



SC REVENUE RULING #92-2

SUBJECT: Outboard Motors
(Casual Excise Tax)

TAX ANALYST: Deana West

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

REFERENCE: S.C. Code Ann. Section 50-23-10 (Supp. 1991)
S.C. Code Ann. Section 50-23-20 (Supp. 1991)
S.C. Code Ann. Section 12-36-1710 (Supp. 1991)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 1991)
SC Revenue Procedure #87-3

SCOPE: A Revenue Ruling is the Commission's official interpretation of how tax law is to be applied to a specific set of facts. A Revenue Ruling is public information and remains a permanent document until superseded by a Regulation or is rescinded by a subsequent Revenue Ruling.

Question:

Are outboard motors subject to the casual excise tax under Code Section 12-36-1710?

Discussion:

In discussing the issue at hand, we must first determine the meaning of the term "outboard motor" and the titling requirements.

Code Section 50-23-10(b) defines the term "outboard motor" as follows:

any completely self-contained propulsion system, excluding the fuel supply, which is used to propel a watercraft and which is detachable from such watercraft as a unit.

Code Section 50-23-20 provides the titling requirements of outboard motors and provides:

Every owner of a watercraft or outboard motor, or both, principally used in this State shall make application to the Division [Division of Boating of the South Carolina

Wildlife and Marine Resources Department] for certificate of title for the watercraft and a separate certificate of title for the outboard motor.

With respect to the titling of outboard motors, Code Section 50-23-10(b) provides that "[n]o outboard motor of less than five horsepower or its equivalent shall be required to be titled under the provisions of this chapter". Also, there are no registration or licensing requirements, in addition to the titling requirement, for outboard motors.

Therefore, outboard motors of five horsepower and more are required to have a certificate of title. Outboard motors of less than five horsepower, however, are not required to be titled.

Code Section 12-36-1710(A) provides for the imposition of the casual excise tax and reads, in part:

In addition to all other fees prescribed by law there is imposed an excise tax for the issuance of every certificate of title, or other proof of ownership, for every...motor...required to be registered, titled, or licensed. The tax is five percent of the fair market value of the... motor (emphasis added).

Furthermore, Code Section 12-36-1710(G) provides that "the Department of Wildlife and Marine Resources may not...register any motor without first procuring from the commission information showing that the excise tax has been collected".

Conclusion:

Outboard motors of five or more horsepower are subject to the casual excise tax pursuant to Code Section 12-36-1710.

Outboard motors of less than five horsepower are not required to be titled, registered or licensed and, therefore, are not subject to the casual excise tax. Furthermore, outboard motors of less than five horsepower that are titled at the option of the owner are not subject to the casual excise tax.

SOUTH CAROLINA TAX COMMISSION

s/A. Crawford Clarkson Jr.

A. Crawford Clarkson, Jr., Chairman

s/T. R. McConnell

T. R. McConnell, Commissioner

s/James M. Waddell Jr.

James M. Waddell, Jr., Commissioner

Columbia, South Carolina
April 8, 1992