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State of South Carolina  
Department of Revenue  
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214

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SC REVENUE ADVISORY BULLETIN #01-7

- SUBJECT:** Nexus  
(Sales and Use Tax)
- EFFECTIVE DATE:** Applies to all open periods under the statute.
- REFERENCES:** Title 12, Chapter 36 of the South Carolina Code of Laws (1976; Revised 2000)
- AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)  
S. C. Code Ann. Section 1-23-10(4) (2000)  
SC Revenue Procedure #99-4
- SCOPE:** The purpose of a Revenue Advisory Bulletin is to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of tax law to a specific set of facts or a general category of taxpayers. A Revenue Advisory Bulletin does not have the force or effect of law, and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

Nexus is the minimum connection or contact between a taxpayer and a state sufficient to subject the taxpayer to the taxing jurisdiction of a state.

Over the years, the courts have provided limitations and guidelines in determining whether certain activities create nexus in a taxing state. For example, see Quill Corp. v. North Dakota 502 U.S. 808, 112 S. Ct. 1904, 119 L. Ed. 2d 27 (1992), Complete Auto Transit, Inc. v. Brady, 430 U.S. 274, 97 S. Ct. 1076, 51 L. Ed. 326 (1977), Miller Brothers v. Maryland, 347 U.S. 340, 347, 74 S. Ct. 535, 98 L. Ed. 744 (1954), Scripto, Inc. v. Carson, 362 U.S. 207, 80 S. Ct. 52, 4 L. Ed. 2d 54 (1960), National Bellas Hess, Inc. v. Department of Revenue, 386 U.S. 753, 87 S.Ct. 1389, 18 L.Ed.2d 505 (1967) and National Geographic Society v. California Bd.of Equal, 430 U.S. 551, 97 S. Ct. 1386, 51 L. Ed. 2d 631 (1977).

The South Carolina Department of Revenue ("Department") has issued several advisory opinions that provide guidance to taxpayers trying to determine if nexus exists with South Carolina. Due to Quill Corp. v. North Dakota, supra, these opinions may no longer reflect proper constitutional standards for nexus for sales and use tax purposes.

Therefore, the Department is withdrawing the following advisory opinions and will follow the constitutional standards established by the courts in determining whether nexus exists with South Carolina for purposes of the sales and use tax:

SC Revenue Ruling #88-12

SC Revenue Ruling #89-13

SC Information Letter #92-19

Questions concerning the existence of nexus with South Carolina for sales and use tax purposes should be directed to John Rogers at 803-898-5664 in the Department's Audit, Appraisal and Appeals Section.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Elizabeth A. Carpentier  
Elizabeth A. Carpentier, Director

July 30, 2001  
Columbia, South Carolina