
State of South Carolina
Department of Revenue
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SC INFORMATION LETTER #03-13

SUBJECT: Reorganized Regulations

DATE: June 12, 2003

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2000)
SC Revenue Procedure #03-1

SCOPE: A Information Letter is a written statement issued to the public by the Department to announce general information useful in complying with the laws administered by the Department. **An Information Letter has no precedential value, and is not binding on the public or the Department.**

The General Assembly approved 6 documents to amend, add, or repeal various tax and regulatory regulations. The documents are:

Document No. 2809	Income Tax Regulations Reorganization
Document No. 2780	Administrative Regulations Reorganization
Document No. 2781	Miscellaneous Tax Regulations Reorganization
Document No. 2751	Repeal of Tax Board of Review Regulation
Document No. 2807	Alcoholic Beverage Licensing Reorganization
Document No. 2808	New Alcoholic Beverage Licensing Protest Regulation

The following provides a detailed listing of all regulations amended, added, or repealed in each document as a reference tool by tax type for the convenience of taxpayers, tax practitioners, and Department employees.

The final notice concerning each document, including the text of the new regulations, are scheduled to be published in the State Register on June 27, 2003. These regulations approved by the General Assembly will become effective on the date published in the State Register. A copy of these regulations can be found at www.lpittr.state.sc.us/regnsrch.htm by regulation document number.

Income Tax Regulations Reorganization

The General Assembly approved the repeal of Article 5 of Chapter 117 of the SC Code of Regulations (SC Regulations 117-60 through 117-95.1) and the creation of Articles 12, 18, and 20. Under this reorganization, 15 new regulations concerning income tax, withholding tax, and the corporate license fee and annual reports in Articles 12 (Income Tax), 18 (Withholding) and 20 (Corporate License Fee and Annual Reports) were created. The regulations are combined so that all regulations concerning one subject matter can be found in one place in the regulation code.

Income Tax Regulations Chapter 117, Article 12, Sections 117-600 through 117-899

New Regulation Section	Subject Matter
117-620	General Rules in Determining Legal Residency
117-640	Taxable Income Calculation of Military Personnel, Military Retirees, and their Families
117-670	Reporting Final Income when Planning to Cease Doing Business in State
117-700	Definitions Used in Allocation and Apportionment Provisions
117-705	Allocation of Out of State Income by Resident
117-710	General Allocation and Apportionment Provisions
117-740	Specific Apportionment Provisions
117-750	Definitions Used in the Credit Provisions
117-755	Credit for Individuals for Taxes Paid in Other States
117-850	Specifications for Forms and Other Information Submitted to the Department
117-855	Requirements for Information Returns and Withholding Statements
117-870	Requirements and Liability for Filing of Returns when Ceasing to do Business in SC

Withholding Tax Regulations Chapter 117, Article 18, Sections 117-900 through 117-999

New Regulation Section	Subject Matter
117-910	Specific Withholding Requirements

**Corporate License Fee and Annual Reports Regulations
Chapter 117, Article 20, Sections 117-1000 through 117-1199**

New Regulation Section	Subject Matter
117-1000	General Annual Report Provisions
117-1075	Items Included in Gross Receipts

**Cross Reference Table
Income Tax Regulations, Withholding Tax Regulations, and
Corporate License Fee and Annual Report Regulations**

Repealed/Former Regulation	New Regulation	Subject Matter
117-61	117-870.1	Stockholders Liable For Tax When Business Operates After Charter Cancelled
117-73	117-700.1	Definition of Related Expense as Used For Allocation
117-74	117-705.1	Allocation of Out-Of-State Income and Losses
117-78	117-850.1	Income Tax Forms and Acceptable Reproductions
117-80.5	117-750.1	Facility Defined
117-81	117-755.2	Tax Credit to Residents of This State Upon Income From a Partnership Taxed in Another State
117-83	117-855.1	Withholding Statements Required with Paper Return
117-87.5	117-705.2	Personal Service Income of a Resident
117-87.9	Repealed	Trucking and Bus Companies
117-87.10	117-1000.1	What Constitutes an Officer of a Corporation
117-87.17	117-710.1	Proper Allocation and Apportionment of Income
117-87.20	117-855.2	Information Returns Not Required to be Given to Certain Entities
117-87.31	117-755.1	Credit for Taxes Paid to a Political Subdivision of a State
117-87.32	117-640.1	Military Pay, Nonservice Income, and Income Earned by Military Spouses
117-87.63	117-640.3	National Guard or Reserve Pension or Retirement Income

Repealed/Former Regulation	New Regulation	Subject Matter
117-87.71	Repealed	Commercial Fishermen
117-87.73	117-740.1	Apportionment of Gain/Losses from Asset Retirement
117-87.77 (part)	117-620.1 and 117-640.2	Legal Residence when Domiciled in a Foreign Country and Legal Residence When Military Personnel is Domiciled in a Foreign Country
117-89.1	117-1075.1	Items Included in Gross Receipts
117-89.2	Repealed	Franchise Tax – Decrease of Capital Stock
117-91.1	Repealed	Nonresident Employees Operating Common Carriers
117-91.7	117-910.1	Determination of Withholding when Receiving Taxable Wages and Exempt Compensation
117-91.10	117-850.2	Rules and Specifications for Nonpaper Methods of Submitting Tax Information
117-93	117-670 and 117.870.2	Reporting Final Income when Planning to Cease Doing Business in State

Note: As part of this regulation reorganization project, the following bank tax regulations and savings and loan tax regulations have been moved to “Miscellaneous” regulations in Article 24, Sections 117-1500 and 117-1550 of the SC Code of Regulations. See Document Number 2781 below.

Repealed/Former Regulation	New Regulation	Subject Matter
117-88.1	117-1550.1	Determining Net Income of Building and Loan Associations
117-88.2	117-1550.2	Earnings Paid to Shareholders
117-88.3	117-1550.3	Measure of Tax
117-92.1	117-1500.1	Entire Net Income
117-92.2	117-1500.2	Method of Reporting
117-92.3	117-1500.3	Federal Income Tax Deduction
117-92.5	117-1500.4	Mergers

Administrative Regulations Reorganization

The General Assembly approved the repeal of Article 1 of Chapter 117 of the SC Code of Regulations and the creation of Article 10. Under this reorganization, 3 new administrative regulations were created. The regulations were combined so that all regulations concerning one subject matter can be found in one place in the regulation code. For example, all issues concerning recordkeeping are in Regulation 117-200 under “subsections” 117-200.1, 117-200.2, and so on.

**Administrative Regulations
Chapter 117, Article 10, Sections 117-200 through 117-299**

New Regulation Section	Subject Matter
117-200	Recordkeeping
117-201	Supplying of Identifying Numbers
117-202	Definitions; Reimbursement for Costs Incurred in Complying with Summons

**Cross Reference Table
Administrative Regulations**

Repealed/Former Regulation	New Regulation	Subject Matter
117-1	117-201	Supplying of Identifying Numbers
117-2	117-200.1	Retention of Books and Records and Use of Microfilm Reproduction of Books and Records
117-6	117-202	Definitions; Reimbursement for Costs Incurred in Complying with Summons
117-7	117-200.2	Model Recordkeeping and Retention

Miscellaneous Tax Regulations Reorganization

The General Assembly approved the repeal of Articles 2, 3, and 4 of Chapter 117, the repeal of SC Regulations 117-92.1, 117-92.2, 117-92.3, 117-92.5, 117-88.1, 117-88.2 and 117-88.3, and the creation of Article 24. Under this reorganization, 8 new miscellaneous tax regulations were created. The regulations were combined so that all regulations concerning one subject matter can be found in one place in the regulation code. For example, all issues concerning bank taxes can be found in one regulation under Regulation 117-1500 under “subsections” 117-1500.1, 117-1500.2, and so on.

**Miscellaneous Tax Regulations
Chapter 117, Article 24, Sections 117-1200 through 117-1600**

New Regulation Section	Subject Matter
117-1200	Alcoholic Liquor Taxes
117-1250	Beer and Wine Taxes
117-1300	Coin-operated Devices
117-1350	Deed Recording Fee
117-1400	Electric Power Tax
117-1450	Motor Fuel Tax
117-1500	Bank Tax
117-1550	Building and Loan Association Tax

**Cross Reference Table
Miscellaneous Tax Regulations**

Repealed/Former Regulation	New Regulation	Subject Matter
117-10	117-1200.1	Alcoholic Liquors - Sales to Government Reservations
117-11	117-1200.2	Alcoholic Liquors - Purchases by Retail Liquor Dealers
117-12	117-1200.3	Alcoholic Liquors - Collection and Payment of Tax and the Maintaining of Records
117-20	117-1250.1	Beer and Wine - Sales or Exchanges with other Wholesalers
117-21	117-1250.2	Beer and Wine - Change in Distributors
117-30	117-1300.1	Coin Operated Devices
117-31	117-1300.2	Coin Operated Devices
117-38	Repealed	Soft Drink Tax - Exemptions
117-45.2	117-1350	Deed Fee - Assumption of a Mortgage in the Conveyance of Real Property
117-49	117-1400	Electric Power - Classification of Industrial Customers
117-51	117-1450	Road Tax - LP Gas
117-92.1	117-1500.1	Bank Tax - Entire Net Income
117-92.2	117-1500.2	Bank Tax - Method of Reporting
117-92.3	117-1500.3	Bank Tax - Federal Income Tax
117-92.5	117-1500.5	Bank Tax- Merger
117-88.1	117-1550.1	Building and Loan - Determining Net Income of Building and Loan Associations
117-88.2	117-1550.2	Building and Loan - Earnings Paid to Shareholders
117-88.3	117-1550.3	Building and Loan - Measure of Tax

Document Number 2751

Repeal of Outdated Tax Board of Review Regulation 129-1

The General Assembly approved the repeal of Chapter 129 of the Code of Regulations containing only SC Regulation 129-1 concerning the Tax Board of Review. This regulation is not needed since the Tax Board of Review no longer exists due to changes in the law.

Document Number 2807

Alcoholic Beverage Licensing Regulations Reorganization

The General Assembly approved the repeal of Articles 1 through 5 of Chapter 7 of the SC Code of Regulations (SC Regulations 7-1 through 7-99) and the creation of Articles 6, 7, 8, and 9 of Chapter 7. Under this reorganization, 19 new alcoholic beverage licensing regulations were created. The regulations were combined so that all regulations concerning one subject matter can be found in one place in the regulation code.

In addition, most regulations have several “subsections” numbered in a manner to allow future issues concerning the subject matter to be added in the same place in the regulation code as other similar issues. For example, all issues concerning the requirements for a retail location licensed to sell minibottles for on-premise consumption can be found in one regulation under Regulation 7-401. This regulation has several “subsections” numbered 117-401.1, 117-402.2, and so on.

This reorganization also combined several regulations that dealt with the same subject matter for each type of alcoholic beverage (liquor, beer or wine) and placed this single regulation in a “General Provisions” article. For example, the proposal combines all regulations concerning applications for permits and licenses into one regulation applicable to liquor licenses and beer and wine permits.

Regulation 7-200.1(D) and Regulation 7-701.5 were changed to reflect recent legislation concerning the issuance of licenses and permits to publicly traded corporations and the increase in the alcoholic content of natural wine. Provisions prohibiting any inducements to purchase liquor, now found in Regulation 7-43, have been deleted to reflect recent legislation. In addition, Regulations 7-300.5, 7-400(D), 7-401.3(B)(2), and 7-404 include longstanding Department policy regarding removal of liquor from a retail liquor store after closing, the definition of “luggage compartment,” the amount of refrigerated space in a kitchen, the requirement of having a stove in a kitchen and the disposal of empty or broken sealed minibottles. Requirements for the storage space in a retail liquor store, now found in SC Regulation 7-58, have been deleted as outdated.

Alcoholic Beverage Licensing Regulations
Chapter 7, Articles 6, 7, 8, and 9, Sections 7-200 through 7-800

New Article Number	New Regulation Section	Subject Matter
Article 6:		General Provisions
	7-200	General Provisions
Article 7:		Alcoholic Liquors
Subarticle 1		General Provisions Applicable to Alcoholic Liquors
	7-300	Purchases, Transfers and Deliveries
	7-301	Restrictions
	7-302	Underage Violations
	7-303	Measurements from Location to School, Church, or Playground
Subarticle 2		Minibottles
	7-400	Definitions
	7-401	Requirements for Premises
	7-402	Purchases of Minibottles
	7-403	Private Functions
	7-404	Destruction of Two-Ounce Container
Subarticle 3		Retail Liquor Stores
	7-500	Requirements of Premises
	7-501	Open Containers of Wine as well as Alcoholic Liquors in Retail Liquor Stores
Subarticle 4		Food Preparation License
	7-600	Definitions
	7-601	Storage and Inventory
	7-602	Violations
Article 8:		Beer and Wine
	7-700	Definition of Licensed Premises
	7-701	Restrictions on Sales
	7-702	Purchases, Transfers and Deliveries to and from Retail Locations
Article 9:		Hospitality Cabinets in Hotel Rooms
	7-800	Hospitality Cabinets

**Cross Reference Table
Alcoholic Beverage Licensing Regulations**

Repealed/Former Regulation	New Regulation	Subject Matter
7-1	7-400	Definitions
7-2	7-200.1	Applications
7-5	7-200.3	Display of Licenses
7-6	7-401.1	Licensed Premises
7-7	7-200.2	Maintenance of Records
7-9	7-200.4	Purchase or Possession by Person Under Twenty-One Years of Age
7-10	7-200.1	Retail Liquor Dealers
7-11	7-303	Measurements
7-12	7-401.2	Lighting of Licensed Establishments
7-13	7-404	Destruction of Two-Ounce Containers
7-14	7-403	Private Functions
7-15	7-402	Purchase from Retailers by Agents
7-16	7-402	Purchase of Minibottles from Retail Liquor Dealers
7-17	7-401.4	Sale and Consumption at Nonprofit Organizations
7-19	7-401.3	Restaurants
7-20	7-600	Definitions
7-21	7-200.1	Application
7-22	7-200.3	Display of License
7-23	7-601.1	Storage
7-24	7-601.2	Inventory
7-26	7-602	Violations
7-27	7-201.1	Stipulations
7-31	7-200.4	Possession or Consumption of Alcoholic Liquors by Person Under Twenty-One Years of Age
7-33	7-200.2	Records to be Maintained on Licensed Premises
7-35	7-300.4	Transfer of Alcoholic Liquor Between Retail Stores
7-36	7-300.2	Purchases by Retail Dealer from Licensed Wholesaler Only; Purchases for Exclusive Use Prohibited
7-37	7.301.1	Retail License by Wholesaler Prohibited - No Interest in Retail Store
7-38	7-300.5	Liquor Not to be Removed During Restricted Hours
7-40	7-701.5	Removal from Licensed Premises to Customer's Vehicle
7-43	Repealed	Inducement to Purchase Liquor Prohibited

Repealed/Former Regulation	New Regulation	Subject Matter
7-47	7-701.1	Beer Containing Over 5% Alcohol Prohibited
7-50	7-200.1	Corporate Change of Officers Does Not Require New License
7-52	7-302	Underage Violations - Multiple Offenses
7-53	7-300.1	Delivery by Wholesaler to Licensed Retailer Only
7-55	7-303	Measurements from Location to School, Church or Playground
7-56	7-300.6	Credit Cards Allowed for the Purchase of Liquor
7-58	Repealed	Storage Areas in Retail Stores
7-60	7-500	Merchandise Other Than for Wines or Alcoholic Liquors Cannot be Advertised or Displayed
7-61	Repealed, see Section 61-6-1500	Time of Sale
7-62	7-501	Open Containers of Wine as well as Alcoholic Liquors in Retail Liquor Stores
7-63	7-300.3	Dishonored Checks to Wholesalers
7-64	7-800	Hospitality Cabinets
7-70	7-200.4	Person Under 21- Violation to Allow Possession and Consumption of Alcoholic Liquors on Premises
7-71	7-200.4	Person Under 21- Violation to Allow Possession and Consumption of Beer or Wine on Premises
7-72	7-701.4	Wines Sold by Beer and Wine Wholesalers
7-74	7-200.1	Partnership - Change to Corporation Must Have New Permit
7-77	7-701.1	Beer Not to Exceed 5% Alcohol by Weight
7-78	7-200.1	Change of Corporate Officers Does Not Require a New Permit
7-79	7-200.3	Beer and Wine Permits Must be Displayed
7-81	7-700	Definition of Licensed Premises
7-83	7-702.2	Beer and Wine Must be Delivered to Licensed Premises by Wholesaler
7-85	7-701.3	Vending Machines for Beer Prohibited
7-86	7-702.1	Delivery or Removal of Beer and Wine During Restrictive Hours Prima Facie Evidence of Sale
7-88	7-200.1	Stipulations, Acceptance of
7-89	7-701.2	USDA Food Stamps Not Accepted in Payment for Beer or Wine
7-91	7-702.3	When Beer Sold on Credit, Dishonored Check, etc.

Repealed/Former Regulation	New Regulation	Subject Matter
7-92	7-702.4	Sales by Retailer to Another Retailer for Resale
7-93	7-200.1	Beer and Wine Permit and Sale and Consumption License Must be in the Same Name
7-95	7-200.1	Refund on Permit Applications
7-98	Repealed, see Section 61-2-170	Drive-In/Drive-Thru Establishments Prohibited
7-99	7-200.5	Sign Required Under Section 61-4-70 and 61-6-1530; Size and Lettering

Document Number 2808

Alcoholic Beverage Licensing Protests – New Regulation 7-201

The General Assembly approved regulation 7-201 concerning the requirements for protesting the issuance or renewal of beer or wine permits or alcoholic liquor licenses, including, but not limited to, the information a protest must contain and what constitutes a timely protest.