactions to which it relates.

(5) on requests that can be best handled by another division within the Department.

(6) when the issuance of a Private Letter Ruling would not be in the best interest of the Department.

From time to time it may become necessary to deny issuance of rulings for reasons other than those presented. In such cases, the person who requested the ruling will be notified and the reason(s) given.

How Private Letter Rulings Are To Be Utilized. If a Private Letter Ruling applies to only one return, application, or other document, then a copy should be attached to the return, application or document when filed. If a Private Letter Ruling applies to a repetitive transaction, then a copy does not need to be filed with each return, application or document. However, a reference to the Private Letter Ruling should be made on the return, application or document and a copy should be readily available in the event of an audit.

(D) Technical Advice Memorandums

General Statement: The primary purpose of a Technical Advice Memorandum is to resolve issues of law, not issues of fact, arising from an audit. As such, Technical Advice Memorandums will provide an alternative for persons who wish to try to resolve legal issues without going through the appeals process.

Technical Advice Memorandums may also, at the discretion of Policy, the Executive Director or the Commissioners, be issued with respect to technical information of a general nature that is not connected with an audit.

Definition: A Technical Advice Memorandum is Policy's official advisory opinion of how laws administered by the Department are to be applied to a specific issue or set of facts. A Technical Advice Memorandum that concerns a particular person has no precedential value and may only be relied upon by that person.

How Technical Advice Memorandums Effect The Audit Process:

Once a Technical Advice Memorandum is issued, the person to whom it was issued may either (1) agree with the determination and settle the audit accordingly or (2) disagree with the

determination and appeal the issue. A Technical Advice Memorandum is binding on the employees of the Department, provided the factual representations made in the request were accurate.

If it is discovered during the completion of the audit, or during the review process, that the factual representations made in the request were not accurate, the Technical Advice Memorandum is void. The Department employee (i.e. auditor or analyst), upon the discovery of any misrepresentation, should provide documentation in the audit file which substantiates the misrepresentation.

When Technical Advice Memorandums Will Be Issued For Matters Under Audit: A Technical Advice Memorandum will be issued only upon written request by a person who is under audit. A Department employee may recommend a Technical Advice Memorandum as an alternative to the appeals process and may assist in drafting the request.

When Technical Advice Memorandums Will Be Issued For Matters Not Under Audit: With respect to issues not under audit, a Technical Advice Memorandum will be issued only upon written request of a Department employee and only at the discretion of Policy, the Executive Director, or the Commissioners.

When Technical Advice Memorandums Will Not Be Issued: A Technical Advice Memorandum will not be issued:

- (1) on requests not meeting the requirements of this document.
- (2) when the person under audit and the Department employee disagree as to the facts and that disagreement, in the judgment of Policy, may effect the outcome of the determination.
- (3) if the audit file, upon appeal by the person under audit, has been forwarded to the Policy and Special Procedures Division.
- (4) after the person under audit has agreed to the audit findings.
- (5) when the issuance of a Technical Advice Memorandum would not be in the best interest of the Department.

From time to time it may become necessary to deny issuance of Technical Advice Memorandum for reasons other than those presented. In such cases, the person under audit, the Department employee and Review will be notified and the reason(s) given.

Routing of Request: A request for a Technical Advice Memorandum will be sent to Review as expeditiously as possible. If a request for a Technical Advice Memorandum is initiated at the Review level, it will be sent directly to Policy.

Actions by Review with Respect to Requests Initiated by Persons Under Audit:

Technical Advice Memorandums Requested at the Audit Level If Review determines an issue received from the audit level should be resolved in favor of the person under audit, the matter is ended and the request will not be forwarded to Policy. The person under audit and the auditor will be informed of Review's determination and the audit will be resolved accordingly.

If Review determines the issue should be resolved in favor of the auditor (i.e. against the person under audit), Review will forward the request to Policy. Review will include an explanation as to why they support the auditor's position.

Technical Advice Memorandums Requested at the Review Level If Review receives a request for a Technical Advice Memorandum while the audit is in Review, it will be the responsibility of the analyst to explain to the person under audit the option of forwarding the file to the Appeals Section of the Tax Policy and Appeals Department for possible resolution.

Actions by Policy: Once Policy has received a request for a Technical Advice Memorandum, the steps set forth below in Section VI, "PROCEDURES FOR ISSUANCE OF A POLICY DOCUMENT" will be followed.

Actions with respect to the Audit File: Upon issuance of the Technical Advice Memorandum, the Department employee, if applicable, will place a copy of the Technical Advice Memorandum in the audit file.

(E) Information Letters

Definition: An Information Letter is a document issued to disseminate general information or information concerning an administrative pronouncement.

When an Information Letter will be issued: An Information Letter will be issued when:

- (1) a code section or regulation is added, amended or rescinded and general notice of such action should be disseminated.
- (2) a previous Information Letter is being revised.
- (3) the effective date of a Revenue Ruling is being changed.
- (4) it is deemed to be in the best interest of the Department.
- (5) it is necessary to disseminate an administrative pronouncement.

IV. DETERMINATION AS TO THE TYPE OF POLICY DOCUMENT TO BE ISSUED

The determination as to the type of policy document to be issued, or whether or not a policy document should be issued, rests with the Commissioners, the Executive Director and/or Policy. Requests from both within and without the Department are not requests for specific policy documents, but are requests for written determination. However, with respect to requests for Technical Advice Memorandums, Policy will generally issue a Technical Advice Memorandum to ensure a timely response. After the Technical Advice Memorandum is issued, Policy may recommend to the Commissioners that a Revenue Ruling or a Revenue Procedure be issued on the matter, if it is determined that the issue raised justifies the issuance of such a document.

V. REQUESTING A WRITTEN DETERMINATION

Requests for written determinations should be handled in the following manner:

Requests from Persons outside the Department (other than Technical Advice Memorandums): Requests for written determinations from persons outside of the Department must be in letter form. Written determinations will not be issued in response to oral inquiries. Requests should be forwarded to:

Policy - Written Determination Request
South Carolina Department of Revenue
301 Gervais Street
P.O. Box 125
Columbia, South Carolina 29214-0702

Policy may forward any request to another division within the Department if it is determined that it is more appropriate for another division to respond to the request.

Requests for Technical Advice Memorandums: A request for a Technical Advice Memorandum must be signed by the person under audit (or that person's representative) and by the Department employee. By signing the request, they are attesting they are in agreement as to the relevant facts. If they cannot reach an agreement as to the relevant facts, then the employee must attach a statement to the request. The statement must set forth any disagreements that the Department employee may have to the facts as stated in the request from the person under audit. (See the "Routing of Request" subsection in Section III.(D) above.)

Requests from within the Department: A written determination will be issued on the oral or written instructions of the Commissioners or the Executive Director, or based on a decision by Policy to issue a document.

All other requests must be in writing and routed to Policy through the Review section of the appropriate division. These sections will determine if a written determination from Policy is warranted. If a written determination from Policy is not warranted, the Review section of the division will respond to the question. Note, responses by these sections are not the official position of the Department, but are informal advice designed to assist the employees of the

particular division. If it is determined that a written determination from Policy is warranted, the Review section will forward the request to Policy, along with a statement as to the reasons for requesting a policy document and their recommendations with respect to the issue. They will also notify their Division Director as to the nature of the request. At the discretion of the division director, all requests may be routed to Policy through the office of the division director.

Response to Requests for Rulings: Requests for all written determinations will be responded to in the order received (first come - first serve), unless compelling reason(s) is given to do otherwise.

It is the requesting party's responsibility to provide written reason(s) for extending preferential treatment. Policy has the authority to grant or deny preferential treatment. Policy will strive to respond to all requests as expeditiously as possible. The person requesting the written determination will be notified if it is anticipated that an inordinate amount of time will be necessary in order to reach a final determination.

Contents of the request: All requests for written determinations must contain the following (if applicable):

- (1) Name of person requesting the ruling.
- (2) Address and telephone number of the person requesting the ruling.
- (3) Relevant identification numbers (i.e. social security number, federal identification number, license number, etc.).
- (4) A power of attorney if the person is to be represented by a third party.
- (5) Perjury statement as required by this document. (See discussion on page 13.)
- (6) Specific question(s) to be answered or procedures to be addressed.
- (7) Complete statement of all facts.
- (8) Relevant code sections, regulations, court decisions. Policy encourages applicants to refer to any legislation, court decisions, regulations, rulings or procedures which appear to support their position.
- (9) Copies of relevant documents (i.e. contracts, wills, deeds, etc.). Do not forward original documents.
- (10) The person requesting the ruling must state in the request if:
 - (a) the same issue is under audit by the Department or any other taxing or revenue authority.

- (b) the person has been notified that an examination is pending (if applicable).
- (c) the same issue(s) is under appeal with the Department or any other taxing or revenue authority.
- (d) the same issue(s) is being litigated.
- (e) the Department, or any other taxing or revenue authority, has previously issued a ruling on the same issue(s). (Please cite or attach a copy of the ruling(s).)
- (f) the Attorney General's Office has been, or will be, requested to issue an opinion concerning the issue(s).

(11) If the request is for a Technical Advice Memorandum, the following additional information must be included:

- (a) Name and telephone number of the Department employee (auditor or analyst) in charge of the audit or the audit review.
- (b) The period of time for which the person requesting the ruling is being audited.
- (c) A statement of any disagreements that the Department employee may have to the facts as stated in the request.

Upon receipt and review of the request, Policy may request any additional information or documentation it deems necessary. If Policy requests additional information or documentation, and it is not provided within thirty days, Policy will consider the request withdrawn and close the file.

Penalties of Perjury Declaration: A request for a written determination received from outside the Department must be accompanied by a declaration that contains the following language:

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the facts presented in support of the requested ruling are true, correct and complete. Furthermore, I have read and understand the penalty provisions of S.C. Code Section 12-54-40(b)(6)(f).

This declaration must be signed by the person making the request, or if the request is being made by a corporation, by an officer of the corporation who has personal knowledge of the relevant facts. A trustee or partner may sign for a trust or partnership if he or she has personal knowledge of the facts. This statement may not be signed by the person's representative.

Examinations Prior to Ruling Being Issued: If, prior to the issuance of a written determination, a person is notified of a pending examination by the Department, or other taxing or revenue authority, he or she is required to notify Policy. It is also required that the examining agent or auditor be notified of the request for written determination.

VI. PROCEDURES FOR ISSUANCE OF A POLICY DOCUMENT

Once Policy has received a request for a written determination from a person either within or without the Department, the following steps will be taken:

- (1) Policy, upon the receipt of a request, will acknowledge receipt of the request in writing.

Policy may request any additional information or documentation it deems necessary. The person making the request will be informed that if the additional information or documentation is not provided within thirty days, Policy may consider the request withdrawn and the file closed. Additional time may be requested.

If Policy receives a request (a) which, in accordance with the provisions of Section III of this document, will not be issued, or (b) which does not appear to be a request for a formal written determination, then Policy will consider the request as one for informal guidance or information and forward it to the appropriate department within the Department. Policy will notify person requesting the ruling that the request has been referred to another division. That person should inform Policy at this time if a formal policy document is in fact desired.

- (2) Policy will gather all necessary information and data, and research the issue or issues. Policy may telephone, or meet with, whomever necessary to obtain additional information or to clarify facts. Policy will determine the type of document to be issued and will draft a proposed Revenue Ruling, Revenue Procedure, Private Letter Ruling, Technical Advice Memorandum or Information Letter.
- (3) All proposed Revenue Rulings, Revenue Procedures and Private Letter Rulings will be circulated for comments and/or suggestions. Technical Advice Memorandums and Information Letters may be circulated by Policy at its discretion. Each document being circulated will be labeled "DRAFT".
- (4) If an Information Letter is not circulated, it will be disseminated immediately.
- (5) After being circulated, the draft may be modified.
- (6) At the discretion of Policy, the amended draft will be circulated for further comments and/or suggestions. If, after a draft has been circulated, Policy changes its recommendation as to a proposed ruling's effective date so as to grant prospective treatment, the draft will be re-circulated for comments.

- (7) If the written determination was requested by a specific person from outside the Department, a "Notice of Proposed Ruling" will be sent to that person. (See Section VII - "NOTICE OF PROPOSED RULING".)
- (8) All proposed Revenue Rulings and Revenue Procedures will be presented to the Commissioners at a public business meeting for their consideration. The Commissioners may also, at their discretion, instruct Policy to seek public comments or suggestions before any further consideration is given to a proposed Revenue Ruling or Revenue Procedure.

If approved by the Commissioners, the Revenue Ruling or Revenue Procedure will be disseminated both within and without the Department.

If the proposed Revenue Ruling or Revenue Procedure is not approved by the Commissioners, then Policy will either make the recommended changes and circulate the amended draft (if considered necessary by Policy or the Commissioners) or communicate to whomever necessary the reason(s) for not issuing a Revenue Ruling or Revenue Procedure.

- (9) All proposed Private Letter Rulings and Technical Advice Memorandums will be circulated to the Commissioners and the Executive Director of the Department.

If within two weeks of the date of circulation any one of the Commissioners or the Executive Director requests that the proposed ruling be discussed, it will be placed on the agenda for the next Department business meeting.

At the business meeting, the Commissioners can instruct Policy to issue the document as proposed, amend the document, or not issue the document.

If within the two week period a Commissioner or the Executive Director does not request that the document be discussed at a business meeting, the document will be issued and disseminated both within and without the Department.

VII. NOTICE OF PROPOSED RULING

Prior to issuing a written determination that has been requested by a person from outside the Department, that person or his representative will be provided a draft of the proposed ruling and given an opportunity to:

- (1) provide additional information or arguments if they disagree with the proposed ruling; or,
- (2) withdraw the ruling, if drafted as a Private Letter Ruling or Technical Advice Memorandum. (See Section VIII of this document.)

Copies of the "Notice of Proposed Ruling" for a Technical Advice Memorandum will be sent to the auditor and/or Review.

In the "Notice of Proposed Ruling" the person who requested the ruling should be informed that the proposed ruling is not the official position of the Department but is merely a preliminary finding based upon the information available as of the date of the letter. Also, the person who requested the ruling will be given thirty days to respond to the notice. Additional time will usually be granted upon request.

The person will be informed that if the request is withdrawn, that he or she may file a claim for refund (if the tax or fee has already been paid) and handle the matter through the appeals process. If the tax or fee has not been paid, the person may withdraw the request and appeal the issue if audited. This will allow the person to present the issue to the Commissioners without a private letter ruling or a technical advice memorandum being previously issued on the matter in question.

If the person who requested the ruling does not wish to exercise these options, Policy will continue the procedures for the issuance of a policy document as described in Section VI of this document. Policy may modify the draft at its discretion based on any new information that may be presented.

Policy, at its discretion or upon the request of the Commissioners or the Executive Director, may upgrade any proposed or existing Private Letter Ruling to a Revenue Ruling or a Revenue Procedure.

VIII. WITHDRAWING A REQUEST FOR A RULING

A request for a written determination may be withdrawn by the person who requested the ruling at any time prior to the issuance of a policy document, if the ruling is drafted as a Private Letter Ruling or a Technical Advice Memorandum. A Department employee may only withdraw a request for a Technical Advice Memorandum if, after reconsidering the issues of law, the employee decides that the position of the person who requested the ruling is correct.

Even though a request is withdrawn, all correspondence and/or documents will be retained for future reference. Policy may furnish its views to appropriate Department personnel who may consider it in a subsequent examination of a person's tax return or for any other reason within their authority.

If Policy determines that the issue raised by a request will affect many persons, Policy may recommend to the Commissioners that a Revenue Ruling or a Revenue Procedure be issued on the matter.

IX. REVOCATION OR MODIFICATION OF A DOCUMENT

Revenue Rulings and Revenue Procedures: Revenue Rulings and Revenue Procedures are valid and remain in effect unless superseded or modified by a change in a statute, regulation, subsequent court decision, Revenue Ruling, or Revenue Procedure. If applicable, a Revenue

Ruling or Revenue Procedure will state on its face that it is being issued to supersede or modify an existing document, and the document being revoked or modified will also be identified. Revocation or modification applies to all periods open under the statute unless the retroactive effect of such action is limited in the document.

Private Letter Rulings and Technical Advice Memorandums: The other divisions have the authority to ascertain whether any Private Letter Ruling or Technical Advice Memorandum previously issued has been properly applied. If it is later determined that the representations upon which a Private Letter Ruling or a Technical Advice Memorandum was based are inaccurate or that a transaction was not carried out as presented, then the Private Letter Ruling or Technical Advice Memorandum may not be relied upon by the person who requested it and it is not binding on the division when conducting an audit of, or assessing, that person.

X. FORMAT OF POLICY DOCUMENTS

Each type of Policy Document will be numbered sequentially. The numbering sequence will begin anew at the beginning of each calendar year; with the first two digits denoting year of issuance (i.e. SC Revenue Ruling #92-1; SC Revenue Procedure #92-1). Next to the assigned number will be placed three letters denoting the type of revenue account (i.e. (TAX), (DMV), or (ABC)) Revenue Rulings and Revenue Procedures will contain a place designated for the signatures of the Commissioners and the date of approval.

Policy Documents will be formatted as shown in Exhibit "A", unless the dissemination of policy with respect to a particular issue can best be accomplished by a different format.

XI. PUBLIC DISCLOSURE OF RULINGS

Disclosure will consist of publishing a synopsis in the Department newsletter with an address or telephone number for obtaining a copy of the full text of the document. The Department may take other steps to accomplish disclosure, as deemed appropriate and necessary. Disclosure of all Policy Documents will be coordinated with the Office of the Public Information Director.

The Department will edit for confidentiality ("sanitize") Private Letter Rulings and Technical Advice Memorandums prior to disclosure to protect the privacy of persons who have requested a ruling. A sanitized ruling is one in which all references to a particular person have been omitted.

Upon issuance of a Private Letter Ruling or a Technical Advice Memorandum, a copy of the "sanitized" version will also be forwarded to the person who requested the ruling by certified mail or fax transmission. The taxpayer will have fifteen (15) days from date of the letter to request any further "sanitizing". Lack of response within the fifteen (15) day period will be considered as acceptance of the "sanitized" version. Policy will be responsible for forwarding the "sanitized" version of Private Letter Rulings to the person who requested the ruling.

XII. INFORMAL ADVICE

Policy personnel may give informal oral advice to any person within or without the Department. Such advice does not represent an official advisory opinion of Policy or the Department and is

not binding on the person who asked for such advice, any person within the Department, or the Commissioners.

If a person outside of the Department or a Department employee desires informal written advice, Policy will generally forward such requests to the appropriate Review section within the Department. Policy may, at its discretion, issue informal non-binding written advice if the facts and circumstances warrant.

For questions concerning this document, contact Policy at (803) 737-4440, John P. McCormack at (803) 737-4438, or Rick Handel at (803) 737-4432.

South Carolina Department of Revenue

March 16, 1994
Columbia, South Carolina

Exhibit "A"

Format of Revenue Rulings

Format of Revenue Procedures

Format of Private Letter Rulings

Format of Technical Advice Memorandums

Format of Information Letters

SC REVENUE RULING # (TAX, DMV or ABC)

SUBJECT: (Title)
(Tax, License or Revenue Type)

EFFECTIVE DATE: (Specify a specific date or, if a specific date is not warranted, insert the phrase, "Applies to all periods open under the statute.")

SUPERSEDES: (Specify which Revenue Ruling or, if not superseding a specific document, insert the phrase, "All previous documents and any oral directives in conflict herewith.")

REFERENCES: (Specify and fully cite all South Carolina code sections referenced in the Revenue Ruling: i.e. "S. C. Code Ann. Section XX-XX-XXX (Year)").

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Supp. Year)
SC Revenue Procedure #94-1

SCOPE: A Revenue Ruling is the Department of Revenue's official advisory opinion of how laws administered by the Department are to be applied to a specific issue or a specific set of facts, and is provided as guidance for all persons or a particular group. It is valid and remains in effect until superseded or modified by a change in the statute or regulations or a subsequent court decision, Revenue Ruling or Revenue Procedure.

Question(s):

Conclusion(s):

Facts: (Optional)

Discussion: (Optional)

Note: The signatures of the Commissioners, and the date the Commissioners approved the Revenue Ruling, should be placed at the end of the document along with the following statement:

"For questions concerning (subject of document), contact (name of contact person or applicable division within the Department) at (phone number) or (Tax Manager or Analyst) at (phone number)".*

*This statement may be modified as deemed necessary.

XX/ The initials of the Policy Manager or Analyst will be placed here on the last page of the document if neither the manager nor the analyst are identified in the above statement.

SC REVENUE PROCEDURE # (TAX, DMV, or ABC)

SUBJECT: (Title)
(Tax, License, Revenue Type)

EFFECTIVE DATE: (Specify a specific date or, if a specific date is not warranted, insert the phrase, "Applies to all periods open under the statute.")

EXPIRATION DATE: (If Needed)

SUPERSEDES: (Specify which Revenue Procedure or, if not superseding a specific document, insert the phrase, "All previous documents and any oral directives in conflict herewith.")

REFERENCES: (Specify and fully cite all South Carolina code sections referenced in the Revenue Procedure: i.e. "S. C. Code Ann. Section XX-XX-XXX (Year)".)

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Supp. Year)
SC Revenue Procedure #94-1

SCOPE: A Revenue Procedure is a statement which provides information of a procedural nature. It is valid and remains in effect until superseded or modified by a change in the statute or regulations or a subsequent court decision, Revenue Procedure or Revenue Ruling.

There is no set format for the balance of the document; however, it should, when possible, give the reasons for issuing the Revenue Procedure.

Note: The signatures of the Commissioners, and the date the Commissioners approved the Revenue Procedure, should be placed at the end of the document of the procedure along with the following statement:

"For questions concerning (subject of document), contact (name of contact person or applicable division within the Department) at (phone number) or (Tax Manager or Analyst) at (phone number)".*

*This statement may be modified as deemed necessary.

XX/ The initials of the Policy Manager or Analyst will be placed here on the last page of the document if neither the manager nor the analyst are identified in the above statement.

SC PRIVATE LETTER RULING # (TAX, DMV, or ABC)

TO: (Name and address of person who requested the ruling)

SUBJECT: (Title)
(Tax, License or Revenue Type)

DATE: (Date the Private Letter Ruling is issued)

REFERENCE: (Specify and fully cite all South Carolina code sections referenced in the Private Letter Ruling: i.e. "S. C. Code Ann. Section XX-XX-XXX (Year)").

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Supp. Year)
SC Revenue Procedure #94-1

SCOPE: A Private Letter Ruling is an official advisory opinion issued by the Department of Revenue to a specific person.

NOTE: A Private Letter Ruling may only be relied upon by the person to whom it is issued and only for the transaction or transactions to which it relates. A Private Letter Ruling has no precedential value.

Question(s):

Conclusion(s):

Facts:

Discussion: (If Needed)

"For questions concerning (subject of document), contact (name of contact person or applicable division within the Department) at (phone number) or (Tax Manager or Analyst) at (phone number)".*

*This statement may be modified as deemed necessary.

XX/ The initials of the Policy Manager or Analyst will be placed here on the last page of the document if neither the manager nor the analyst are identified in the above statement.

SC Technical Advice Memorandum # (TAX, DMV, or ABC)

TO: (Name and Address of person who requested the ruling)

SUBJECT: (Title)
(Tax, License or Revenue Type)

DATE:

SCOPE: (If the Technical Advice Memorandum issued is with respect to the audit of a particular person, the scope must state the following: "This Technical Advice Memorandum is Policy's official advisory opinion of how laws administered by the Department of Revenue are to be applied to a specific audit of a particular person. It may only be relied upon by the person to whom it is issued and only for the transaction or transactions to which it relates. This Technical Advice Memorandum has no precedential value.")

(If the Technical Advice Memorandum is issued with respect to technical information of a general nature that is not connected with an audit, the scope must state the following: "This Technical Advice Memorandum is Policy's official advisory opinion of how laws administered by the Department of Revenue are to be applied to a specific issue or set of facts.")

The balance of this document will be very brief. It does not require a standard format; however, the document will generally not contain all of the relevant facts or reasoning.

"For questions concerning this Technical Advice Memorandum, contact (Tax Manager or Analyst) at (phone number)".*

* This statement may be modified as deemed necessary.

cc: (Department Employee's Name)

XX/XX-XX The initials of the Policy Manager or Analyst will be placed here on the last page of the document if neither the manager nor the analyst are identified in the above statement.

SC INFORMATION LETTER # (TAX, DMV, or ABC)

SUBJECT: (ADMINISTRATIVE PRONOUNCEMENT - if applicable *)
(Title)
(Tax, License, or Revenue Type)

DATE:

SUPERSEDES: (Specify which Information Letter or, if not superseding a specific document, insert the phrase, "All previous documents and any oral directives in conflict herewith.")

REFERENCE: (Specify and fully cite all South Carolina code sections referenced in the Information Letter: i.e. "S. C. Code Ann. Section XX-XX-XXX (Year)").

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. Year)
SC Revenue Procedure #94-1

SCOPE: An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements are the official advisory opinions of the Department.

The balance of this document does not require a standard format.

XX/ The initials of Policy Manager or Analyst will be placed here on the last page of the Information Letter.

*If the Information Letter is an Administrative Pronouncement of the Department, it will be designated as such in the "Subject" portion of the heading.