



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

S. C. REVENUE PROCEDURE: #87-1

**SUBJECT:** Tax Policy Control System

**EFFECTIVE DATE:** March 5, 1987

**EXPIRATION DATE:** N/A

**SUPERCEDES:** All previous documents and any oral directives in conflict herewith.

**REFERENCES:** N/A

**AUTHORITY:** Sections 12-3-130, 12-3-140, and 12-3-170, South Carolina Code of Laws, 1976, as amended. General Powers and Duties of the South Carolina Tax Commission.

**SCOPE:** Applicable to all employees of the South Carolina Tax Commission and all other employees of the State in so far as their duties pertain to any tax administered by the South Carolina Tax Commission.

**PURPOSE:** This Revenue Procedure is issued to establish a uniform system for controlling the formulation, promulgation, dissemination and retrieval of tax policies relating to all taxes administered by or under the direction of the South Carolina Tax Commission.

Tax Policy Control Procedures:

1. Responsibility: The Tax Policy Department is responsible for recommending tax policy to the South Carolina Tax Commission and for managing the formulation, promulgation, dissemination, maintenance and control of policies with regard to taxes administered directly or indirectly by the South Carolina Tax Commission.

2. Matter Controlled: Management of tax policy includes (1) the development of formal recommendations to the Tax Commission for approval of findings and decisions as issued pursuant to Section 12-3-130, Code of Laws of South Carolina of 1976; regulations and revenue procedures as set forth in Section 12-3-130 of the 1976 Code; revenue rulings, private letter rulings, and technical advice memoranda, pursuant to Code Section 12-3-170; information letters pursuant to Code Section 12-3-140; (2) the review of tax related publications, wherever originating; and (3) maintenance of a tax policy "file and retrieval system."

3. Documents to be used: Tax Policy will be disseminated by use of the following documents:

- a. Regulations
- b. Revenue Rulings
- c. Revenue Procedures
- d. Private Letter Rulings
- e. Technical Advice Memoranda
- f. Information Letters

Explanation of Documents:

a. Regulation:

- (1) Purpose - A Regulation is public information and is a permanent document used to state official department policy relating to the interpretation or administration of state tax laws and local tax laws to the extent of the Commission's responsibility. A Regulation may be issued following a change in law, new law, official position changes brought about by a court decision, new policy resulting from a private ruling or to formalize policy not previously expressed.
- (2) Origin - A Regulation will be issued by the South Carolina Tax Commission through the Tax Policy Department. The need for a Regulation may originate in the offices of the Tax Commissioners or other offices of the Commission. A need for a Regulation will be directed to the Tax Policy Department for recommendation to the South Carolina Tax Commission.
- (3) Distribution - The Tax Policy Department will recommend to the Tax Commission the scope of distribution of a Regulation; however, since it is public information, it will be distributed to (a) appropriate offices in the Commission, (b) affected taxpayers, (c) professional and business associations, (d) tax services publications and (e) the news media, if warranted. Distribution of approved Regulations will be the responsibility of the Public Information Office.

b. Revenue Rulings - (SC Rev. Rul.):

- (1) Purpose - A Revenue Ruling is public information and is for the purpose of promoting uniform application of the tax laws by Tax Commission employees and to attain maximum voluntary compliance by informing Commission personnel and the public of our official position concerning the tax laws, related statutes, and regulations. A Revenue Ruling is the Commission's official interpretation of how tax law is to be applied to a specific set of facts. It remains a permanent document until superceded by a Regulation or is rescinded by a subsequent Revenue Ruling. A Revenue Ruling may be issued, when deemed necessary, to explain the Commission's position concerning law changes, new law, or regulations. A Revenue Ruling may also be issued due to official position changes brought about by court decisions, new policy resulting from a private letter ruling, or to formalize existing policy.
- (2) Origin - A Revenue Ruling will be issued by the South Carolina Tax Commission through the Tax Policy Department. The need for a Revenue Ruling may originate in the offices of the Commissioners, the offices of the Administrative Divisions or Operating Divisions. A need for a Revenue Ruling will be directed to the Tax Policy Department for recommendation to the South Carolina Tax Commission. A Revenue Ruling will be prepared by the Tax Policy Department in draft form and routed to affected offices in the Commission for review and comment.
- (3) Distribution - The Tax Policy Department will recommend to the South Carolina Tax Commission the scope of distribution of a Revenue Ruling; however, since it is public information, it will be distributed to (a) appropriate offices in the Commission and local officials, (b) affected taxpayers, (c) professional and business associations, (d) tax service publications and (e) the news media, if warranted.

c. Revenue Procedure (SC Rev. Proc.):

- (1) Purpose - A Revenue Procedure is a statement of procedure that effects the rights and duties of taxpayers and other members of the public, or for the purpose of disseminating information of a procedural nature. Revenue Procedures generally detail the acceptable way of dealing with the administrative aspects of our tax laws. They may be issued to provide guidelines for making jeopardy assessments, assessing penalties, or establishing tax administration procedures.

(2) Origin - Revenue Procedures will be issued by the South Carolina Tax Commission through the Tax Policy Department. The need for a Revenue Procedure may originate in the offices of the Commissioners, or other offices of the Commission. A need for a Revenue Procedure will be sent to the Tax Policy Department for recommendation to the Tax Commission. Revenue Procedures will be prepared by the Tax Policy Department in draft form and routed to affected offices in the Commission for review and comment.

(3) Distribution - the Tax Policy Department will recommend to the South Carolina Tax Commission the scope of distribution of a Revenue Procedure; however, since it is public information, it will be distributed to (a) appropriate offices in the Commission and local officials, (b) affected taxpayers, (c) professional and business associations, (d) tax service publications and (e) the news media, if warranted.

d. Private Letter Rulings (SC PLR):

(1) Purpose - A Private Letter Ruling is a temporary document issued under the authority of Section 12-3-170 of the 1976 Code. They are issued to taxpayers, upon request, and apply only to the specific facts or circumstances related in the request. Private Letter Rulings have no precedential value, and are not to be distributed internally or externally.

(2) Origin - A Private Letter Ruling will be issued by the Tax Commission through the Tax Policy Department upon a request received from a person, firm, or organization. All requests requiring a tax ruling, or those in doubt, will be routed to the Tax Policy Department. In each case warranting a ruling, the Tax Policy Department will prepare the ruling letter and forward it to the affected offices for their comments.

e. Technical Advice Memoranda (SC TAM):

(1) Purpose - A Technical Advice Memorandum is a temporary document issued to an individual within the Tax Commission to provide interpretation and application of tax laws only with respect to a specific set of facts. TAM's have no precedential value and are not to be distributed internally or externally.

(2) Origin - A Technical Advice Memorandum will be issued by the Tax Commission through the Tax Policy Department, pursuant to a request from within the Commission. All requests requiring a memorandum, or those in doubt, will be routed to the Tax Policy Department. In each case warranting a memorandum, the Tax Policy Department will prepare the document and forward it to the affected offices for their comments.

f. Information Letters (SC-IL):

- (1) Purpose - An Information Letter is a temporary document used primarily to promulgate general information of significant interest to professional organizations, tax information services or the news media. The Commission is not bound by any statements contained in Information Letters and reliance upon them for tax planning, return preparation, or as support for any position taken by a taxpayer is not advised.
- (2) Origin - Information Letters will be issued through the Public Information Office and may originate in the offices of the Commissioners, the Administrative Divisions, or Operating Divisions. All letters must be reviewed by the Tax Policy Department for technical accuracy, determination of need for publication and, if published, scope of distribution.