



STATE OF SOUTH CAROLINA  
**DEPARTMENT OF REVENUE**

300A Outlet Pointe Blvd., Columbia, South Carolina 29210  
P.O. Box 12265, Columbia, South Carolina 29211

SC REVENUE RULING #16-12

**SUBJECT:** Manufacturers' Property – Return, Assessment and Payment of Taxes  
(Property Tax)

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

**SUPERSEDES:** RR #05-20 and all previous advisory opinions and any oral directives in conflict herewith.

**REFERENCES:** S.C. Code Ann. Section 12-4-540 (2014)  
S.C. Code Ann. Section 12-37-610 (2014)  
S.C. Code Ann. Section 12-37-710 (Supp. 2015)  
S.C. Code Ann. Section 12-37-715 (Supp. 2015)  
S.C. Code Ann. Section 12-37-890 (Supp. 2015)  
S.C. Code Ann. Section 12-37-900 (Supp. 2015)  
S.C. Code Ann. Section 12-37-905 (2014)  
S.C. Code Ann. Section 12-37-970 (Supp. 2015)  
S.C. Code Ann. Section 12-39-140 (2014)  
S.C. Code Ann. Section 12-39-150 (2014)  
S.C. Code Ann. Section 12-45-70 (2014)  
S.C. Code Ann. Section 12-45-180 (Supp. 2015)

**AUTHORITY:** S. C. Code Ann. Section 12-4-320(2014)  
S. C. Code Ann. Section 1-23-10(4)(Supp. 2005)  
SC Revenue Procedure #09-3

**SCOPE:** The purpose of a Revenue Ruling is to provide guidance to the public. It is an advisory opinion issued to apply principles of tax law to a set of facts or general category of taxpayers. It is the Department's position until superseded or modified by a change in statute, regulation, court decision, or another Department advisory opinion.

**I. INTRODUCTION**

This advisory opinion addresses the property tax rules regarding the return, assessment, and payment of property taxes on manufacturers' real and personal property.<sup>1</sup> Title 12 contains

<sup>1</sup> This advisory opinion is an update of SC Revenue Ruling #05-20. While the information is presented in a different format and provides different scenarios than SC Revenue Ruling #05-20, this advisory opinion is not intended to change the Department's positions in SC Revenue Ruling #05-20.

numerous property tax provisions applicable to manufacturers' property. However, the main focus of this advisory opinion is Code Section 12-37-970, which contains the rules regarding the return and assessment of manufacturers' property.

This advisory opinion is divided into the following parts:

- Part II provides a brief discussion of general property tax rules for the return, assessment and payment of taxes on real and personal property;
- Part III provides a discussion of the general rules for the return, assessment, and payment of property taxes for manufacturers' property under Code Section 12-37-970;
- Part IV discusses the rules for when manufacturers' property is placed in service after the end of the manufacturer's income tax year;
- Part V discusses the special rules for when manufacturers' property is sold during the calendar year;
- Part VI discusses the rules for when a manufacturer begins operations in South Carolina;
- Part VII discusses the rules for when a manufacturer ceases operations in South Carolina;
- Part VIII discusses the rules for when a manufacturer has more than one income tax year end during the calendar year.<sup>2</sup>

## **II. RETURN AND ASSESSMENT OF PROPERTY - GENERAL PRINCIPLES**

The property tax rules discussed in this advisory opinion can be confusing, and while a general discussion of property tax concepts is beyond the scope of this advisory opinion, a basic understanding of some general property tax terms and concepts will be helpful in understanding the rules applicable to manufacturers' property.

### **A. Law**

#### **1. Code Section 12-37-610 – Liability for Taxes on Real Property**

Code Section 12-37-610 provides:

Each person is liable to pay taxes and assessments on the real property that, as of December thirty-first of the year preceding the tax year, he owns in fee, for life, or as trustee, as recorded in the public records for deeds of the county in which the property is located, or on the real property that, as of December thirty-first of the year preceding the tax year, he has care of as guardian, executor or committee or may have the care of as guardian, executor, trustee or committee.

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<sup>2</sup> Although this advisory opinion does not discuss fee in lieu of property taxes for manufacturers, the statutes regarding the return, assessment and payment of manufacturers' property are applicable to a manufacturer under a negotiated fee in lieu of taxes under Code Sections 4-29-67, 4-12-30, or Chapter 44, Title 12 or a multicounty park fee in lieu of taxes under Code Section 4-1-170. This advisory opinion does not discuss valuation methods for manufacturers' property.

**2. Code Section 12-37-710 – Liability for Taxes on Personal Property**

Code Section 12-37-710 provides:

Every person shall annually list for taxation the following personal property, to wit:

(1) all the tangible personal property in the State owned or controlled by him . . . .

**3. Code Section 12-37-715 – Personal Property Taxed Only Once a Year**

Code Section 12-37-715 provides:

Notwithstanding any other provision of law, no personal property may be taxed for ad valorem purposes more than once in any tax year, except as provided for by the provisions of Section 56-3-210.<sup>3</sup>

**4. Code Section 12-37-890 – Property Returned to County Where Property Is Situated**

Code Section 12-37-890 provides:

All property used in any business, furniture, and supplies used in hotels, restaurants and other houses of public resort, personal property used or in connection with storehouses, manufactories, warehouses, or other places of business, all personal property and merchants' and manufacturers' stock and capital shall be returned for taxation and taxed in the county, city, and town in which it is situated. . . . All other personal property shall be returned for taxation and taxed at the place where the owner thereof shall reside at the time of listing the same, if the owner resides in this State; if not, at the residence of the person having it in charge. And all real estate shall be taxed in the county, city, ward, or town where it is located. . . .

**5. Code Section 12-37-900 – Returning Real Property to County Assessor**

Code Section 12-37-900 provides:

Every person required by law to list property shall, annually, between the first day of January and the first day of March, make

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<sup>3</sup> Code Section 56-3-210 pertains to time period for registering a newly acquired vehicle.

out and deliver to the assessor of the county in which the property is by law to be returned for taxation a statement, verified by his oath, of all the real estate which has been sold or transferred since the last listing of the property for which he was responsible and to whom, and of all real property possessed by him, or under his control, on the thirty-first day of December next preceding, either as owner, agent, parent, spouse, guardian, executor, administrator, trustee, receiver, officer, partner, factor, or holder with the value thereof, on such thirty-first day of December, at the place of return, estimating according to the rules prescribed by law.

A manufacturer not under a fee agreement is not required to return personal property for ad valorem tax purposes if the property remains in this State at a manufacturing facility that has not been operational for one fiscal year and the personal property has not been used in operations for one fiscal year. The personal property is not required to be returned until the personal property becomes operational in a manufacturing process or until the property has not been returned for ad valorem tax purposes for four years, whichever is earlier. A manufacturer must continue to list the personal property annually and designate on the listing that the personal property is not subject to tax pursuant to this section.<sup>4</sup>

#### **6. Code Section 12-37-905 – Returning Personal Property to County Auditor**

Code Section 12-37-905 provides:

Notwithstanding any other provision of this title, every person required by law to make a property tax return to the county auditor must file the return with the county auditor on or before April thirtieth for property owned as of the preceding December thirty-first.

#### **7. Code Section 12-45-70 – Due Date for Payment of Property Taxes**

Code Section 12-45-70 provides:

(A) All taxes are due and payable between the thirtieth day of September and the fifteenth day of January after their assessment in each year. . . .

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<sup>4</sup> While the property tax exemption provided in the second paragraph of Code Section 12-37-900 applies to certain non-operating manufacturers, these manufacturers are not the focus of this advisory opinion. Accordingly, for purposes of this advisory opinion, assume that this exemption is not applicable unless stated otherwise.

## **B. Discussion**

### **1. Assessment of Property**

In South Carolina, property is taxed at its assessed value. The assessed value is determined by multiplying the property's fair market value, as determined under the law, by an assessment ratio, i.e., "assessing" the property. The assessment ratio varies depending on the type of property. For example, commercial real property is assessed at 6%. Business personal property is assessed at 10.5%. All manufacturers' real and personal property is assessed at 10.5%. This assessed value is then taxed by applying the millage rate determined annually by each taxing jurisdiction.<sup>5</sup>

For example, if a manufacturer owned a piece of property with a fair market value of \$10,000, the assessed value of the property would be \$1,050 ( $\$10,000 \times 10.5\%$ , the assessment ratio for manufacturers' property). If the taxing jurisdiction levied a tax of 275 mills, then the tax owed on the property would be \$288.75 ( $\$1,050 \times .275$ ).

### **2. Property Tax Returns and Lien Date**

Under general property tax law, real property must be returned to the county in which the property is located.<sup>6</sup> For real property returned to the county assessor, the return is due March 1 of the property tax year.<sup>7</sup> For personal property returned to the county auditor, the return is due April 30 of the property tax year.<sup>8</sup> The return generally must list all the property held by the taxpayer on December 31 of the year preceding the property tax year.<sup>9</sup> This December 31 date is referred to as the "lien date." The lien date is used to determine the person liable for taxes on a particular piece of property and the property's value for property tax purposes.

For example, the person liable for 2018 property taxes on a particular piece of real property would be the person who owned the property on December 31, 2017. The value used to determine the 2018 property taxes on the property would be the property's value as of December 31, 2017. The reporting date for the 2018 property taxes on the property would be March 1, 2018.

### **3. Property Tax Years and Payment of Tax**

Property tax years are always calendar years. Specifically, a property tax year is the calendar year in which the county auditor records the assessed value of taxable property on the county tax

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<sup>5</sup> Each taxing jurisdiction determines its tax rate annually by dividing the cost of its annual budget by the total assessed value within the taxing jurisdiction. This results in a fraction in thousandths (mills), known as the millage rate or millage.

<sup>6</sup> Code Section 12-37-890.

<sup>7</sup> Code Section 12-37-900.

<sup>8</sup> Code Section 12-37-905.

<sup>9</sup> Code Sections 12-37-900 and 12-37-905.

books and during which the county treasurer bills the taxpayer for the taxes due.<sup>10</sup> Counties generally bill taxpayers for property taxes during the fall of the property tax year. The taxes must be paid between September 30 of the property tax year and January 15 of the following year.<sup>11</sup> Payments made after January 15 or 30 days after the mailing of a tax notice, whichever occurs later, may be subject to penalty.<sup>12</sup>

### III. RETURN AND ASSESSMENT OF MANUFACTURERS' PROPERTY

#### A. Law

##### 1. Code Section 12-4-540 – Assessment of Manufacturers' Property by Department

Code Section 12-4-540 provides:

(A)(1) The Department has the sole responsibility for the appraisal, assessment, and equalization of the taxable values . . . of the real and personal property owned by or leased to the following businesses and used in the conduct of their business:

(a) manufacturing . . . .

. . . .

(E) Except as otherwise provided, the department shall assess all real and personal property, leased or used, to the owner.

##### 2. Code Section 12-37-970 – Return and Assessment of Manufacturers' Property

Code Section 12-37-970 is the main focus of this advisory opinion. Code Section 12-37-970 contains the general rules regarding the return and assessment of manufacturers' property and special rules for specific situations. Code Section 12-37-970 provides:

The assessment for property taxation of . . . manufacturers' real and tangible personal property . . . must be determined by the department from property tax returns submitted by the taxpayers to the department on or before the last day of the fourth month after the close of the accounting period regularly employed by the taxpayer for income tax purposes in accordance with Chapter 7 [sic]<sup>13</sup> of this title. The department by regulation shall prescribe the form of return required by this section, the information to be contained in it, and the manner in which returns must be submitted. Every taxpayer required to make a return to the department of

**General  
Rule for  
Manufacturers'  
Property**

<sup>10</sup> Code Sections 12-37-610, 12-39-140, and 12-39-150.

<sup>11</sup> Code Section 12-45-70.

<sup>12</sup> Code Section 12-45-180.

<sup>13</sup> In 1995, South Carolina's income tax chapter was moved from Chapter 7, Title 12 to Chapter 6, Title 12.

property for assessment for property taxation must make the return to the department not less than once each calendar year. Whenever by a change of accounting period, or otherwise, more than one accounting period ends within any one calendar year, the taxpayer must make one such return within the prescribed time for filing following the end of each of the accounting periods and the department shall determine the assessment from the return setting forth the greatest value.

**More than One Tax Year Ends During Calendar Year**

When property required to be returned as herein provided is sold after the end of the seller’s accounting year and before January first next ensuing and when the purchaser’s accounting year ends after the seller’s and before January first next ensuing, the property must be returned by the seller as of the end of his accounting period. The purchaser is not required to list and return property as of the close of his accounting period during the calendar year of the sale. The seller and the purchaser are jointly and singularly liable for the tax that is due and payable by reason of this provision. The provision of this section does not apply to motor vehicles licensed for use on public highways.

**First Special Rule for Sales of Manufacturers’ Property**

When property required to be returned as provided in this section is sold before the end of the seller’s accounting year and before January first next ensuing and when the purchaser’s accounting year ends before the date of purchase and before January first next ensuing, the property must be listed and returned by the taxpayer holding title as of December thirty-first and is liable for the tax for the ensuing year.

**Second Special Rule for Sales of Manufacturers’ Property**

The Department of Revenue shall forward the assessments prepared as a result of the returns submitted pursuant to this section to the appropriate local taxing authorities no later than August fifteenth of the applicable tax year.

**DOR Forwards Assessments**

**B. Discussion**

**1. Assessment of Manufacturers’ Property by the Department**

Under general property tax principles property is assessed by the county officials (county assessor or county auditor) of the county in which the property is situated. However, Code Section 12-4-540 provides an exception for manufacturers’ property. For manufacturers’ property, Code Section 12-4-540 provides that it is the Department’s responsibility to value and assess manufacturers’ property.<sup>14</sup> The Department does not compute the tax. The Department forwards the assessment to the appropriate local taxing authorities who compute the tax and bill the taxpayer.

<sup>14</sup> This rule does not apply to property not used in the manufacturers business or motor vehicles licensed for use on the public highways.

## 2. Property Tax Returns and Lien Date for Manufacturers' Property

Under general property tax principles, property must be returned to the county in which the property is located by March 1 (for real property returned to the county assessor) or April 30 (for personal property returned to the county auditor) of the property tax year. Taxpayers are required to list on the return the property held as of December 31 preceding the tax year, i.e., the lien date.<sup>15</sup>

For manufacturers' property, Code Section 12-37-970 provides that property tax returns are due on or before the last day of the fourth month after the close of the manufacturer's income tax accounting year.<sup>16</sup> The lien date for manufacturers' property is the last day of the manufacturer's income tax year next preceding the property tax year.<sup>17</sup>

Ordinarily, related statutes should be construed to give full force and effect to each statute, and to the extent possible, similar statutory provisions should be harmonized and reconciled. When two statutes are capable of co-existence, absent a clear legislative intent to the contrary, each must be regarded as effective, and in interpreting related and co-existing statutes, the statutes must be harmonized unless they are irreconcilable and in hopeless conflict. 73 Am. Jur. *Statutes* Section 168 (2001). Thus, Code Sections 12-37-610, 12-37-900, 12-37-905 and 12-37-970 should be read together and each given effect as much as possible.

Code Section 12-37-970 is a specific provision that addresses property tax returns for manufacturers' property. Where there is a statute dealing with a subject in general terms and another statute dealing with a part of the same subject in a more minute and definite way, the special statute will be considered as an exception to, or qualification of, the general statute and given effect.<sup>18</sup> Accordingly, the provisions in Code Section 12-37-970 that are specific to manufacturers' property take precedence over the general rules contained in Code Sections 12-37-610, 12-37-900 and 12-37-905.<sup>19</sup>

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<sup>15</sup> Code Sections 12-37-610, 12-37-900 and 12-37-905.

<sup>16</sup> Personal property located at the manufacturer's facility does not have to be returned for property tax purposes if the facility has not been operational for one fiscal year and the personal property has not been used in the operations for one fiscal year. A return is not required for the property until it becomes operational in a manufacturing process or until it has not been returned for four years, whichever occurs first. This special rule does not apply to property subject to a fee in lieu of property taxes. Code Section 12-37-900.

<sup>17</sup> See S.C. Atty. Gen. Op. No. 2509 (September 12, 1968) (holding that certain taxpayers (i.e., manufacturers) that close their income tax year on June 30 must list property owned as of that date for the ensuing property tax year).

<sup>18</sup> *Wilder v. South Carolina State Highway Dept.*, 228 S.C. 448, 454, 90 S.E.2d 635, 638 (1955).

<sup>19</sup> See S.C. Atty. Gen. Op. No. 2509 (September 12, 1968), which concludes that Code Section 12-37-970 controls in determining when a manufacturer is required to file a property tax return.



**Note:** Under Code Section 12-37-970, a manufacturer’s lien date and/or property tax return due date for a given property tax year can change depending on when the manufacturer’s income tax year ends. But the property tax year itself does not change. It is always a calendar year, regardless of the taxpayer’s income tax year. In other words, there is no such thing as a “fiscal” property tax year. All taxpayers have the same property tax year, which is always a calendar year. Property tax year 2018 is January 1, 2018 through December 31, 2018; property tax year 2019 is January 1, 2019 through December 31, 2019, and so on.

### **3. Payment of Taxes on Manufacturers’ Property**

Under general property tax principles, property taxes must be paid between September 30 of the property tax year and January 15 following the property tax year.<sup>20</sup> For manufacturers’ property, the rule is the same – taxes on manufacturers’ property are due on January 15 following the property tax year.<sup>21</sup>

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<sup>20</sup> Code Section 12-45-70. Payments made after January 15 may be subject to a penalty. Code Section 12-45-180.

<sup>21</sup> Code Sections 12-45-70 and 12-45-180.

#### 4. Manufacturers' Property Chart – Summary of Important Dates

The following chart illustrates the above rules regarding the return, assessment and payment of property taxes on manufacturers' property for a manufacturer currently operating in South Carolina. The property tax year is 2018.

<b>Manufacturer's Income Tax Year End<sup>22</sup></b>	<b>Lien Date for Property Tax Year 2018<sup>23</sup></b>	<b>Return Due Date for Property Tax Year 2018<sup>24</sup></b>	<b>County Billing Date for Property Tax Year 2018</b>	<b>Payment Due Date for Property Tax Year 2018<sup>25</sup></b>
1/31/2017*	1/31/2017	5/31/2017	Fall 2018	1/15/2019
2/28/2017	2/28/2017	6/30/2017	Fall 2018	1/15/2019
3/31/2017	3/31/2017	7/31/2017	Fall 2018	1/15/2019
4/30/2017	4/30/2017	8/31/2017	Fall 2018	1/15/2019
5/31/2017	5/31/2017	9/30/2017	Fall 2018	1/15/2019
6/30/2017	6/30/2017	10/31/2017	Fall 2018	1/15/2019
7/31/2017	7/31/2017	11/30/2017	Fall 2018	1/15/2019
8/31/2017	8/31/2017	12/31/2017	Fall 2018	1/15/2019
9/30/2017	9/30/2017	1/31/2018	Fall 2018	1/15/2019
10/31/2017	10/31/2017	2/28/2018	Fall 2018	1/15/2019
11/30/2017	11/30/2017	3/31/2018	Fall 2018	1/15/2019
12/31/2017 (Calendar Year TP)*	12/31/2017	4/30/2018	Fall 2018	1/15/2019

\*See examples below.

**Example 1:** Fiscal Year Manufacturer Currently Operating in South Carolina. Taxpayer is a manufacturer whose income tax year is February 1– January 31, 2017. On January 31, 2017, Taxpayer owns real and personal property in South Carolina. For property tax year 2018, Taxpayer must file a return with the Department listing the real and personal property that it owned on January 31, 2017. Taxpayer must file its 2018 return by May 31, 2017. Taxpayer must pay the 2018 taxes by January 15, 2019.

<sup>22</sup> The manufacturers' income tax year is the accounting period regularly employed by the taxpayer for income tax purposes. It may be a calendar year or a fiscal year. Code Section 12-37-970.

<sup>23</sup> The lien date is the last day of the manufacturer's income tax year next preceding the property tax year. Code Section 12-37-970.

<sup>24</sup> The return due date is the last day of the fourth month after the end of the manufacturer's income tax year. In other words, the return is due on last day of the fourth month after the lien date. Code Section 12-37-970.

<sup>25</sup> Property taxes must be paid between September 30 of the property tax year and January 15 following the property tax year. Code Section 12-45-70. Payments made after January 15 may be subject to a penalty. Code Section 12-45-180.

**Note:** For fiscal year manufacturers, the time between the return due date and the payment due date may be a year or longer. In this example, property taxes are not due until almost 20 months after the property tax return is due.

**Example 2:** Calendar Year Manufacturer Currently Operating in South Carolina. Taxpayer is a manufacturer whose income tax year is January 1 – December 31, 2017. On December 31, 2017, Taxpayer owns real and personal property in South Carolina. For property tax year 2018, Taxpayer must file a return with the Department listing the real and the personal property that it owned on December 31, 2017. Taxpayer must file its return by April 30, 2018. Taxpayer must pay the 2018 property taxes by January 15, 2019.

#### **IV. MANUFACTURERS’ PROPERTY PLACED IN SERVICE AFTER END OF MANUFACTURER’S INCOME TAX YEAR**

Code Section 12-37-970 has no specific provision relating to how a fiscal year manufacturer currently operating in South Carolina is to return property that is placed in service after the end of its income tax year. Under the general rule of Code Section 12-37-970, the return must list the property held on the last day of the manufacturer’s income tax year preceding the property tax year, i.e., the lien date for manufacturers’ property. In this case, however, the manufacturer has not placed the property in service as of the end of the income tax year preceding the property tax year.<sup>26</sup>

Code Section 12-37-970 provides that every taxpayer required to make a return to the Department for assessment for taxation must make the return to the Department not less than once each calendar year. However, in such instances, the Department has not required a manufacturer to file a second return reporting property placed in service subsequent to the end of its income tax year but before December 31 of the calendar year. This position is consistent with S.C. Atty. Gen. Op. No. 2509 (September 12, 1968), which found that a taxpayer that lists its property as of the close of its income tax year for the ensuing property tax year is not required to list and to pay property tax on property placed in service after the close of its income tax year but before December 31 of that year. Instead, such property must be listed on the manufacturer’s property tax return for the following property tax year if the manufacturer still owns the property at the end of its next income tax year. Below is an example illustrating this rule.<sup>27</sup>

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<sup>26</sup> In some instances, the manufacturer may have already filed a property tax return before placing new property in service. This return would list only property that the manufacturer owned as of the end of its income tax year and would not include property placed in service after the return is filed.

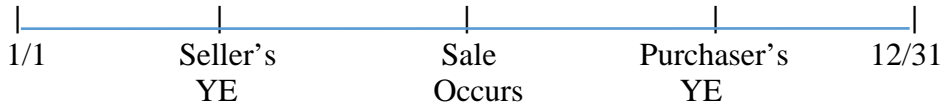
<sup>27</sup> See Part V. “Sales of Manufacturers’ Property During the Calendar Year” for similar examples (Examples 1 - 3) and exceptions (Examples 4 - 6).



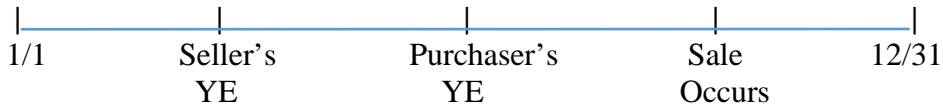
first next ensuing and when the purchaser's accounting year ends after the seller's and before January first next ensuing, the property must be returned by the seller as of the end of his accounting period. The purchaser is not required to list and return property as of the close of his accounting period during the calendar year of the sale. The seller and the purchaser are jointly and singularly liable for the tax that is due and payable by reason of this provision. The provision of this section does not apply to motor vehicles licensed for use on public highways.

There are two general scenarios in which this rule will apply:

Scenario A: The seller's accounting year ends; the sale occurs; the purchaser's accounting year ends.



Scenario B: The seller's accounting year ends; the purchaser's accounting year ends; the sale occurs.



In either scenario, the manufacturers' property sold is returned by the seller as of the end of the seller's income tax year. However, the seller and the purchaser are jointly liable for the tax due on the manufacturers' property sold.

**B. Second Special Rule for Sales of Manufacturers' Property During the Calendar Year**

The second special rule for manufacturers' property sold during the calendar year is found in the third paragraph of Code Section 12-37-970:

When property required to be returned as provided in this section is sold before the end of the seller's accounting year and before January first next ensuing and when the purchaser's accounting year ends before the date of purchase and before January first next ensuing, the property must be listed and returned by the taxpayer holding title as of December thirty-first and is liable for the tax for the ensuing year.

There is one general scenario in which this rule will apply:

Scenario: The purchaser's accounting year ends; the sale occurs; the seller's accounting year ends.



In the second special rule, the manufacturers' property sold must be listed and returned by the taxpayer holding title as of December 31 of the calendar year of the sale. This same taxpayer is liable for the tax on the sold property for the ensuing property tax year.

Code Section 12-37-970, paragraph one, provides that every taxpayer required to make a return to the Department for assessment for taxation must make the return to the Department not less than once each calendar year. Reading the provisions of Code Section 12-37-970 together and consistent with Code Section 12-37-900, the Department's longstanding administrative policy is that the manufacturer holding title as of December 31 of the calendar year of sale must return the property that is the subject of the sale. This assures that the property is taxed for the ensuing property tax year. Since the purchaser is the party holding title on December 31, this requires that the purchaser file a second return reporting the purchased property as of December 31 of the calendar year of the sale. Consistent with Code Section 12-37-970, the manufacturer who is responsible for returning the property must file the return with the Department by April 30 of the next calendar year.

### C. Examples

The following examples are intended to illustrate the seller's and purchaser's responsibilities involving sales of manufacturers' property. Examples 1 – 3 illustrate the general rules of Code Section 12-37-970. In these examples, the manufacturer owning the property at the end of its income tax year returns the property and is liable for the property taxes.<sup>29</sup> Examples 4 and 5 illustrate the first special rule under Code Section 12-37-970 for sales of manufacturers' property. Example 6 illustrates the second special rule under Code Section 12-37-970 for sales of manufacturers' property. The following examples assume that both the seller and purchaser are manufacturers currently operating in South Carolina. Unless otherwise stated, the applicable property tax year is 2018.

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<sup>29</sup> For these examples it may be helpful to consult the manufacturers' property chart in Part III.B.4.

**Example 1: General Rule of Code Section 12-37-970**

Purchaser's Income Tax Year End: March 31, 2017  
Seller's Income Tax Year End: June 30, 2017  
Sale Occurs: December 31, 2017



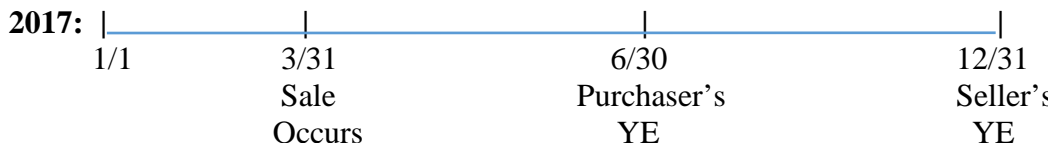
Analysis. Under the general rule of Code Section 12-37-970, a manufacturer must return property it holds as of the end of its income tax year. In this example, the seller owns the property as of the end of its income tax year. Therefore, the seller will report the property on its 2018 property tax return. The seller and purchaser have the following responsibilities with respect to the property.

Seller's Responsibilities. For 2018 property tax year, the seller is liable for the property taxes on the property. The return is due October 31, 2017. The 2018 property taxes must be paid by January 15, 2019.

Purchaser's Responsibilities. For 2018 property tax year, none with respect to the property purchased. For 2019 property tax year, the purchaser must report the purchased property on its 2019 property tax return. The 2019 return is due on July 31, 2018. The 2019 property taxes are due by January 15, 2020.

**Example 2: General Rule of Code Section 12-37-970**

Sale Occurs: March 31, 2017  
Purchaser's Income Tax Year End: June 30, 2017  
Seller's Income Tax Year End: December 31, 2017



Analysis. Under the general rule of Code Section 12-37-970, a manufacturer must return property it holds as of the end of its income tax year. In this example, the purchaser owns the property as of the end of its income tax year. Therefore, the purchaser will report the property on its 2018 property tax return. The seller and purchaser have the following responsibilities with respect to the property.

Seller's Responsibilities. For the 2018 property tax year, none with respect to the property sold.

Purchaser's Responsibilities. For 2018 property tax year, the purchaser is liable for the property taxes on the property. The return is due October 31, 2017. The 2018 property taxes must be paid by January 15, 2019.<sup>30</sup>

**Example 3:** General Rule of Code Section 12-37-970

Sale Occurs:	December 31, 2017
Purchaser's Income Tax Year End:	December 31, 2017
Seller's Income Tax Year End:	December 31, 2017

**2017:** | \_\_\_\_\_ |  
1/1 | | 12/31

- Sale Occurs
- Purchaser's YE
- Seller's YE

Analysis. Under the general rule of Code Section 12-37-970, a manufacturer must return property it holds as of the end of its income tax year. In this example, the purchaser owns the property as of the end of its income tax year. Since the sale occurs on the same date as the end of both the seller's and the purchaser's income tax years, the purchaser owns the property as of the end of the day on December 31, 2017. Therefore, the purchaser will report the property on its 2018 property tax return. The seller and purchaser have the following responsibilities with respect to the property.

Seller's Responsibilities. For the 2018 property tax year, none with respect to the property sold.

Purchaser's Responsibilities. For 2018 property tax year, the purchaser is liable for the property taxes on the property. The return is due April 30, 2018. The 2018 property taxes must be paid by January 15, 2019.

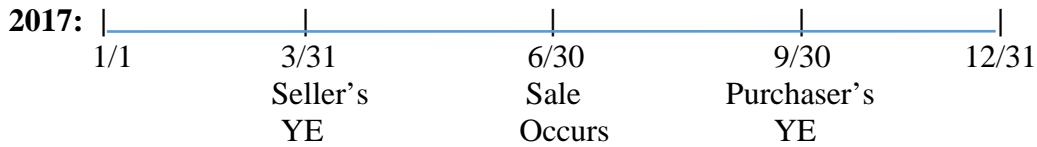
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<sup>30</sup> If the seller's income tax year end was June 30 and the purchaser's year end was December 31, the purchaser would still be liable for the 2018 property taxes because the purchaser would own the property at the end of its income tax year.



**Example 4: First Special Rule – Scenario A**<sup>31</sup>

Seller's Income Tax Year End: March 31, 2017  
Sale Occurs: June 30, 2017  
Purchaser's Income Tax Year End: September 30, 2017



Analysis. Under the general rule of Code Section 12-37-970, a manufacturer must return property it holds as of the end of its income tax year. However, Code Section 12-37-970, paragraph two, provides that if (1) a manufacturer's property is sold after the end of the seller's income tax year and before January 1 of the next calendar year and (2) the purchaser's income tax year ends after the seller's and before January 1 of the next calendar year, then the property must be returned by the seller as of the end of its income tax year. The seller and the purchaser are jointly and singularly liable for the tax. The seller and the purchaser have the following responsibilities with respect to the property.

Seller's Responsibilities. For 2018 property tax year, the seller is liable for the property taxes on the property. The seller must list the property on its 2018 return. The 2018 return is due July 31, 2017. The 2018 property taxes must be paid by January 15, 2019.

Purchaser's Responsibilities. For 2018 property tax year, the purchaser is not required to report the purchased property on its 2018 property tax return. However, the purchaser is jointly and singularly liable with the seller for the taxes due. For 2019 property tax year, the purchaser must report the purchased property on its 2019 property tax return. The 2019 return is due on January 31, 2019. The 2019 property taxes are due by January 15, 2020.<sup>32</sup>

<sup>31</sup> See Part V.A. for a discussion of this special rule (Code Section 12-37-970, paragraph two).

<sup>32</sup> Liability for the 2018 property taxes would be the same if the purchaser was a calendar year taxpayer, i.e., if the purchaser's income tax year ended on December 31.

**Example 5: First Special Rule – Scenario B**<sup>33</sup>

Seller's Income Tax Year End: March 31, 2017  
Purchaser's Income Tax Year End: September 30, 2017  
Sale Occurs: December 31, 2017



Analysis. Under the general rule of Code Section 12-37-970, a manufacturer must return property it holds as of the end of its income tax year. However, Code Section 12-37-970, paragraph two, provides that if (1) a manufacturer's property is sold after the end of the seller's income tax year and before January first of the next calendar year and (2) the purchaser's income tax year ends after the seller's and before January first of the next calendar year, then the property must be returned by the seller as of the end of its income tax year. The purchaser is not required to list and return the property as of the close of its income tax year during the calendar year of sale. The seller and the purchaser are jointly and singularly liable for the tax. The seller and the purchaser have the following responsibilities with respect to the property.

Seller's Responsibilities. For 2018 property tax year, the seller is liable for the property taxes on the property. The seller must list the property on its 2018 return. The 2018 return is due July 31, 2017. The 2018 property taxes must be paid by January 15, 2019.

Purchaser's Responsibilities. For 2018 property tax year, the purchaser is not required to report the purchased property on its 2018 property tax return. However, the purchaser is jointly and singularly liable with the seller for the taxes due. For 2019 property tax year, the purchaser must report the purchased property on its 2019 property tax return. The 2019 return is due on January 31, 2019. The 2019 property taxes are due by January 15, 2020.

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<sup>33</sup> See Part V.A. for discussion of this special rule (Code Section 12-37-970, paragraph two).

**Example 6: Second Special Rule**<sup>34</sup>

Purchaser's Income Tax Year End: April 30, 2017  
Sale Occurs: September 30, 2017  
Seller's Income Tax Year End: November 30, 2017



Analysis. Under the general rule of Code Section 12-37-970, a manufacturer must return property it holds as of the end of its income tax year. However, Code Section 12-37-970, paragraph three, provides that if (1) manufacturers' property is sold before the end of the seller's income tax year and before the next January 1 and (2) the purchaser's income tax year ends before the date of the purchase and before the next January 1, then the property must be listed and returned by the taxpayer holding title as of December 31 and that person is liable for the tax for the ensuing year.

In this example, the property sold must be listed and returned by the taxpayer holding title as of December 31. This same taxpayer is liable for the tax on the sold property for the ensuing property tax year. Since the purchaser is the party holding title on December 31, this requires that the purchaser file a second return reporting the purchased property as of December 31. Consistent with Code Section 12-37-970, the manufacturer who is responsible for returning the property must file the return with the Department by April 30 of the next calendar year. The seller and the purchaser have the following responsibilities with respect to the property.

Seller's Responsibilities. For the 2018 property tax year, none with respect to the property sold.

Purchaser's Responsibilities.

Return 1. For 2018 property tax year, the purchaser must file a return for all property it owns as of April 30, 2017. This return is due by August 31, 2017.

Return 2. For 2018 property tax year, the purchaser is also liable for the property taxes on the property it purchased on September 30, 2017, assuming that purchaser is holding title to the property on December 31, 2017. The purchaser must report the purchased property on a separate 2018 return.<sup>35</sup> This return is due on April 30, 2018.

<sup>34</sup> See Part V.B. for a discussion of this special rule (Code Section 12-37-970, paragraph three).

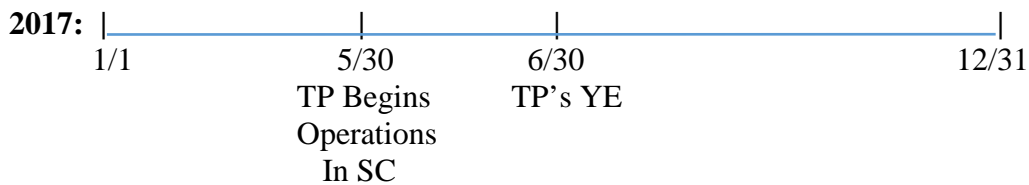
<sup>35</sup> This document does not address multiple sale scenarios. A subsequent purchaser may be required to return the property depending on the facts of the situation.

Payment of Taxes. The purchaser is liable for the 2018 taxes for both property tax returns. All 2018 taxes are due by January 15, 2019.

## VI. MANUFACTURER BEGINS OPERATIONS IN SOUTH CAROLINA

Under Code Section 12-37-970, the lien date for manufacturers' property is the last day of the manufacturer's income tax year next preceding the property tax year. Accordingly, a manufacturer that begins operations in South Carolina **before** the end of its income tax year returns the manufacturers' property it owned at the end of its income tax year for the ensuing property tax year.

**Example:** Fiscal Year Manufacturer Begins Operating in South Carolina Before the End of Its Income Tax Year. Taxpayer is a manufacturer whose income tax year is July 1–June 30. Taxpayer begins operating in South Carolina on May 30, 2017.



Property tax year 2018 is the first year that the manufacturer's property is subject to property taxes. Taxpayer must file its 2018 property tax return based on the property it holds in South Carolina on June 30, 2017. The 2018 property tax return is due October 31, 2017. The 2018 property taxes are due January 15, 2019.

A manufacturer who begins operations in South Carolina **after** the close of its income tax year would not have any property to return for the ensuing property tax year. However, Code Section 12-37-970 provides that every taxpayer required to make a property tax return to the Department must do so not less than once each calendar year. The longstanding administrative policy of the Department has been to interpret this provision as requiring a property tax return for each year a manufacturer is in business in South Carolina.

Read in conjunction with Code Section 12-37-900, these provisions require a new manufacturer who begins operating in South Carolina **after** the close of its income tax year to list property it holds as of December 31 preceding the first property tax year that the manufacturer's property is subject to property taxes. Therefore, a new manufacturer that begins operating in South Carolina after the end of its income tax year must file a property tax return for the ensuing property tax year based on assets that it owns as of December 31 of the calendar year that it begins operating in South Carolina. The return is due April 30 of the next calendar year.





For property tax year **2019**, Taxpayer's lien date is June 30, 2018. Taxpayer was operating in South Carolina on that date; therefore, Taxpayer must file a return with the Department listing all the real and personal property that it owned on June 30, 2018. Taxpayer's 2019 return is due October 31, 2018. Taxpayer's 2019 property taxes are due January 15, 2020.

For property tax year **2020**, Taxpayer's lien date is June 30, 2019. Because Taxpayer was no longer operating on that date, Taxpayer does not have a property tax liability for property tax year 2020. Nevertheless, Taxpayer must still file a 2020 property tax return. The 2020 property tax return is Taxpayer's final property tax return and is due on October 31, 2019.

### **VIII. MANUFACTURER HAS MORE THAN ONE INCOME TAX YEAR END DURING THE CALENDAR YEAR**

Code Section 12-37-970, paragraph one, provides:

Whenever by a change of accounting period, or otherwise, more than one accounting period ends within any one calendar year, the taxpayer must make one such return within the prescribed time for filing following the end of each of the accounting periods and the department shall determine the assessment from the return setting forth the greatest value.

Accordingly, if a manufacturer has more than one income tax year that end in the same calendar year, the manufacturer must file a return by the fourth month following the close of each income tax year. The Department will use the return that sets forth the greatest value when assessing the property.

**Example:** Fiscal Year Manufacturer Changes to Calendar Year. Taxpayer is a manufacturer whose income tax year is July 1 – June 30. In Fall 2017, Taxpayer changes its income tax year to January 1 – December 31.

For the **2017** property tax year, Taxpayer will file one return listing the real and personal property it owned on June 30, 2016, the lien date. The 2017 return is due October 31, 2016. The 2017 property taxes are due January 15, 2018.

For the **2018** property tax year, the manufacturer must file two returns with the Department:

Return 1. Taxpayer will file one 2018 return listing the real and personal property it owned on June 30, 2017, the lien date of the original income tax year. This 2018 return is due October 31, 2017.

Return 2. Taxpayer will file a second 2018 return listing the real and personal property it owned on December 31, 2017, the lien date for the new income tax year. This 2018 return is due April 30, 2018.

The Department will determine the 2018 property tax assessment using the property tax return setting forth the greatest value. The 2018 property taxes are due January 15, 2019.



**MANUFACTURERS' PROPERTY CHART  
SUMMARY OF IMPORTANT DATES**

The following chart illustrates the general rules regarding the return, assessment and payment of property taxes on manufacturers' property for a manufacturer currently operating in South Carolina. The property tax year is 2018.

<b>Manufacturer's Income Tax Year End<sup>1</sup></b>	<b>Lien Date for Property Tax Year 2018<sup>2</sup></b>	<b>Return Due Date for Property Tax Year 2018<sup>3</sup></b>	<b>County Billing Date for Property Tax Year 2018</b>	<b>Payment Due Date for Property Tax Year 2018<sup>4</sup></b>
1/31/2017	1/31/2017	5/31/2017	Fall 2018	1/15/2019
2/28/2017	2/28/2017	6/30/2017	Fall 2018	1/15/2019
3/31/2017	3/31/2017	7/31/2017	Fall 2018	1/15/2019
4/30/2017	4/30/2017	8/31/2017	Fall 2018	1/15/2019
5/31/2017	5/31/2017	9/30/2017	Fall 2018	1/15/2019
6/30/2017	6/30/2017	10/31/2017	Fall 2018	1/15/2019
7/31/2017	7/31/2017	11/30/2017	Fall 2018	1/15/2019
8/31/2017	8/31/2017	12/31/2017	Fall 2018	1/15/2019
9/30/2017	9/30/2017	1/31/2018	Fall 2018	1/15/2019
10/31/2017	10/31/2017	2/28/2018	Fall 2018	1/15/2019
11/30/2017	11/30/2017	3/31/2018	Fall 2018	1/15/2019
12/31/2017 (Calendar Year TP)	12/31/2017	4/30/2018	Fall 2018	1/15/2019

**Notes:**

<sup>1</sup> The manufacturers' income tax year is the accounting period regularly employed by the taxpayer for income tax purposes. It may be a calendar year or a fiscal year. Code Section 12-37-970.

<sup>2</sup> The lien date is the last day of the manufacturer's income tax year next preceding the property tax year. Code Section 12-37-970.

<sup>3</sup> The return due date is the last day of the fourth month after the end of the manufacturer's income tax year. In other words, the return is due on last day of the fourth month after the lien date. Code Section 12-37-970.

<sup>4</sup> Property taxes must be paid between September 30 of the property tax year and January 15 following the property tax year. Code Section 12-45-70. Payments made after January 15 may be subject to a penalty. Code Section 12-45-180.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Rick Reames III  
\_\_\_\_\_  
Rick Reames III, Director

December 16 \_\_\_\_\_, 2016  
Columbia, South Carolina