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SC INFORMATION LETTER #89-1

TO: Vicki Jinnette
Public Information Officer

FROM: John Swearingen, Manager
Tax Policy and Procedures Department

DATE: February 10, 1989

SUBJECT: Long-Term Capital Gains Refund

REFERENCE: S.C. Code Ann. Section 12-7-460 (Law. Co-Op. Supp. 1988)

AUTHORITY: S.C. Code Ann. Section 12-3-140 (Law. Co-Op. 1976)
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.

Taxpayers who recognized a long-term capital gain during January, 1988 as a result of a contract entered into prior to January 1, 1988 are eligible for a refund of the tax attributable to 60% of the long-term capital gain. The tax must be paid with the taxpayer's 1988 return. The refund will be allowed in two equal installments in 1990 and 1991. The refund also applies to gains recognized in 1987 (See Information Letter 88-15).

Taxpayers paying taxes on their 1988 returns attributable to a long-term capital gain distribution from a partnership, S-corporation or trust with a fiscal year ending in 1988 are also eligible for the refund. The partnership, S-corporation or trust must have recognized the gain during 1987 or during January, 1988 as a result of a contract entered into prior to January 1, 1988.

If an individual taxpayer dies or an estate or trust terminates prior to 1990, the decedent's surviving spouse or the personal representative must file a return on behalf of the taxpayer in 1990 or 1991 to receive the refund.