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SC TECHNICAL ADVICE MEMORANDUM #87-8

TO: Mr. William R. Geddings, Jr., Director  
Office Services Division

FROM: John Swearingen, Manager  
Tax Policy and Procedures Department

DATE: September 16, 1987

SUBJECT: License Fee - Railroad Property

REFERENCE: S.C. Code Section 12-19-100

AUTHORITY: S.C. Code Section 12-7-170

SCOPE: A Technical Advice Memorandum is a temporary document issued to an individual within the Commission, upon request, and it applies only to the specific facts or circumstances related in the request. Technical Advice Memoranda have no precedential value and are not intended for general distribution.

Question:

How is the license fee base determined for a railroad company that is filing a corporation income tax return for the first time?

Facts:

The corporation purchased railroad property from another railroad company during 1986. This property was assessed as railroad property of the previous owner by the Property Tax Division for the 1986 property tax year. The corporation files its tax return on a calendar year basis, thus its first tax return will be for the period ending December 31, 1986.

Discussion:

S.C. Code Section 12-19-100 imposes a license fee of one mill upon each dollar of the fair market value of property, as determined by the South Carolina Tax Commission for property tax purposes by the preceding accounting period, owned and used within South Carolina in the business of every railroad company. The fee is due at the time of the filing of the annual report, which is due with the corporate income tax return. The license fee is a privilege tax for doing business within South Carolina. The license fee is due in advance and is based on the previous year's assessment by the Property Division. Section 12-19-100 does not require that the property be owned by the taxpayer for the previous year. The only requirements are that it is owned and used within South Carolina by a railroad company and has been assessed by the Property Tax Division for the previous year.

Conclusion:

Based on the facts above, the corporation will pay its 1987 license fee with its 1986 income tax return. The 1987 license fee will be based on the 1986 fair market value assessment determined by the Property Tax Division while the property was still in the hands of the previous owner.