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SC INFORMATION LETTER #91-16

TO: Vicki Jinnette Ringer
Public Information Director

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

DATE: June 28, 1991

SUBJECT: Consolidated Returns
(Income Tax)

REFERENCE: S.C. Code Ann. Section 12-7-1570 (1976)
S.C. Regulation 117-77

AUTHORITY: S.C. Code Ann. Section 12-3-140 (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.

South Carolina Code Section 12-7-1570 provides that the Tax Commission may prescribe regulations which would permit certain corporations to file consolidated¹ tax returns. Pursuant to that section, the Commission promulgated Regulation 117-77.

¹Although the statute refers to a consolidated return, the term is defined in the regulation to mean a single return for two or more corporations in which income or loss is separately determined for each corporation utilizing the separate apportionment factors for each corporation. Income or loss of each corporation is then combined and reported on a single return for the controlled group. Regulation 117-77. See also, Emerson Electric Co. v. Wasson, 287 SC 394, 339 SE2d 118 (1986).

Regulation 117-77 describes which corporations may file on a consolidated basis. There is a misprint of this regulation in the books of regulations published by the Tax Commission and Lawyers Co-Operative Publishing Company.

Part III of Regulation 117-77 as approved by the General Assembly and reported in State Register, Volume 12, Issue 6, should read as follows:

A corporation doing business entirely within this state may consolidate with a corporation doing a multistate business. Two or more corporations doing a multistate business may file a consolidated return. (Emphasis added).