



301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC PRIVATE LETTER RULING #87-9

TO: XYZ, Inc.

SUBJECT: Clove Cigarettes

REFERENCE: S.C. Code Sections 12-21-720 and 12-21-730

AUTHORITY: S.C. Code Section 12-3-170  
S.C. Revenue Procedure #87-3

SCOPE: A Private Letter Ruling is a temporary document issued to a taxpayer, upon request, and it applies only to the specific facts or circumstances related in the request. Private Letter Rulings have no precedential value and are not intended for general distribution.

Question:

What is the definition of the phrase "each individual package" as used in S.C. Code Section 12-21-730?

Facts:

S.C. Code Section 12-21-720 reads, "The license taxes imposed on cigarettes by this article shall be paid by affixing stamps in the manner and at the time set forth in this article." Further, Code Section 12-21-730 reads, in part, "In the case of cigarettes,.....the stamps shall be affixed to each individual package....." (emphasis added)

XYZ, Inc. markets a cigarette which contains cloves. Each cigarette is packaged individually, in a sealed container. In turn, twenty (20) such containers are packaged in a larger box. The cigarettes may be sold as a package of twenty (20) or separately.

The company requests permission to affix a stamp to the larger, outer box; as opposed to each cigarette's container.

Discussion:

Our statutes are silent as to what is meant by the phrase "each individual package," as found at Code Section 12-21-730. Therefore, one must look to other sources for a definition. It is accepted practice in South Carolina to resort to the dictionary to determine the meaning of words used in statutes. For cases where this has been done, see Hay v. S.C. Tax Commission, 255 SE2d 837; Fennell v. S.C. Tax Commission, 102 SE2d 4245; Etiwan Fertilizer Co. v. S.C. Tax Commission, 60 SE2d 682. Webster's Seventh New Collegiate Dictionary defines the word "each" as, "being one of two or more distinct individuals having a similar relation and often constituting an aggregate."

The word "individual" is defined as, "a particular being or thing as distinguished from a class, species, or collection: as (1) a single human being as contrasted with a social group or institution; (2) a single organism as distinguished from a group." "Package" is defined as, "a commodity or a unit of a product uniformly wrapped or sealed; a preassembled unit." A "unit" is "a single thing.... that is a constituent of a whole."

Based upon the foregoing, the phrase "each individual package," as contained in Code Section 12-21-730, refers to the smallest self-contained entity upon which the stamp is to be applied. For example - the smallest self-contained entity (unit) of a carton of "regular" cigarettes is the twenty-cigarette pack; not each individual cigarette, nor the carton.

Conclusion:

It is our determination that the stamps required at Code Section 12-21-720 should be affixed to each individual cigarette's package if the cigarettes are sold separately. However, if sold as a self-contained package of twenty (20), then such stamp shall be affixed only to the larger box. Such shall be accomplished pursuant to the provisions of Code Section 12-21-730.

SOUTH CAROLINA TAX COMMISSION

s/S. Hunter Howard Jr.  
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S. Hunter Howard, Jr., Chairman

s/John M Rucker  
\_\_\_\_\_  
John M. Rucker, Commissioner

s/A. Crawford Clarkson Jr.  
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A. Crawford Clarkson, Jr., Commissioner

Columbia, South Carolina  
October 7, 1978