
State of South Carolina
Department of Revenue
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214
Website Address: <http://www.sctax.org>

SC REVENUE RULING #03-4

SUBJECT: Nexus Creating Activities for Income Taxes
(Income Tax)

EFFECTIVE DATE: Applies to all periods open under the statute.

SUPERSEDES: All previous advisory opinions and any oral directives in conflict herewith.

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Supp. 2000)
S. C. Code Ann. Section 1-23-10(4) (Supp. 2000)
SC Revenue Procedure #03-1

SCOPE: The purpose of a Revenue Ruling 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 Ruling is an advisory opinion; it 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and is not binding on the public.** It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

Background Information:

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. The Due Process and Commerce Clauses of the United States Constitution, 15 U.S.C. §381 (Public Law 86-272) and other federal statutes provide limitations on a states powers to tax out of state corporations.

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* 112 S. Ct. 1904 (1992), *Wisconsin Department of Revenue v. William Wrigley, Jr., Co.*, 112 S. Ct. 2447 (1992), *Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985), *Helicopteros Nacionales de Columbia, S.A. v. Hall*, 104 S. Ct. 1986 (1984), *Complete Auto Transit, Inc. v. Brady*, 97 S. Ct. 1076 (1977), and *Geoffrey, Inc. v. South Carolina TaxCommission*, 437 S.E. 2d 13 (S.C. 1993) cert. denied 114 S. Ct. 550 (1993).

The purpose of this advisory opinion is to provide written guidance from the Department concerning corporate income tax nexus creating activities. Initially, this project began as an informal response to a Bureau of National Affairs, Inc., survey of state tax departments covering over 100 questions on the types of business activities that, by themselves, may or may not create corporate income tax nexus. The survey contains questions in the following categories:

- A. General Activities
- B. Property and Other Investments in South Carolina
- C. Sales and Other Income Related Activities in South Carolina
- D. Employee Activities
- E. Activities of Unrelated Parties
- F. Distribution and Delivery
- G. Financial Activities/Transactions
- H. Transaction with South Carolina Printers

Because of the importance of this issue to taxpayers, the complexity of nexus issues, and the changes taking place in this area, the Department is issuing its responses to the BNA survey as an advisory opinion that reflects the Department's official position regarding income tax nexus at this time. Since developments in this area are constantly taking place, any response is subject to change due to a future statute, regulation, court decision, or advisory opinion. Any change in South Carolina's position will be prospective.

Questions concerning the existence of nexus with South Carolina should be directed to the Department's Nexus/Discovery Section at 803-898-5664 or 803-898-5886.

Qualifications to Survey Responses:

Each response is based upon the specific facts described in the survey and necessary assumptions were made to answer each question. For example, the Department assumed that each specific survey question by itself was the only possible nexus creating activity or relationship a business has in South Carolina. Also, the Department assumed that the activities described are not "de minimis" unless the question or answer specifically states otherwise.

Each response refers only to income tax nexus. Activities that create nexus for income tax purposes differ somewhat from those that create nexus for other tax purposes. Further, the Department did not address the imposition of any license fee, filing requirements, withholding responsibilities, or the consequences of unity and foreign commerce.

A "yes" or "no" response indicates whether each of the following activities or relationships will, by themselves, create sufficient nexus to subject a corporation to an income based tax. In some instances, if the survey question was ambiguous or there were insufficient facts to accurately answer the question, the Department either provided a qualified response or did not provide a response to the question. Such questions have a "note" appended to them.

Caution: Since a thorough review of the facts and circumstances of each taxpayer's situation is required in order to make a nexus determination, additional facts not considered in answering the questions below may change the result.

References used in preparation of this document include:

1. *Wisconsin Department of Revenue v. William Wrigley, Jr., Co.*, 112 S. Ct. 2447 (1992);
2. SC Revenue Ruling #97-15, an advisory opinion providing assistance in determining whether Public Law 86-272 protects certain activities from South Carolina taxation;
3. SC Revenue Ruling #98-3, an advisory opinion providing examples that show activities or relationships that will not, by themselves, create income tax nexus with South Carolina;
4. SC Private Letter Ruling #94-8, an advisory opinion concluding that a company's leveraged leases of five aircraft to commercial airlines' were de minimis when it had three landings in South Carolina and 58,722 landings everywhere for the tax year. Therefore, the company did not have nexus in South Carolina;
5. SC Private Letter Ruling #95-2, an advisory opinion addressing the appropriate sourcing of nonresident limited partners' income in a limited partnership organized under Delaware law for the purpose of pooling resources in order to maximize investments in stocks, securities, and other intangible assets (including limited partnerships) for its own account. Based upon the facts, the nonresident partnership was not considered to carry on a business in South Carolina since its income was solely from its purchase and sale of property for its own account. (See SC Code Section 12-6-1720(1)(c).) As a result, the income generated by the partnership was not considered South Carolina source income to its nonresident limited partners. Note, the advisory opinion did not address the taxation of the general partner, an S corporation, authorized to do business in South Carolina and maintaining an office in South Carolina;
6. SC Commission Decision #92-58, a decision distinguishable from SC Private Letter Ruling #95-2, wherein it was determined that an S corporation incorporated under South Carolina law for the sole purpose of investing in stocks, bonds, real estate, and partnerships was not merely an investment vehicle deriving income solely by reason of the purchase and sale of property for its own account. The S corporation was in business with significant fee income from financial advising, deal making, and financial contracts. As such, the gains from the disposition of intangible assets and the interest income were derived from property connected with the taxpayer's business and were apportionable, and the dividend income was allocated to the shareholders' domicile outside of South Carolina; and
7. Specific SC income tax laws cited in the notes, e.g., SC Code Sections 12-6-555 (persons contracting with a commercial printer) and 12-6-4920 (interstate motor carriers required to file.)

A. General Activities

	YES	NO
1. The corporation is licensed, registered, authorized, or certified to conduct business in South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. The corporation makes sales to customers in South Carolina by means of an 800 telephone order number and advertises in South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. The corporation is listed in the local telephone books of cities in South Carolina. Note: Assuming phone is not answered in South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. The corporation uses local phone numbers in South Carolina, which are forwarded to the corporation's headquarters located in another state.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. The corporation has a Web site located on a server in South Carolina. Note: Assuming server is a common carrier, and the corporation does not own or lease the server.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. The corporation reimburses its in-state salespersons for the costs of maintaining an in-home office.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Does South Carolina have a de minimis standard? Note: South Carolina has a de minimis standard and follows the principles defined by the courts. See <i>Wisconsin Department of Revenue v. William Wrigley, Jr., Co.</i> , 112 S. Ct. 2447 (1992), SC Revenue Ruling #97-15, SC Private Letter Ruling #94-8, and SC Code Section 12-6-4920.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Does South Carolina conform to the Multistate Tax Commission's Nexus Bulletin 95-1 "Computer Company's Provision of In-State Repair Services Creates Nexus?" Note: South Carolina has not adopted MTC's Nexus Bulletin, however, see Questions E. 5. and E. 7.	<input type="checkbox"/>	<input type="checkbox"/>

B. Property and Other Investments in South Carolina

	YES	NO
1. The corporation owns raw land.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The corporation stores inventory or other goods in a public warehouse for fewer than 30 days per year. Note: Except for independent contractors under Public Law 86-272 and persons storing material in connection with a printing contract under SC Code Section 12-6-555.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The corporation ships in-process inventory to an unrelated party in South Carolina solely for processing. Note: Except for processing in connection with a printing contract under SC Code Section 12-6-555.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The corporation consigns goods to vendors, independent contractors, or other parties. Note: Except for independent contractors under Public Law 86-272.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	YES	NO
5. The corporation owns display racks. Note: Furnishing and setting up display racks and advising customers on the display of the company's products without charge or other consideration is a protected activity under SC Revenue Ruling #97-15. The answer assumes that the corporation does not sell or lease the racks and the racks do not operate to prepare the product for use or as vending machines.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. The corporation owns tooling, molds, dies, etc., located at a manufacturing facility in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. The corporation leases (as lessor) real estate in the state to an unrelated third party.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. The corporation leases (as lessor) rented mobile property such as rail cars, planes, and trailers, which the lessee may use in South Carolina five or fewer times per year. Note: Assuming it is not de minimis. See SC Private Letter Ruling #94-8 where it was concluded that the leasing of airplanes landing in SC three times per year was de minimis.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. The corporation owns or leases automobiles provided to salespersons.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. The corporation owns or leases trucks or automobiles used by non-salespersons.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. The corporation owns or leases other machinery or equipment.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. The corporation owns an interest in an investment partnership or LLC that has operations in South Carolina. Note: Although the income may not be taxed in SC. See SC Commission Decision #92-58 and SC Private Letter Ruling #95-2.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. The corporation owns a general interest in a partnership that is doing business in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. The corporation owns a limited interest in a partnership that is doing business in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. The corporation owns an interest in an LLC that is doing business in South Carolina and is involved in managing the LLC. Note: Assuming the LLC is taxed as a partnership or S Corporation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16. The corporation owns an interest in an LLC that is doing business in South Carolina, but is not the managing member or otherwise involved in managing the LLC. Note: Assuming the LLC is taxed as a partnership or S Corporation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

C. Sales and Other Income-Related Activities in South Carolina

	YES	NO
1. The corporation holds title to property located in South Carolina until the contract price has been paid. Note: Assuming ownership has not passed and that holding title does not serve merely as a security interest.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	YES	NO
2. The corporation files a security interest on inventory sold until the contract price has been paid.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. The corporation licenses trademarks or trade names to related entities with locations in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The corporation licenses trademarks or trade names to unrelated entities with locations in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. The corporation sells/licenses franchises (such as fast-food franchises) to residents of South Carolina. Note: Assuming this does not mean the sale of an entire business, <i>e.g.</i> , not an outright sale of a restaurant and not a sale of all of franchisor's interest in the franchise.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. The corporation licenses canned software to consumers in South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. The corporation provides six or fewer days of consulting services in South Carolina during the year. Note: Unless de minimis.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

D. Employee Activities

	YES	NO
1. Employees, while in South Carolina, accept and approve customer orders.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Employees, while in South Carolina, negotiate prices, subject to approval outside South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Employees, while in South Carolina, investigate credit-worthiness of customers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Employees, while in South Carolina, secure or accept deposits on sales.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Employees, while in South Carolina, handle credit disputes.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Employees, while in South Carolina, collect delinquent accounts.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Employees, while in South Carolina, repossess property.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Employees, while in South Carolina, regularly perform installation, repair, maintenance, or warranty services.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Employees, while in South Carolina, perform installation, repair, or warranty services four or fewer times per year. Note: Unless de minimis.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Employees, while in South Carolina, set up promotional display of products (<i>e.g.</i> , end caps, etc.) and inspect inventory. Note: No response. The setting up of promotional displays of products will not create nexus. The inspection of inventory for purposes other than reorder, such as quality control, will create nexus.	<input type="checkbox"/>	<input type="checkbox"/>

	YES	NO
11. Employees, while in South Carolina, supervise or inspect installation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Employees, while in South Carolina, conduct training courses, seminars or lectures two times per year. Note: Unless sales training.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Employees, while in South Carolina, provide engineering or design functions related to customized products.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Employees, while in South Carolina, handle customer complaints. Note: Facilitating communication between the company and the customer when the purpose of such mediation is to ingratiate the sales personnel with the customer, however, is a protected activity. See SC Revenue Ruling #97-15.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Employees, while in South Carolina, pick up defective merchandise.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16. Employees, while in South Carolina, pick up or replace damaged or returned property.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Employees, while in South Carolina, provide shipping information and coordinate deliveries.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18. Employees, while in South Carolina, attend trade shows or maintain sample/display rooms for 14 or fewer days per year.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19. Employees, while in South Carolina, maintain a two-month supply of free samples.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20. Employees, while in South Carolina, check customers' inventories for reorder.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
21. Employees, while in South Carolina, telecommute from their homes located in South Carolina (assume that there are six or fewer such employees in South Carolina and all of these employees perform nonsolicitation activities.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
22. Employees, while in South Carolina, assist the corporation defend a lawsuit (e.g., legal staff and witnesses) while in South Carolina for 30 or fewer days. Note: See SC Revenue Ruling #98-3 where it concluded that the use of the SC court system by an out of state company sending various employees to SC to assist its independent legal counsel defend a lawsuit does not give the out of state company nexus with SC. The law firm providing counsel is taxable in SC.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
23. Employees, while in South Carolina, purchase raw materials and inventory while in South Carolina for 20 or fewer days.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
24. Employees, while in South Carolina, attend seminars.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
25. Employees, while in South Carolina, attend an annual training seminar, convention, trade show, retreat, or board of directors meeting for 14 or fewer consecutive days each year (assume that during their stay, employees maintain contact with the out-of-state office, and conduct business over the telephone or fax machines in South Carolina.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
26. Employees, while in South Carolina, fly into South Carolina on a company plane to attend a seminar.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	YES	NO
27. Employees, while in South Carolina, fly into South Carolina on a company plane to attend sports events at least four times, but fewer than 10 times per year. Note: Assuming the employees are attending as spectators.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
28. Employees, while in South Carolina, attend seminars or social functions while staying on a company yacht docked in waters in South Carolina for 14 or fewer days.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
29. An employee, while in South Carolina, makes a single sale on his or her own initiative and without the company's prior knowledge (assume that the sale was de minimis.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
30. An employee, while in South Carolina, makes a single sale on his or her own initiative and without the company's prior knowledge (assume that the sale was not de minimis.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
31. An employee, while in South Carolina, solicits sales of services in South Carolina six or fewer days per year. Note: Assuming not de minimis.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

E. Activities of Unrelated Parties

	YES	NO
1. Unrelated third parties located in South Carolina provide fulfillment services (<i>i.e.</i> , fill product orders from corporate-owned inventory.) Note: No Response. Depends upon facts that have not been provided.	<input type="checkbox"/>	<input type="checkbox"/>
2. Unrelated third parties located in South Carolina collect regular or delinquent accounts. Note: Assuming the collection is being done on behalf of the out of state company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Unrelated third parties located in South Carolina investigate credit-worthiness of new customers. Note: Assuming the investigation is done on behalf of the out of state company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Unrelated third parties located in South Carolina repossess property six or fewer times a year. Note: If not de minimis.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Unrelated third parties located in South Carolina repair or provide maintenance, including warranty services, six or fewer times per year. Note: If not de minimis and if conducted on behalf of the out of state company. Generally, services will be considered to be conducted on behalf of the out of state company if that company contracts for or controls the services.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Unrelated third parties located in South Carolina assist with the "set-up" or installation of the company's products. Note: See Question E. 5. note.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Unrelated third parties located in South Carolina perform repairs under standard or extended warranty. Note: See Question E. 5. note.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- | | YES | NO |
|---|-------------------------------------|--------------------------|
| 8. Unrelated third parties located in South Carolina close mortgage loans for an out-of-state financial organization. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Unrelated third parties located in South Carolina service mortgage and/or consumer loans for an out-of-state financial organization. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

F. Distribution and Delivery

- | | YES | NO |
|--|-------------------------------------|-------------------------------------|
| 1. The corporation ships products into South Carolina in returnable containers.
Note: Assuming the corporation asks for their return. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. The corporation delivers goods into South Carolina (from a point outside South Carolina) to customers in the corporation's owned or leased vehicles. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. The corporation picks up defective products or scrap materials in South Carolina in taxpayer-owned vehicles. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. The corporation picks up raw materials in South Carolina in taxpayer-owned vehicles.
Note: Assuming the pickup is not a backhaul; see Question F. 8. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5. The corporation travels to or through South Carolina no more than six times per year in taxpayer-owned trucks, but does not pick up or deliver goods in South Carolina.
Note: See SC Code Section 12-6-4920. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. The corporation travels to or through South Carolina more than six times, but no more than 12 times, per year in taxpayer-owned trucks, but does not pick up or deliver goods in South Carolina.
Note: See SC Code Section 12-6-4920. | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. The corporation travels to or through South Carolina more than 12 times per year in taxpayer-owned trucks, but does not pick up or deliver goods in South Carolina.
Note: See SC Code Section 12-6-4920. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. The corporation "back hauls" (<i>i.e.</i> , pick up shipments at the destination or nearby location for delivery to another point) in corporate-owned trucks. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. The corporation holds title to electricity flowing through a transmission wire within South Carolina (the transmission neither originates nor terminates in South Carolina.)
Note: Assuming the corporation does not own or lease the transmission wire. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 10. The corporation holds title to natural gas flowing through a pipeline within South Carolina (the natural gas neither originates nor terminates in South Carolina.)
Note: Assuming the corporation does not own or lease the pipeline. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

G. Financial Activities/Transactions

	YES	NO
1. The corporation maintains a bank account at a bank located in South Carolina.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. The corporation negotiates and obtains bank loans from a bank located in South Carolina (assume officers of the corporation visit the bank at least twice a year to discuss business.)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. The corporation makes loans secured by real estate located in South Carolina. Note: No response, depends on facts that are not provided.	<input type="checkbox"/>	<input type="checkbox"/>
4. The corporation makes personal loans secured by tangible property located in South Carolina. Note: No response, depends on facts that are not provided. SC Revenue Ruling #98-3 provides an example where a NC finance company does business in NC and TN. The company makes a personal loan to a NC resident who moves to SC the following year. The finance company does not have nexus with SC. The result would not change if the NC resident who moved to SC had his personal car secured by the NC loan. Further, the finance company does not have nexus with SC if the SC borrower contacts the NC finance company to renew the loan.	<input type="checkbox"/>	<input type="checkbox"/>
5. The corporation issues credit cards to residents of South Carolina.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. The corporation purchases, via the secondary market, loans secured by real estate located in South Carolina. Note: No response, depends on facts that are not provided. SC Revenue Ruling #98-3 provides an example where a NY company is in the business of packaging and selling credit card and mortgage loans to passive investors throughout the US. A few of the debtors and some of the property securing the loans are located in SC. The passive investors do not have nexus with SC. Note, however, if the purchaser "services" the loans in SC, there may be nexus depending on the facts and circumstances.	<input type="checkbox"/>	<input type="checkbox"/>
7. The corporation purchases, via the secondary market, credit account balances of residents of South Carolina. Note: No response. See Question G. 6. note.	<input type="checkbox"/>	<input type="checkbox"/>
8. The corporation makes personal loans to 20 or more residents of South Carolina who traveled across the state-border to obtain the loans. Note: No response, depends on facts that are not provided.	<input type="checkbox"/>	<input type="checkbox"/>
9. The corporation makes personal loans to 20 or more out-of-state residents who over a number of years subsequently move to South Carolina. Note: See SC Revenue Ruling #98-3 debt examples.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. The corporation makes automobile loans to 20 or more out of state residents who over a number of years subsequently move to South Carolina. Note: See SC Revenue Ruling #98-3 debt examples.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. The corporation is in the business of packaging and selling credit card and mortgage loans to passive investors throughout the United States (assume a few of the debtors and some of the property securing the loans are located in South Carolina.) Note: See SC Revenue Ruling #98-3 debt examples.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- | | YES | NO |
|--|-------------------------------------|--------------------------|
| 12. The corporation forecloses on one parcel of real estate located in South Carolina.
Note: No response, depends on facts that are not provided. | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. The corporation forecloses on several parcels of real estate located in South Carolina. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

H. Transactions with South Carolina Printers

- | | YES | NO |
|---|--------------------------|-------------------------------------|
| 1. The corporation leases tangible personal property located at a printer in South Carolina for use in connection with a printing contract (assume that once the work is complete, the printer ships the printed material out of South Carolina for addressing and mailing.)
Note: See SC Code Section 12-6-555. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2. The corporation owns raw materials at an in-state printer.
Note: See SC Code Section 12-6-555. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 3. The corporation visits in-state printers for quality control purposes six or fewer times per year. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Burnet R. Maybank III

 Burnet R. Maybank III, Director

December 9 _____, 2003
 Columbia, South Carolina