



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

SC Information Letter #91-32

TO: Vicki J. Ringer
Public Information Director

FROM: Sally Major, Tax Analyst
Tax Policy and Appeals Department

DATE: December 16, 1991

SUBJECT: License Fees of Local Exchange Telephone Carriers

REFERENCE: S.C. Code Ann. Section 12-19-100 (1976)
S.C. Code Ann. Section 12-19-110 (Supp. 1990)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Enacted June 1991)
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.

Effective for business license tax returns of telephone carriers with an original filing due date after October 4, 1991, the receipts upon which the corporate license fee under Code Section 12-19-110 is calculated include access charges related to interstate long distance telephone calls. Access charges are fees that long distance carriers must pay local carriers for use of the local carriers' facilities in transmitting long distance calls.

On August 12, 1991, the Commission issued Commission Decision #91-41 dealing with the calculation of the license tax liability of a local exchange telephone carrier. In that decision, the Commission examined three issues and made the following determinations:

1. The term "receipts derived from services rendered from regulated business within this State" as used in Section 12-19-110 includes access charges related to long distance telephone calls that cross state lines.

2. The license fee imposed by Section 12-19-110 is limited to those businesses of the company that are regulated in some manner by the Public Service Commission.
3. The license fee imposed by Section 12-19-100 applies to all property owned by the corporation, not just the property that is used in its telephone operations.

The taxpayer requested prospective treatment in connection with the first issue involving access charges related to long distance telephone calls that cross state lines. In its original decision, the Commission denied prospective treatment and the taxpayer later requested that the Commission reconsider its position since the matter was not fully developed in the initial hearing. The Commission granted this request and in Commission Decision #91-58 (dated October 4, 1991) found that the taxpayer was entitled to prospective treatment concerning the license fee on gross receipts derived from long distance access charges.

NOTE: Copies of Commission Decisions #91-41 and #91-58 may be obtained by calling the Tax Commission Administrative Division at (803) 737-4405.