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SC INFORMATION LETTER #88-9

TO: Vicki Jinnette  
Public Information Officer

FROM: John Swearingen, Manager  
Tax Policy and Procedures Department

DATE: April 29, 1988

SUBJECT: Adoption of South Carolina Business Corporation Act of 1988

REFERENCE: South Carolina Business Corporation Act of 1988

AUTHORITY: S.C. Code Section 12-3-140  
SC Revenue Procedure #87-3

SCOPE: An Information Letter is a temporary document issued for the purpose of disseminating general tax information and to respond to technical questions from within the Commission which are not related to a specific set of facts.

PURPOSE: This letter is to advise of changes related to the adoption of the South Carolina Model Business Corporation Act of 1988.

1. Section 12-19-70. Amended effective for tax years ending on or after June 30, 1988.
  - (a) Minimum corporate license fee under this section is increased to \$25 (formerly \$15).
  - (b) Annual license fee base is increased to \$15 (formerly \$5) plus one mill on each dollar of capital and paid in surplus.
  - (c) Definition of "earned surplus" was added because definition under Title 33 was repealed. The definition remains the same as under Title 33.
2. Section 12-19-20. Amended effective January 1, 1989.
  - (a) Mandatory information to be included on annual report of corporations is listed. This information is open to unrestricted public inspection. Interested persons may request a copy of the information from the Tax Commission or Secretary of State. The request may be made in person, in writing, by phone, or through an agent. The Commission or Secretary of State must furnish promptly the information or copy requested.

- (b) All information and facts required by Tax Commission and Secretary of State for administration of Chapter 19 of Title 12 and Title 33 must be included on annual report.
  - (c) In order to file initial articles of incorporation, an initial annual report must be submitted containing the required information and a minimum \$25 license fee payable to the South Carolina Tax Commission. The articles of incorporation and initial annual report will be filed with the Secretary of State.
3. Section 12-19-120. Amended effective January 1, 1989. Raises the minimum license fee on utilities and electric cooperatives (the fees imposed by 12-19-100 and 12-19-110) to \$25 (formerly \$10).
  4. Section 12-19-130. Repealed effective January 1, 1989. This section provided for the filing of the initial annual report and fees, now provided under 12-19-20.
  5. Section 12-7-1675. New section added effective January 1, 1989. This section makes technical changes to the Tax Commission's procedures to coordinate them with Section 33-14-200 providing for administrative dissolution for failure to pay license fees or income taxes.
    - (a) The Commission shall notify the corporation of its failure to comply with provisions of license fee and income chapters requiring the filing of returns. This would require notification prior to issuing an assessment for failure to file.
    - (b) If the taxpayer fails to file the required return within 60 days of the notice, the Commission may advise the Secretary of State. The Secretary shall administratively dissolve the corporation.
    - (c) The Commission may not make an assessment or issue any warrant against a taxpayer it refers to the Secretary of State for administrative dissolution.
  6. Section 12-54-125. New section added effective January 1, 1989. This section allows the Tax Commission to withdraw warrants of distraints for dissolved corporations that have engaged in no business since filing their last return or that have no assets.
  7. Professional Associations. The Act repeals Section 33-51-10 through 33-51-170 relating to professional associations effective January 1, 1989. Professional corporations that were formed before January 1, 1989 have to file their articles of association with the Secretary of State and may have to file amendments to their articles. Under Section 33-19-700, professional corporations have until January 1, 1991 to comply with these requirements. Professional corporations will be subject to the corporate license fee and the filing of an initial annual report effective January 1, 1989.