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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 TEMPORARY REVENUE PROCEDURAL BULLETIN #02-1

**SUBJECT:** Tax Relief for Military Personnel Serving in Afghanistan

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

**REFERENCES:** S. C. Code Ann. Section 12-4-320(6) (Supp.2000)

**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 #99-4

**SCOPE:** The purpose of a Temporary Revenue Procedural Bulletin is to provide immediate procedural guidance to the public and Department personnel. It is a written statement issued to assist in the administration of laws and regulations by providing guidance that may be followed in order to comply with the law. **A Revenue Procedural Bulletin does not have the force or effect of law, and is not binding on the public.** It is, however, temporary, and is binding on agency personnel only until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

The South Carolina General Assembly, in enacting Code Section 12-4-320(6), has authorized the Department of Revenue (“Department”) to establish special tax relief procedures and assistance programs for military personnel, and states that the Department may:

for damage caused by war, terrorist act, or natural disaster or service with the United States armed forces or national guard in or near a hazard duty zone, extend the date for filing returns, payments of taxes, collection of taxes, and conducting audits, and waive interest and penalties.

In Executive Order 13239 on December 12, 2001, the President declared Afghanistan and its airspace a combat zone as of September 19, 2001.

In addition, Internal Revenue Service Publication 3, “Armed Forces’ Tax Guide,” states in part:

Military service outside a combat zone is considered to be performed in a combat zone if:

- The service is in direct support of military operations in the combat zone, and
- The service qualifies ... for special military pay for duty subject to hostile fire or imminent danger.

In accordance with the above, the Department has established special tax relief procedures and assistance programs to assist military personnel serving in Afghanistan as part of “Operation Enduring Freedom;” military personnel serving in direct support of military operations in the Afghanistan combat zone and who qualify special military pay for duty subject to hostile fire or imminent danger (“Afghanistan Combat Zone”); and their spouses.

#### Extension of Time to File and Pay Taxes:

The Department has extended the time for filing and paying the 2001 individual income taxes of affected military personnel and their spouses until 180 days after they leave the Afghanistan combat zone. These tax relief provisions also apply during any period of hospitalization resulting from injuries or illness incurred while serving in these areas.

#### Documentation Required Upon Filing a Return:

A taxpayer filing a return extended under the provisions of this document should attach to the front of the return a copy of his or her military orders establishing participation. Further, “Operation Enduring Freedom” should be written across the top of the tax return.

#### Penalties and Interest:

The Department will waive any penalties and interest due as a result of any extensions or suspension of collection activities granted under this document. Penalties and interest due as a result of the failure to pay estimated taxes will be waived for any estimated taxes due while the individual taxpayer is participating in Operation Enduring Freedom in the Afghanistan combat zone.

Penalties and interest will be assessed, however, if the income tax returns are not filed or taxes paid by the extended due date authorized by the Department. The Department will review all other tax liabilities with respect to penalties and interest on a case by case basis.

If a taxpayer is inadvertently assessed failure to file or pay penalties or interest which are waived pursuant to this document, the taxpayer should submit a request for waiver in writing. The request and any documentation should be sent to:

Problems Resolution Office  
P.O. Box 11189  
Columbia, South Carolina 29211-1189  
Attn: Operation Enduring Freedom

Collection Activities:

The Department will suspend the enforced collection of any assessed liability of a taxpayer participating in Operation Enduring Freedom in the Afghanistan combat zone during the time period the taxpayer is serving in these countries if the assessed liability is (1) the sole obligation of the taxpayer or (2) the joint obligation of the taxpayer and his or her spouse. The Department will review all other tax liabilities with respect to the possible suspension of enforced collections on a case by case basis.

The Department will reinstate collection activities of any assessed liabilities suspended pursuant to this document within a reasonable time after the taxpayer returns from service in the Afghanistan combat zone, but no sooner than 180 days beyond the period of service in these countries as part of Operation Enduring Freedom.

Combat Pay:

South Carolina has adopted Internal Revenue Code Section 112 which excludes certain combat pay from the definition of “gross income.” To the extent that combat pay is exempt from federal income tax, the combat pay will also be exempt from South Carolina income tax.

Taxpayer Assistance:

State Taxes: Other South Carolina tax matters concerning military persons and their families affected by Operation Enduring Freedom will be reviewed by the Department on a case by case basis.

Additional assistance may be obtained at the Department’s Taxpayer Service Centers listed below.

Charleston	3 Southpark Circle, Suite 202	(803) 852-3600
Columbia	301 Gervais Street	(803) 898-5000
Florence	1452 West Evans Street	(843) 661-4850
Greenville	211 Century Drive	(864) 241-1200
Rock Hill	454 S. Anderson Rd., Suite 202	(803) 324-7641

Federal Income Tax: A copy of Internal Revenue Service Publication 3, “Armed Forces’ Tax Guide,” can be found on the IRS Forms & Publications website at [http://www.irs.gov/forms\\_pubs/pubs.html](http://www.irs.gov/forms_pubs/pubs.html).

In addition, the Internal Revenue Service has established a toll-free number, 1-866-562-5227, that military personnel and their spouses who are affected by the combat zone rules may call to discuss any federal income tax matter. This toll-free number is also available to anyone else affected by the terrorist attacks of September 11, 2001.

County Property Tax: Questions concerning county property taxes should be addressed to the individual counties.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Elizabeth Carpentier  
Elizabeth Carpentier, Director

March 11, 2002  
Columbia, South Carolina