



SC PRIVATE LETTER RULING 87-4

TO: XYZ Company

SUBJECT: Depreciation Allowance - Valuation of Property

REFERENCE: S.C. Code Section 12-37-930

AUTHORITY: S.C. Code Section 12-3-170

SCOPE: A Private Letter Ruling is a temporary document issued to a taxpayer, upon request, and it applies only to the specific facts or circumstances related in the request. Private Letter Rulings have no precedential value and are not intended for distribution.

Question:

The taxpayer has requested an adjustment of the annual depreciation rate for manufacturers of glass and glass products from 9% to 11%.

Facts:

The taxpayer has submitted to the Commission facts and statistics which indicate the annual depreciation rate of the machinery and equipment for its proposed flat glass plant to be 11% rather than the 9% provided under Section 12-37-930(9). The Property Tax Division visited a flat glass plant belonging to the taxpayer and also solicited information from firms that design and construct flat glass plants. This information indicated that the overall depreciation rate for machinery and equipment in a flat glass plant similar to the taxpayer's is approximately 11% per year rather than the 9% provided under Section 12-37-930.

Discussion:

S.C. Code Section 12-37-930(9) provides a 9% annual depreciation allowance for machinery and equipment of manufacturers of flat, blown, or pressed glass products, such as plate, safety and window glass, glass containers, glassware and fiberglass.

The last paragraph of Section 12-37-930 states:

"Notwithstanding the percentage allowance stated in the schedule above, the Commission may, after examination of the relevant facts, permit an adjustment in the percentage allowance, with the total allowance not to exceed twenty-five percent, on account of extraordinary obsolescence."

Conclusion:

Based on information furnished by XYZ Corporation and the Property Tax Division, XYZ Corporation will be allowed a depreciation rate of 11% per year on a straight line basis pursuant to Section 12-37-930.

SOUTH CAROLINA TAX COMMISSION

s/S. Hunter Howard, Jr.  
S. Hunter Howard, Jr., Chairman

s/John M. Rucker  
John M. Rucker, Commissioner

s/Howard E. Duvall, Jr.  
Howard E. Duvall, Jr., Commissioner

Columbia, South Carolina

May 7, 1987