
State of South Carolina
Department of Revenue
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214

SC REVENUE PROCEDURE #95-6

SUBJECT: Department of Revenue Internal Appeals Process and Procedures

EFFECTIVE DATE: This document is effective August 1, 1995

SUPERSEDES: SC Revenue Procedures #92-1, 95-3, and all previous documents and any oral directives in conflict herewith.

AUTHORITY: S.C. Code Section 12-4-320 (Supp. 1994)
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 It is valid and remains in effect until superseded or modified by a change in the statute or regulations or a subsequent court decision or Revenue Procedure.

I. Introduction

This document contains procedures for handling disputed matters within the jurisdiction of the Department of Revenue, including disputes concerning penalties and denials and revocations of licenses, through the Department Determination.

These procedures are intended to ensure public confidence in the integrity and fairness of the Department, to comply with both the letter and the spirit of the South Carolina Taxpayers' Bill of Rights, and to resolve disputes where possible without the expense of going to a formal hearing or court.

All time limits contained in this Revenue Procedure, except those mandated by statute or regulation, may be extended by mutual agreement of the person appealing and the appropriate Department employee.

To understand the appeals process, this Revenue Procedure must be read in conjunction with the South Carolina Revenue Procedures Act, Chapter 60 of Title 12 of the South Carolina Code, and the Rules of Procedure for the Administrative Law Judge Division. The Rules of Procedure are available from the Administrative Law Judge Division, Edgar A. Brown Building, Second Floor, 1205 Pendleton Street, Columbia, South Carolina 29201, (803) 734-0550.

II. Definitions

A. Appeals - The employees designated by Field Services Division, Office Services Division, Property Division, and Division of Motor Vehicles to carry out the responsibilities and duties assigned to Appeals in this Revenue Procedure.

B. Audit Supervisor - The employees designated by the Field Services Division, the Office Services Division, the Property Division, and the Division of Motor Vehicles to carry out the responsibilities and duties assigned to the Audit Supervisor in this Revenue Procedure.

C. Contested Case Hearing - A hearing defined in Section 1-23-310 of the S.C. Code, and conducted pursuant to Article 3, Chapter 23 of Title 1, the South Carolina Administrative Procedures Act. It includes hearings conducted by:

1. The Administrative Law Judge Division to review Department Determinations other than DMV Matters; and
2. The DMV Hearing Officers to review Department Determinations regarding DMV Matters.

D. Department - The Department of Revenue.

E. Department Determination - The final determination of an appeal by the Department made in accordance with this Revenue Procedure. This determination may be appealed to the Administrative Law Judge Division, or, for DMV Matters, to the Hearing Officers of the Department of Public Safety.

F. Department Representative - The person appointed by the Department's General Counsel to prepare the Department's determination and represent the Department at the Contested Case Hearing.

G. Director - The Director of the Department.

H. Division - The appropriate division or divisions of the Department. Divisions of the Department which are affected by this Revenue Procedure include the Field Services Division, the Office Services Division, the Property Division, the Division of Motor Vehicles, and the Office of the General Counsel.

I. DMV Hearing Officers - The Department of Public Safety's hearing officers.

J. DMV Matters - Matters related to driver licenses, motor vehicle registrations, and motor vehicle titles.

K. Final Assessment or Assessment - For the purposes of this Revenue Procedure:

1. Except for property taxes, an Assessment is the determination of any tax due.
2. For property tax purposes an Assessment is the determination of the value of the property multiplied by the assessment ratio. The property tax due is later determined by multiplying the Assessment by the millage levied by the taxing authority. An Assessment for property taxes of airlines and private car lines will include determination of the equalized assessment ratio, the millage and the tax due.

3. Assessments include the determination of any penalty or interest due and owing.

L. Proposed Assessment - The first written notice sent or given to a person stating that a Division within the Department has concluded that any tax is due. For property tax purposes, it includes the first notice stating the value and/or assessment ratio of certain property as determined by the Department. The term Proposed Assessment does not include the auditor's work papers or draft audit reports, or any document that specifically states it is not intended as a proposed assessment.

If a document is consistent with this definition, it will be deemed to be a Proposed Assessment for the purposes of this Revenue Procedure even if it is called something else; for example, even if it is called an assessment, notice of assessment, assessment notice, assessment notice and tax bill, notice of appraisal and assessment, proposed notice of assessment, notice of adjustment, or if it looks like an invoice.

M. Regulatory Violation - A Regulatory Violation is a violation of a statute or regulation which controls the conduct of alcoholic beverage licensees, bingo licensees, or coin operated device licensees, including a violation which may result in the suspension or revocation of a license. It does not include taxes or interest on taxes or monetary penalties in Chapter 54 of Title 12.

N. Tax or Taxes - Unless the context clearly requires otherwise, taxes include all taxes, licenses, permits, fees, or other amounts, including interest and penalties, imposed by Title 12 of the S.C. Code, or subject to assessment or collection by the Department.

O. Waiver of Restrictions on Assessments, Forms SC870 and SC870AD

1. Form SC870 C A taxpayer may sign this form if he wants to have the Department generate a Final Assessment showing the total tax, interest and penalty (if any) due so that the taxpayer can pay the Proposed Assessment and stop the accumulation of interest. This form does not prevent the Department from assessing additional taxes, or the taxpayer, where otherwise allowed, from filing a claim for refund.

2. Form SC870AD C A taxpayer may sign this form when he wants to resolve a dispute. It is not effective until it is accepted by a Division Assistant Administrator or his designee. If accepted by the Department, the taxpayer cannot file or prosecute a claim for refund or credit and the Department will not reopen the case except for fraud, malfeasance, concealment or misrepresentation of material fact, or an important mistake in mathematical calculation.

III. Assessments and Proposed Assessments

A. Taxes other than Property Taxes

1. If the taxpayer files a written protest with the Department within thirty (30) days of the date of the Proposed Assessment, the Department will not make any effort to collect the tax until the matter is resolved within the Department or a Contested Case Hearing decision is rendered. This suspension of collection

efforts does not apply to jeopardy or termination assessments or if paragraph B or C below is applicable.

2. If the taxpayer does not file a written protest with the Department within thirty (30) days of the date of the Proposed Assessment, the Department will issue a Final Assessment and begin collection activities if payment is not made.

3. The Taxpayers' Rights Advocate may suspend the Department's collection efforts pursuant to Section 12-54-730 of the S.C. Code if the Advocate determines that those efforts will cause the taxpayer to suffer an irreparable loss.

B. Property Taxes Assessed by the Department

1. If the taxpayer files a written protest with the Department within thirty (30) days of the date of the Proposed Assessment and the matter is unlikely to be resolved prior to December 31 of the same year, the taxpayer will receive a tax bill based upon 80% of the disputed assessed value, or a greater amount if the taxpayer agrees in writing. Additional taxes will be billed or a refund made after the matter is resolved.

2. If the taxpayer does not file a written protest with the Department within thirty (30) days of the date of the Proposed Assessment, then (except for airlines and private car lines) the Department will certify its Assessment to the appropriate county or counties and the county or counties will issue the tax bills.

For airlines and private car lines, if a protest is not filed within thirty (30) days of the date of the Proposed Assessment and payment is not made when due, the Department will begin collection activities.

3. If a protest of a Proposed Assessment is not made within thirty (30) days of the date of the Proposed Assessment, the tax must be paid.

C. All Taxes and Revocation of Licenses

If the taxpayer fails to make a timely response or fails to comply with the procedures outlined in this Revenue Procedure, the Department may decide the appeal against the taxpayer and immediately issue the Department Determination. If an appeal is filed with the Administrative Law Judge Division, the Department will likely argue that the taxpayer failed to exhaust his "pre-hearing remedies" as defined in Section 12-60-30(16) of the S.C. Code.

After payment, where otherwise allowed the taxpayer can file a claim for a refund.

IV. Procedure for Taxes, other than Property Taxes, where Dispute Arises from an Audit

A. Audit (other than Office Audits)

1. The auditor will discuss the draft audit report with the taxpayer, determine the facts and issues with which the taxpayer agrees and disagrees, and strive to resolve all issues. Resolutions made at the audit level must be consistent with Department policy and may not be based upon the hazards of litigation.

2. The taxpayer may request a Technical Advice Memorandum on the legal issues involved in the audit. See S.C. Revenue Procedure 94-1.
3. Each audit file must contain an audit report, the contents of which are set forth in Exhibit B.
4. The case file will be forwarded to the Audit Supervisor.

B. Audit Supervision

1. **Purpose.** The primary purpose of audit supervision is to facilitate administration of the State's tax laws by establishing and ensuring adherence to uniform auditing and enforcement standards.
2. **Organization.** The Field Services Division, Office Services Division, Property Division, and Division of Motor Vehicles will each designate one or more Audit Supervisors who will provide audit supervision.
3. **Procedures - Except for Proposed Assessments arising from office audits.** If the Audit Supervisor agrees with the position of the taxpayer on all issues, the file will be adjusted, the taxpayer notified, and the file closed. Resolutions made at this level must be consistent with Department policy and may not be based upon the hazards of litigation.

If the Audit Supervisor determines that additional tax is due, she will supervise the preparation of a Proposed Assessment and have it sent to the taxpayer. The Proposed Assessment will contain the following:

- (a) Instructions explaining how a taxpayer can file a written protest if he disagrees with the proposed assessment, and an explanation of the taxpayer's further appeal rights.
- (b) A standard form to be used at the taxpayer's option for filing a "written protest."

Upon receipt of a written protest from the taxpayer, if the Audit Supervisor agrees with the taxpayer, she will notify the taxpayer and close the file. If she does not agree with the taxpayer, she will forward the file to Appeals.

4. Procedures C For Proposed Assessments arising from office audits (including office audits arising from Internal Revenue Service Agent's Reports). The following procedures are to be followed by the audit sections and Audit Supervisor:

- a) The Audit Supervisor of the appropriate section of the Office Services Division of the Department will prepare or have prepared a Proposed Assessment and forward it to the taxpayer. The Proposed Assessment will contain the following:
 - (1) Instructions explaining how a taxpayer can file a written protest if he disagrees with the Proposed Assessment.

(2) A copy of the section's report supporting the Proposed Assessment. See Exhibit C for the contents of the audit section's report.

b) The Audit Supervisor of the section which sent the Proposed Assessment will receive the protest.

(1) If the Audit Supervisor agrees with the taxpayer on all issues, the taxpayer will be notified and the file closed.

(2) If the Audit Supervisor does not agree with the taxpayer, the Audit Supervisor or her designee will try to resolve the matter consistent with current Department policy. Resolutions made at this level may not be based upon the hazards of litigation.

(3) If the Audit Supervisor cannot resolve the matter within sixty (60) days of the original receipt of the protest, she will adjust the file for any issues with which she does agree and send the file to Appeals.

C. Appeals

1. Purpose, Organization and Procedures

a) Purpose. Appeals' purpose is to resolve controversies where possible without litigation on a basis which is fair and impartial to both the taxpayer and the State in a manner that will enhance voluntary compliance and public confidence in the integrity and efficiency of the Department.

b) Function. Taxpayers may appeal any dispute to Appeals except for those such as denial of an installment payment agreement, revocation of licenses, and jeopardy and termination assessments, which have a different procedure set forth below.

c) After receipt of a protested file from the Audit Supervisor, Appeals will follow these procedures:

(1) If the file is incomplete, Appeals will return the file to the Audit Supervisor. If the protest is improper and cannot be corrected, Appeals will have the tax assessed and send the taxpayer a demand for payment, an explanation of why the protest was not acceptable, and an explanation of the refund procedure.

(2) If the file is complete and the protest is proper, Appeals will advise the taxpayer or the taxpayer's representative by letter that the file is in Appeals, and

¹If the Audit Supervisor needs more than sixty (60) days, she will give Appeals a summary of the issues and the date she estimates the file will be resolved or sent to Appeals.

- (a) Offer the taxpayer a conference with Appeals;
 - (b) Explain the purpose and procedures involved in a conference with Appeals (see below), and the procedure if the conference with Appeals is refused; and
 - (c) Provide a list of proposed facts and a statement of the issues in controversy.
- (3) At any time, if the statute of limitations has not run, Appeals may amend the Proposed Assessment. If Appeals makes an amendment, it will send the amended Proposed Assessment to the taxpayer, and the taxpayer will be given thirty (30) days to amend his protest.
- (4) If the protest raises new facts, or the taxpayer raises new facts with Appeals, Appeals will notify the Audit Supervisor or auditor if any help is needed in investigating the facts.
- (5) If Appeals agrees with the taxpayer, it will notify the taxpayer and send a copy of its Resolution Report to the Audit Supervisor. See Exhibit F for the contents of the Resolution Report. This report will end the matter.

d) Conference with Appeals

(1) Purpose. The purpose of the conference with Appeals is to attempt to resolve any and all disputed matters prior to a Contested Case Hearing, to reconcile any differences concerning the facts or legal principles, and to provide an opportunity for the taxpayer to submit any new arguments and/or information, if any.

(2) Procedures.

- (a) The conference will be held in an informal manner.
- (b) The taxpayer is entitled to have his or her attorney, accountant and others present.
- (c) Appeals and the taxpayer will stipulate the facts upon which they agree.
- (d) The taxpayer and Appeals may raise any new issues, facts and arguments at this conference.
- (e) Appeals may discuss the appeal with the auditor, Audit Supervisor, or both, to the extent necessary to fully understand the legal and factual arguments in the appeal. Where practical the Audit Supervisor will be invited to the conference.

(f) The taxpayer and Appeals will attempt to settle the case. (See Sections C.2., “After the conference with Appeals,” and C.3., “Settlements.”)

(3) If the conference with Appeals is refused. If the taxpayer does not wish to take advantage of the conference with Appeals, Appeals will inform the taxpayer of the last date the taxpayer may submit new information for Appeals to consider. The taxpayer may send an amended protest or brief and respond to any assertions, arguments or conclusions made by Department employees.

2. After the conference with Appeals. The following procedures are to be followed upon completion of the conference with Appeals, or after the time for the taxpayer to submit additional information, if the conference is refused.

a) If Appeals Agrees with the Taxpayer or All Issues are Settled. If Appeals agrees with the taxpayer or all issues are settled at the conference, Appeals will prepare a Resolution Report. See Exhibit F for the contents of the Resolution Report.

If necessary, a Waiver of Restrictions on Assessments (Form SC870 or SC870AD) will be sent to the taxpayer for his signature.

b) If All Issues Are Not Settled At Informal Conference with Appeals. If all issues are not settled at, or soon after, the conference with Appeals, then Appeals will prepare Appeals’ Report, and forward the file to the Department’s General Counsel. See Exhibit D for the contents of Appeals’ Report.

3. Settlements - Appeals will attempt to settle the case in a fair and impartial manner; *i.e.*, one which reflects the probable result in the event of litigation.

a) Appeals has the authority to settle any case based upon its findings of the facts and its determination of the law. No settlement of a Division is binding until it is approved by the Assistant Administrator of the Division.

b) Subject to the following procedures and limitations, Appeals has the authority to settle cases based upon the hazards of litigation. Appeals may refuse to settle a case based upon the hazards of litigation if it believes that State tax policy would be better served with a judicial resolution. Such settlements should reflect, on an issue by issue basis, the probable result in the event of litigation, or mutual concessions for the purpose of settlement based on the relative strength of the opposing positions where there is a substantial uncertainty of the result in the event of litigation.

Appeals will consider:

- (1) The quality of the evidence likely to be presented,
- (2) The credibility of witnesses,
- (3) The availability of witnesses,

- (4) The ability of the taxpayer to carry his burden of going forward with the evidence,
- (5) The likelihood that the evidence the taxpayer can present will carry his burden of proof,
- (6) The doubt as to an issue of fact, and
- (7) The doubt as to a conclusion of law.

c) If the settlement is based on the hazards of litigation, it must be approved in the manner described below.

4. Hazards of Litigation. Because settlements based upon the hazards of litigation must be uniformly made, to settle a case based upon the hazards of litigation, Appeals must send its recommendation to the Department's General Counsel. The recommendation must be based upon the principles in this Revenue Procedure. The Department's General Counsel will discuss the recommendation with the Chief Counsel for Policy and the Chief Counsel for Revenue or Regulatory Litigation, as appropriate, and then either reject it or recommend it to the Director who may authorize the settlement. If the settlement is rejected, the Department's General Counsel may make suggestions for changes which would make it acceptable. If Appeals concurs with the changes, Appeals may resubmit the recommendation after the changes are made.

D. Department Representatives. If the case is not settled, Appeals will forward the file to the Department's General Counsel who will assign it to a Department Representative. The Department Representative will review the file and either:

1. Discuss the file with the Director, and then prepare the Department's Determination; or
2. Return the file to Appeals if the taxes, interest, penalties or other relief requested by Appeals is not adequately supported by the file or by the Proposed Assessment, or if directed to do so by the Director. After discussing the file with the Department Representative, Appeals may amend the file and return it to the Department Representative, or close the file.

The Department Representative will send the Department's Determination to the taxpayer or his representative with:

1. The choice to pay any tax, penalties and interest due, or to request a Contested Case Hearing; and
2. A statement explaining that a request for a Contested Case Hearing must be made to the Department Representative within 30 days of the date the Department Determination is sent to the taxpayer, and an explanation of how to request a hearing.

The Department Representative will prepare the transmittal to the Administrative Law Judge Division or the DMV Hearing Officers and represent the Department at the hearing. Administrative Law Judge Division hearings are conducted pursuant to the

Administrative Law Judge Division rules which are available from the Administrative Law Judge Division.

V. Procedure for Property Tax Appeals where the Department is the Assessor

A. Except to the extent different rules are provided, property tax procedures are the same as the procedures provided for other taxes. The Property Division will designate one of its employees to perform the functions of the Audit Supervisor. Although this person may have different titles depending upon the type of property tax, the type of taxpayer involved, or whether an exemption is at issue, for purposes of this Revenue Procedure, this person will be referred to as the “appropriate Property Division employee.”

B. Property other than the Business Personal Property audited by the Field Services Division.

1. Appropriate Property Division employees will review the property tax returns and, when necessary, issue Proposed Assessments.

2. If the taxpayer files a protest, the appropriate Property Division employee will review the protest, and

a) If, based on the letter of protest and other information, the appropriate Property Division employee agrees with the taxpayer, he will notify the taxpayer and close the file.

b) If the appropriate Property Division employee does not agree with the taxpayer, he will meet with the taxpayer and strive to resolve all issues. If it is not possible to resolve all issues, the appropriate Property Division employee will, to the extent possible, determine the facts and issues with which the taxpayer agrees and disagrees. Resolutions must be consistent with Department policy. Settlements based upon the hazards of litigation may not be made at this level.

3. If the appropriate Property Division employee cannot resolve the matter within two months of receiving the protest, he will transfer the file to Appeals.

The Property Division will appoint one or more persons to act as Appeals. It may appoint different persons to perform the Appeals function depending upon the type or location of the property being taxed.

4. If Appeals cannot settle the matter within three months of the receipt of the protest and valuation of property is at issue, the appropriate Property Division employee will prepare a formal appraisal. This appraisal will be completed within four months of receiving the protest.

5. Appeals and its Report

a) If Appeals resolves the case, it will prepare a corrected Assessment and send it to the auditor of the county where the property is located.

b) If Appeals cannot resolve the case, it will prepare its report. Appeals’ report, responsibilities and duties will be the same as Appeals’ report,

responsibilities and duties for Proposed Assessments arising from an office audit, except the file which is forwarded will also contain the Division's appraisal if valuation is at issue, and any appraisals submitted by the taxpayer or others.

6. The remainder of the procedure will be the same as for non-property tax cases.

VI. Procedure for Appeal of Property Tax Exemptions

The appropriate section of the Property Division will review and make a determination on all claims for property tax exemptions. If the exemption is denied or a previously granted exemption is revoked, and a protest is received, the Property Division will treat the matter as a protest of a Proposed Assessment and follow the procedures outlined above.

VII. Procedure for Jeopardy Assessments

Jeopardy assessments will be handled in accordance with Sections 12-60-910 and 12-60-920 of the S.C. Code. Unless specifically directed otherwise, a taxpayer subject to a jeopardy assessment should deal directly with the Department's General Counsel.

VIII. Procedure for appeal of denial of installment agreement

Appeals of denials to pay a tax in installments will be made to the Assistant Administrator of the Office Services Division or such other person designated by the Director of the Department. The designated person will discuss the appeal with the Director. He will then prepare and issue the Department's Determination.

IX. Procedure for appeal of, revocation of, or the refusal to issue, licenses, and penalties for regulatory violations

A. Revocation of Retail Sales Licenses C If a person receives a notice from a Division stating that his retail sales license will be revoked, he has thirty (30) days from the date of the notice to protest the proposed revocation. Unless the Director directs otherwise, appeals of proposed revocations of retail sales licenses must be filed with the District Manager who signed the proposed revocation. If the District Manager cannot resolve the matter, he will forward the file to the Department's General Counsel.

B. Regulatory Violations and Licenses other than Revocation of Retail Sales Licenses C Except for the revocation of retail sales licenses (see paragraph A. above,) if a person receives a Proposed Assessment of penalties for Regulatory Violations, or a notice from a Division stating that his license will be revoked, or both, or a notice stating that his application for a license (including a retail sales license) has been denied, he has thirty (30) days from the date of the notice to protest the proposed assessment, revocation, or denial. The protest of any one or more of these items will be treated as a protest of a Proposed Assessment under Section IV B or C above and follow the procedures in the appropriate section (the denial of a license will be deemed to be from an office audit), except that Appeals will generally not contact the taxpayer. It will merely prepare its report from the file, including the protest. Appeals will only contact the taxpayer and

request a conference, if a review of the file indicates that a settlement is likely, or significant time could be saved by stipulating some of the facts at the Appeals level.

Provided, however, that if an application for an alcoholic beverage license would have been granted by the Department but for the objection of one or more members of the public, the denial shall allow the applicant to waive his right to further review within the Department and to consider the denial as the Department Determination. If he does so, he may request a Contested Case Hearing within thirty (30) days of the notice of denial.

C. All Licenses - Appeals of a Department Determination revoking or denying a license are appealable to the Administrative Law Judge Division, except for revocations or denials of drivers' licenses, or motor vehicle titles or registrations which are appealable to the DMV Hearing Officers.

It should be noted that this Revenue Procedure does not apply to any revocation or proposed revocation of a driver license by the Department of Public Safety.

X. Procedure for Claims for Refund

A. For tax matters other than property tax matters, the section of Office Services with the responsibility for claims for refund will consider the claim or, if appropriate, refer it to Field Services. If Office Services denies the refund and a protest is received, it will be treated as a protest of a Proposed Assessment sent to Office Services and the procedures outlined above will be followed. If Field Services denies the refund and a protest is received, it will be treated as a protest of a Proposed Assessment coming to Field Services and the procedures outlined above will be followed.

B. For property tax matters, the appropriate Property Division employee will review and strive to resolve the claim for refund. If the claim for refund is denied and a protest is received, the Property Division will treat the matter as a protest of a Proposed Assessment sent to the Property Division and follow the procedures outlined above.

C. For motor vehicle matters, the Division of Motor Vehicles will consider the claim. If the Division of Motor Vehicles denies the refund, a protest must be filed with the Assistant Administrator of the Division of Motor Vehicles. If the Assistant Administrator cannot resolve the matter, he will forward the file to the Department's General Counsel.

XI. Procedure for Release of Liens

If the Division denies a request for the release of a lien, the taxpayer will be given the opportunity to protest the denial. The taxpayer's protest will be treated as a protest of a Proposed Assessment and follow the procedures outlined above.

If the Division is preparing to sell the property, the taxpayer can request a stay from the Taxpayers' Rights Advocate.

XII. Procedure when a Case is Returned for Failure to Exhaust Administrative Remedies

If a case is returned by the Administrative Law Judge Division because a taxpayer failed to exhaust his "pre-hearing remedies" as defined in Section 12-60-30(16) of the S.C. Code, the case will be sent to the Audit Supervisor of the appropriate Division. The Audit

Supervisor will treat the matter in the same manner as a protest of a Proposed Assessment and the procedures outlined above will be followed.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Burnet R. Maybank

Burnet R. Maybank, III, Director

Columbia, South Carolina

October 19 _____, 1995

Exhibit A C Written Protest

A person who wishes to appeal must file a written protest that contains:

1. The person's name;
2. The appropriate taxpayer identification number or other appropriate numbers;
3. The period(s) involved; *e.g.* the period(s) for which the tax was proposed;
4. The matter in dispute; *e.g.* the nature and kind of tax in dispute; and
5. All of the reasons why the person disagrees with the Proposed Assessment or other Division determination.
6. Protests of property tax Proposed Assessments must also include the valuation and Assessment which the owner deems to be the fair market value and Assessment of the property. See S.C. Code Section 12-4-770 and Regulation 117-111.

Exhibit B C Audit Report

The audit report will contain the following information:

1. The person's name, address, and appropriate identifying numbers (*e.g.* single identification number, social security number, FEI number, Department file number, retail license number, etc.);
2. The period(s) involved;
3. The matter in dispute; *e.g.* the nature and kind of tax in dispute;
4. The type and amount of the tax, interest and penalty (if any) determined to be due;
5. A statement applying the law to the facts and explaining why it gives rise to additional tax and penalties, including applicable state and federal statutes; and
6. A statement of the person's reasons for disagreeing with the audit and, to the extent possible, a statement of the facts and issues with which the person agrees and disagrees.

Exhibit C - Audit Section's Report

The Audit Section's report will contain the following information:

1. The person's name, address, and appropriate identifying numbers (*e.g.*, single identification number, social security number, FEI number, Department file number, retail license number, etc.);
2. The period(s) involved;
3. The matter in dispute; *e.g.*, the nature and kind of tax in dispute;
4. The type and amount of the tax, interest and penalty (if any) determined to be due;
5. A description of the reasons for determining that the tax, interest and penalty (if any) are due; and
6. Any other information deemed important by the section.

Exhibit D C Appeals' Report

Appeals' Report will contain the following information:

1. The person's name, address, and appropriate identifying numbers (*e.g.* single identification number, social security number, FEI number, Department file number, retail license number, etc.);
2. The period(s) involved;
3. The matter in dispute; *i.e.*, the nature and kind of tax in dispute;
4. Facts*
 - a) A numbered list of all facts Appeals determines are relevant to resolve the contested issues.
 - b) To the extent Appeals is aware that the person disagrees with any of these facts, a statement concerning the person's view and why Appeals did not adopt the person's view of the facts.
5. Discussion of legal issues*
 - a) A statement as to each legal issue which has been resolved.
 - b) A statement as to each legal issue Appeals determines to be relevant to resolve the contested issues and the reasons for Appeals' beliefs. Any issues not included will be deemed decided in the person who is appealing's favor.
 - c) To the extent Appeals is aware that the person disagrees with any of these issues, an argument supporting Appeals' view, a statement concerning the person's view, and why Appeals did not adopt the person's view of the issue.
 - d) This discussion of legal issues will apply relevant statutes, regulations, cases and rulings to the person's facts and explain why this law and these facts support Appeals' position.
6. Any other information deemed important by Appeals, including items the person considers relevant which Appeals considers irrelevant with an explanation of Appeals' determination that these facts or issues were irrelevant.

*Provided, that for regulatory violations, the "facts" and "discussion of legal issues" sections of Appeals report can be deleted if the report contains: (1) a copy of the written violation that contains enough information to determine the relevant facts, (2) a brief response to any issues raised in the protest, and (3) a list of possible witnesses with a brief summary of their expected testimony.

Exhibit E C Department's Determination

The Department's Determination will contain the following information:

1. The person's name, address, and appropriate identifying numbers (*e.g.* single identification number, social security number, FEI number, Department file number, retail license number, etc.);
2. The period(s) or date(s) involved;
3. The matter in dispute; *e.g.*, the nature and kind of tax in dispute;
4. A numbered list of all facts the Department determines are relevant to resolve the contested issues; provided, that for a regulatory violation a copy of the written violation that contains enough information to determine the relevant facts is sufficient.
5. A statement as to each legal issue the Department determines is relevant to resolve the contested issues and the reasons for the Department's beliefs; provided, that for a regulatory violation a list of the sections the person is charged with violating, the proposed penalty, and a response to any issues raised in the protest is sufficient.
6. The Department may include any other information it determines should be included.

Exhibit F C Resolution Report

The Resolution Report will contain the following information:

1. The person's name, address, and appropriate identifying numbers (*e.g.* single identification number, social security number, FEI number, Department file number, retail license number, audit number etc.);
2. The period(s) involved;
3. The matter in dispute; *e.g.*, the nature and kind of tax in dispute;
4. The type and amount of the tax (or assessment for certain property tax purposes), interest and penalty (if any) the person agrees to pay; and
5. A brief statement of the issues and facts upon which the issues were resolved and the reasons for the resolution.

Exhibit G C Case File

The case file should contain a table of contents with the following items tabbed:

1. The Proposed Assessment
2. The taxpayer's protest and additional material submitted by the taxpayer after the protest
3. The audit report or audit section's report
4. Power(s) of Attorney
5. All waivers of Statute of Limitations
6. Copies of pertinent documents, such as contracts, lease agreements, appraisals, wills, etc. These documents will be indexed, numbered and tabbed.
7. Appeals' Report
8. The Department's Determination