

Sales & Use Tax Seminar Manual



2011 EDITION

**South Carolina
Department of Revenue**

www.sctax.org

Introduction

Sales and use taxes, which are used primarily for education, are an important component of the state's annual budget.

The purpose of this handbook is to assist business owners, employees and others in gaining a better understanding of the sales and use tax laws and the impact these taxes may have on their business. We know that understanding your obligations is the first step in complying with tax laws.

While we strive to present this manual correctly, it is possible some errors may be found. Furthermore, tax law changes rapidly. The manual is written in general terms for widest possible use. It is intended as a guide only, and the application of its contents to specific situations will depend on the particular circumstances involved. It may not be relied on as a substitute for obtaining professional advice and researching original sources of authority. Nothing in this manual supersedes, alters or otherwise changes provisions of the South Carolina Code, regulations or department rulings.

We would appreciate your suggestions regarding how we can make this seminar and manual more useful for you and your business. Please call Sara Unrue, Taxpayer Education Coordinator, (803) 898-5593 or email your comments to TaxpayerEd@sctax.org.

**South Carolina Department of Revenue
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2011 NEW INFORMATION

The following is a list of sales and use tax legislative changes that occurred in 2010.

911 Communications System - 911 Charges

Effective July 1, 2011 a prepaid wireless 911 charge will be collected in an amount equal to the average CMRS 911 charges calculated pursuant to Code Section 23-47-50 (F). The prepaid wireless seller must collect the 911 charge from a prepaid wireless consumer on each purchase of prepaid wireless telecommunication services with respect to each prepaid wireless retail transaction occurring in this state.

The amount of the prepaid wireless 911 charge shall be either: separately stated on an invoice, receipt, or other similar document that is provided to the prepaid wireless consumer by the prepaid seller or otherwise disclosed to the prepaid wireless consumer.

The amount of the prepaid wireless 911 charge collected by a prepaid wireless seller is not includable in the base for measuring any tax, fee, prepaid wireless 911 charge or other charge that is imposed by this State, any of its political subdivisions, or any intergovernmental agency. (Act No. 135)

Nonprofit Research and Testing Facility Exemption

An exemption is allowed for machinery and equipment, building and other raw materials, and electricity used in the operation of a facility owned by a nonprofit organization exempt under Internal Revenue Code Section 502(c)(3) when the facility is principally used for researching and testing the impact of natural hazards, such as wind, fire, water, earthquake, and hail on building materials used in residential, commercial and agricultural buildings.

This exemption requires an investment of at least twenty million dollars in real or personal property at a single site in this State over a three-year period beginning on the date provided by the taxpayer to the department in its notices. Effective date: June 16, 2010. (Act No. 280)

--REENACTED TEMPORARY PROVISO--

The following are temporary provisions enacted in prior legislative sessions and reenacted by the General Assembly in 2010.

Second Amendment Weekend Exemption

In 2010 the Second Amendment Sales Tax Holiday was enacted as a temporary proviso (House Bill 4657, Part 1B, Section 89, Provision 89.107) to provide a two-day sales tax exemption that applies to the sale of handguns (as defined pursuant to Section 16-23-10(1)), rifles, and shotguns.

As a result, this two-day sales tax holiday will take place on Friday and Saturday after Thanksgiving -- November 26th and 27th of 2010. This provision is effective only for the state fiscal year beginning July 1, 2010 and ending June 30, 2011. It will not take place in subsequent years *unless the General Assembly reenacts it as a temporary proviso or codifies it in the sales tax law.*

Information concerning the Second Amendment Sales Tax Exemption will be available on our website www.sctax.org

PRIVATE SCHOOLS, USE TAX EXEMPTION

This temporary proviso exempts the use tax on purchases of tangible personal property for use in primary and secondary schools including kindergarten and early childhood by schools exempt from income taxes under IRS Code Section 501(c)(3). The exemption does not apply to purchases subject to sales tax. This provision is effective only for the state fiscal year beginning July 1, 2010, unless reenacted by the General Assembly. (Proviso 89.47)

VISCOSUPPLEMENTATION THERAPIES

There is a suspension of the state's sales and use tax for viscosupplementation therapies from July 1, 2010 through June 30, 2011. The new law does not allow for refunds for any taxes paid on sales of this product during the suspension. (Proviso 89.77)

RESPIRATORY SYNCYTIAL VIRUS PRESCRIPTION SALES AND USE TAX EXEMPTION

The effective date of the exemption from sales and use tax of prescription medicines used to prevent respiratory syncytial virus shall be January 1, 1999. No refund of sales and use taxes may be claimed as a result of this provision. (Proviso 89.72)

History

The state sales and use tax was first imposed in South Carolina in 1951. The imposition of the tax was upheld by the State Supreme Court in *State ex rel. Roddey v. Byrnes*, 219 S.C. 485, 66 S.E.2d 33 (1951). Over the years, the state tax rate has increased as follows:

1951 – 3%
1969 – 4%
1984 – 5%
2007 – 6%

As enacted in 1951, the original state sales and use tax law contained 19 exemptions. Today, there are 78 exemptions; and several of these “exemption provisions” are in fact multiple exemptions. In addition, there are other sales and use tax exemptions included in other Articles and Titles of the South Carolina Code of Laws.

The original sales and use tax law established a maximum tax of \$75 on any single item. This was repealed in 1955. From 1984 through 1986 various maximum tax provisions were enacted for specific items, such as motor vehicles, boats, aircraft, self-propelled light construction equipment, certain trailers, manufactured homes, musical instruments and office equipment sold to a religious organization, and certain research and development machinery and equipment.

Over the years, the imposition of the sales and use tax has been expanded to include various services such as sleeping accommodations, communication services, laundry and dry cleaning services and electricity.

In 1991, the first local sales and use tax to be administered and collected by the Department of Revenue was authorized by the General Assembly. Today, the Department of Revenue administers and collects on behalf of local jurisdictions several types of local sales and use tax as well as the Catawba Tribal Sales Tax.



Administrative Requirements

Before engaging in any retail business in South Carolina, a retail license must be purchased from the Department of Revenue.

Retail Licenses

The law provides for the following types of retail licenses:

Permanent locations. A \$50 license must be purchased for each permanent retail location.

Artists and craftsmen. Every artist and craftsman making retail sells at arts and crafts shows and festivals of items they have created or assembled may purchase a \$20 license. This license may only be used at one location at a time.

Transient or temporary businesses. A \$50 license must be purchased by persons operating a transient or temporary business in South Carolina. A retail license for a transient business may only be used for one location at a time. A retail license for a temporary business may only be used in one location.

A **transient business** is a business, other than artists and craftsmen, not having a permanent retail location in South Carolina.

A **temporary business** is a business that makes retail sales in South Carolina for no more than 30 consecutive days at any one location.

How to get a license

You may apply for a retail license on-line by visiting our website at www.sctax.org and clicking on SCBOS.

If you choose not to file your application on-line, an application for a retail license (Form SCTC-111) may be obtained from one of the Department of Revenue's seven Taxpayer Service Centers. The centers are located in Charleston, Columbia, Florence, Greenville, Myrtle Beach and Rock Hill.

You can mail your completed application with the appropriate license tax amount to: South Carolina Department of Revenue, P.O. Box 125, Columbia, South Carolina 29214, or you may submit the application at one of the Taxpayer Service Centers.



Operating Without a Retail License – Penalty

A person required to obtain a retail license that engages in business as a retailer in this State without a retail license or after the license has been suspended is guilty of a misdemeanor and, upon conviction, must be punished by a fine of not more than two hundred dollars or imprisonment not exceeding thirty days, or both. This offense can be tried in magistrate's court. This provision also applies to each officer of a corporation which engages in business without a retail license or after the license is suspended. In addition, this provision may be enforced by local law enforcement authorities as well as the Department.

Also, a person required to obtain a retail license who fails to pay the \$50 license fee or obtain the license within the time provided is liable for a penalty not to exceed five hundred dollars.

Returning a License

When a business is closed, sold or otherwise transferred to another person, the retail license, as well as all other licenses issued by the Department, must be returned to the department for cancellation and the taxpayer must remit unpaid or accrued taxes. The Department may refuse to issue a license to a person, and may revoke one or more licenses held by a person, who has failed to return a license and remit taxes.

Who does not need a license?

A retail license is not required of:

- persons selling at flea markets or conducting a yard sale no more than once a quarter
- certain organizations conducting sales at festivals
- persons furnishing accommodations to transients for one week or less in any calendar quarter
- certain nonprofit organizations

When an out-of-state retailer must obtain a license

The Department of Revenue can require an out-of-state retailer to purchase a retail license and collect the South Carolina use tax if the retailer:

- has retail locations in South Carolina;

- maintains an office, warehouse or other place of business in South Carolina;
- has a salesperson in South Carolina soliciting orders on a regular basis;
- has an agent located in South Carolina;
- delivers his/her goods on his/her own trucks and advertises on a regular basis in South Carolina via South Carolina media; or
- delivers their goods on their own trucks and advertises on a regular basis in South Carolina via media located outside of South Carolina that has extensive coverage in South Carolina.

NOTE: The above is based on the concept of *Nexus* - the minimal connection necessary between an out-of-state retailer and the state which allows the state to require the retailer to collect the use tax. What actually constitutes *Nexus* is determined by the courts and may change from time to time. You are advised to be aware of changes.

Purchaser's certificate of registration



A Purchaser's Certificate of Registration is required for those persons **not** making retail sales that purchase tangible personal property from outside South Carolina and store, use or consume the property in South Carolina. Generally, they are issued to construction contractors. Those licensed as retailers do not need a Purchaser's Certificate of Registration.

An application for a Purchaser's Certificate of Registration (Form SCTC-111) may be obtained from one of the Department of Revenue's seven Taxpayer Service Centers. The centers are located in Charleston, Columbia, Florence, Greenville, Myrtle Beach and Rock Hill.

You may mail your completed application to: South Carolina Department of Revenue, P.O. Box 125, Columbia, South Carolina 29214, or you may submit the application at one of the Taxpayer Service Centers. There is no charge for a Purchaser's Certificate of Registration.

Special Events Returns

In lieu of purchasing a retail license, certain retailers may report their sales on a special events return.

A special events return may be used by a retailer who is **not** required to be licensed as an artist or craftsman, or who is **not** already licensed as a transient or temporary retailer.

The Department of Revenue does not have a separate form called a *special events return*. A retailer should file Form ST-3 and write “**Special Events Return**,” or similar notation, on the face of the form. The discount for prompt payment is not allowed on such returns.

Special events returns are due within five days of the completion of the special event. However, the Department of Revenue may require earlier filing and payment, if deemed necessary.

A special event is any promotional show, trade show, fair or carnival for which an admissions fee is required. Also, the event must operate for less than 12 consecutive days.

Reporting requirements

Most taxpayers are required to file their sales and/or use tax returns on or before the 20th day of the month following the month in which liability for the tax arises. For example, sales made in April are reportable to the Department of Revenue by May 20. Any tax due is payable with the return.

28-day returns. The Department of Revenue may allow filing of returns for 28-day periods. If permission is granted, the returns are due by the 20th day following the end of each 28-day period.

Quarterly returns. The Department of Revenue may allow a taxpayer to file quarterly, instead of monthly; if the taxpayer’s monthly tax liability is \$500 or less.

Other Filing Periods. The Department of Revenue may authorize, in addition to monthly or quarterly, other filing periods.

Discount for Timely Payment

If returns are filed and the taxes paid in full by the due date, you will be allowed a discount on taxes due. For taxes less than \$100, you may take a 3% discount of the tax. For taxes of \$100 or more, your discount is 2% of the tax.

The maximum discount allowed per taxpayer (*all locations included*) during the state's fiscal year (*July 1 - June 30*) is \$3,000. The statute was amended (effective July 1, 2002) to increase that discount to a maximum of \$3,100 if the retailer files his sales and use tax returns electronically.

Nonresident retailers not required by law to collect South Carolina sales or use tax, but whom voluntarily register to do so, are allowed a maximum discount of \$10,000 each fiscal year. In calculating the maximum discount, begin with the June return filed in July and end with the May return filed in June.

Cash Deposit or Bond

Transient retailers who have no permanent business location from which retail sales are made may make a sufficient cash deposit or bond with the Department of Revenue to cover at least their annual sales tax liability. This cash deposit or bond must be made before receiving a retail license.

Types of Paper Returns

Taxpayers who are liable for the state sales tax **only** may file Form ST-3EZ.

Taxpayers who are liable for the state sales tax and/or ½ % or 1% local taxes are to file Form ST-3. Those liable for the maximum tax of (\$300) are to file Form ST-455. Those liable for the 7% tax on accommodations (hotels, motels, etc.) are to file Form ST-388.

If a local tax is collected in more than one county or municipality, Form ST-389 (Addendum) must be completed and attached to Form ST-3, Form ST-388 or whichever is appropriate.

Recordkeeping



Every person subject to the sales and/or use taxes is required to keep "records, receipts, invoices and other pertinent papers in the form the commission requires." This includes records in electronic format. Purchase invoices must show the names and addresses of vendors from whom purchases are made.

Separate records for wholesale sales and retail sales must be kept. If separate records are not kept, it is presumed all sales are at retail. Records must be kept for a period of **three years**.

The penalty for failing to keep records as required by the Department of Revenue is a maximum of \$500 per return.

Assessments

The Department of Revenue may assess for unpaid taxes within thirty-six months of the date the taxpayer's return was filed, or due to be filed, whichever occurs later.

For example, if a taxpayer files the March 2011 sales and use tax return on the due date, April 20, 2011, the Department of Revenue has until April 20, 2014, to determine if additional taxes are due and assess the taxpayer for those taxes. If the taxpayer had filed the March 2011 return late on August 30, 2011, then the Department of Revenue has until August 30, 2014, to determine if additional taxes are due and assess the taxpayer for those taxes. However, there are exceptions to the three-year statute of limitations. The Department of Revenue may assess for additional taxes after the thirty-six month period if:

- The taxpayer has consented in writing to extending the time period for assessing the tax. This consent form must be completed before the thirty-six month statute of limitations expires. This consent form is usually completed at the beginning of the audit process when the taxpayer and the auditor agree to the period of time to be audited.
- The taxpayer has understated by 20% or more the total taxes required to be shown on a return or other document. .
- The taxpayer has failed to file the return.
- The taxpayer has filed a fraudulent return with the intent to evade the tax.
- The taxpayer who collects from the purchaser a state or local sales or use tax that exceeds the amount allowed or required by state law, may be held liable for a penalty. The penalty could be up to 150% of the tax amount collected that exceeds the amount authorized to collect.

Refunds

A taxpayer may seek a refund of any state tax by filing a written claim for refund with the Department of Revenue. A refund claim will be considered timely filed if it is filed within the period specified in §12-54-85. A claim for refund must include the taxpayer's identification information and an explanation why the refund should be granted. For a complete listing of what information must be provided in a claim for refund, a taxpayer should consult §12-60-470(B).

The appropriate division of the Department of Revenue shall decide what refund is due and give the taxpayer a written decision of their conclusion. **If the decision is adverse to the taxpayer, the taxpayer may appeal the division's decision by filing a written protest within 90 days of denial of the refund and following the procedures for protesting an assessment of tax.**



After the final denial of the taxpayer's request for refund through a department determination, a taxpayer may seek a contested case hearing. The taxpayer has 90 days from the date of the department determination to request a contested case hearing. Requests for a contested case hearing before the Administrative Law Judge Division must be made according to its rules.

A claim for refund can be amended prior to, but not after, the expiration of time for filing the claim for refund under §12-54-85(F). The claim as amended must be treated as if it were first filed when the amendment was filed, and the procedures and time periods involved must begin again.

If a taxpayer exhausts his administrative remedy, and ultimately prevails on the merits in a lawsuit seeking a refund or abatement of a license fee or any tax based upon the allegation that the tax or fee has been imposed wrongfully as a matter of law, the Department of Revenue will issue a refund to all similarly situated taxpayers who timely and properly applied for a refund.

If a taxpayer is due a refund, it must first be applied against any amount of that same tax that is currently assessed and due and outstanding from the taxpayer. The remaining refund, if any, must then be applied against any other state taxes that have been assessed against the taxpayer and that are currently due. If any excess remains, the taxpayer will be refunded that amount plus interest or such amount may be credited to the taxpayer's future tax liabilities.

Penalties and Interest

Taxpayers who fail to file sales and use tax returns, or fail to pay these taxes when due, are subject to certain penalties. Penalties are imposed as follows:

Failure to file - This penalty is imposed at the rate of 5% of the taxes due for each month, or fraction of a month, the return is late. For example, if the May 2011 return is filed on June 30, 2011, it is 10 days late and the taxpayer is subject to a penalty equal to 5% of the tax due on that return. If this same return had not been filed until July 23, 2011, the taxpayer would be subject to a penalty equal to 10% of the tax due on that return.

Failure to pay - This penalty is imposed at the rate of 0.5% of the taxes due for each month, or fraction of a month, the taxes are late. For example, if the May 2011 return is filed on June 30, 2011, it is 10 days late and the taxpayer is subject to a penalty equal to 0.5% of the tax shown as due on that return. If this same return had not been filed until July 23, 2011, then the taxpayer would be subject to a penalty equal to 1% of the taxes shown as due on that return.

If the taxpayer is audited and taxes are found to be due, then the failure to pay penalty is not due if the taxes are paid within 10 days of the Department of Revenue's assessment for such taxes.

If the taxes found to be due under the audit are not paid within 10 days of the Department of Revenue's assessment, then the penalty is imposed at the rate of 0.5% of the taxes due for each month, or fraction of a month, from the 11th day after the assessment is issued until the taxes are paid.

Other Penalties

Other penalties, such as those imposed with respect to negligence, fraud and operating without a retail license, can be found in Chapter 54 of Title 12 of the South Carolina Code of Laws.

Interest

The Department of Revenue, by law, imposes interest if a taxpayer fails to pay any sales and use taxes due. Interest is imposed at the same rate as provided in the Internal Revenue Code. Interest changes quarterly, so contact the Department of Revenue to determine the applicable rate. These are the same interest rates used by the Department of Revenue in calculating the interest due a taxpayer if that taxpayer is issued a refund.

Waiver of Penalties

The Department of Revenue has the authority to waive penalties imposed if there is reasonable cause to do so. Taxpayers who request a waiver or reduction of penalties imposed should do so in writing, and should set forth the reasons why such penalties should be waived or reduced. The Department of Revenue employee reviewing the request will then determine if a waiver or reduction of penalties is warranted under the guidelines established by the Department of Revenue in SC Revenue Procedure #08-6.

South Carolina Business One Stop

www.scbos.sc.gov



With SCBOS you can:

- Establish a business entity with Secretary of State.
- Reserve/Register/Adopt business names with Secretary of State.
- Register as an employer with the Department of Employment and Workforce.
- Apply and renew Alcohol Beverage Licenses with Department of Revenue.
- Apply and renew Consumer Credit Grantor filings with Department of Consumer Affairs.

SCBOS is designed to be a one stop resource for new and established businesses to electronically meet state requirements for registration, licensing, permitting, and filing reports and returns with multiple South Carolina state agencies. SCBOS is also a great resource to find additional state and federal information for starting a business in South Carolina.

SCBOS currently features applications and filings for six state agencies including the Department of Revenue, Secretary of State, Department of Employment and Workforce, Department of Health and Environmental Control, Department of Consumer Affairs, and the Department of Plant Industry at Clemson University.

Once ready to get started using SCBOS, you will be required to create a new user profile or login to an existing account for returning users. If you already have a user profile established with the Department of Revenue, you may use the same login information to access SCBOS. Once logged into your SCBOS account, you will have direct access to the applications and filings offered thru SCBOS, in addition to the Department of Revenue e-Applications, like e-Sales and e-Withholding.

SCBOS also features a Help Center available to assist customers with any questions or issues they may be experiencing. The SCBOS Help Center is available Monday - Friday, 8:30am to 4:45pm. There are four ways customers and taxpayers may contact with the Help Center:



(803) 898-5690



scboshelp@scbos.sc.gov



Live Chat



(803) 737-6018

Reporting and Paying the Tax Electronically



The South Carolina Department of Revenue's Electronic Sales Tax System (ESales) is designed to give taxpayers a FAST, FREE and SECURE way to file and pay their sales, use, accommodations, local option and special local taxes on-line.



ESales will allow the filing of the following forms:

- ST3 - Sales and Use Tax Return
- ST3EZ – Simplified Sales Tax Return
- ST388 - Sales, Use, Accommodations and Local Option Tax Return
- ST389 – Schedule for Local Taxes
- ST455 – Maximum Sales Tax Return
- ST501 - Durable Medical Equipment and Related Supplies

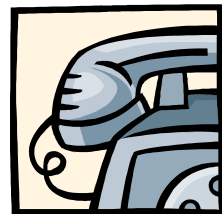
The SC Department of Revenue's ESales System will allow you to make payment by EFW (Electronic Funds Withdrawal/Bank Draft) or credit card (MasterCard and VISA).

For electronic purposes, you must submit your tax return and payment authorization to the South Carolina Department of Revenue on the due date of the 20th.

For more information, go to www.sctax.org and click on Electronic Services. Then, click on the Sales and Use link to see more details about ESales. For technical questions call (803) 896-1715.

Business Tax TeleFile

As a South Carolina business owner, you can conveniently file your Sales tax return by using the Business Tax TeleFile System. Business Tax TeleFile is available twenty-four hours a day/ seven days a week. To qualify to file a Business Tax TeleFile sales return, you must have zero gross proceeds of sales, rentals, use tax or withdrawals for the filing period covered.



As a first time user you're required to register on the Business Tax TeleFile System before filing. Registration can be handled directly on the system during the initial telephone call. The registration and filing process takes less than five minutes. Subsequent filings take less than three minutes. The procedure is completely paperless; mailing additional documentation to the Department of Revenue is not required. You need to keep a copy of your report for your files, however.

To use the Business Tax TeleFile System, dial (803) 898-5918 and follow the instructions. If assistance is needed with sales tax related questions, you can contact the DOR Sales Tax Help Line at (803) 896-1420. For all TeleFile support issues, you should contact the Business Tax TeleFile Help Line at (803) 896-1715 or contact us by e-mail at telefile@sctax.org.

Electronic Filing Program (EFT/EDI)

The Department of Revenue has designed an Electronic Filing Program (EFT/EDI) for the transmission of your payment and filing your tax return information for **sales, use, accommodations, local option and/or special local taxes**.



Businesses that have paid \$15,000 or more during any one filing period during the past year are required to pay electronically. Taxpayers with less than \$15,000 in tax due during a filing period may participate voluntarily with the EFT/EDI Program. For further information call 1-800-379-9409.

If you are interested in filing and paying one tax through EFT/EDI, you must file and pay all of these taxes through EFT/EDI. For example, you cannot file and pay sales tax through this program and pay local option through a conventional process. Be aware that you must file both the return and the payment electronically; you cannot choose to do one part electronically and the other in a conventional method.

Electronic payments can be made by using the ACH (Automated Clearing House) debit or credit method.

Advantages of participating in the EDI/EFT program include:

- Eliminates paperwork, no more paper returns and checks
- Reduces return error potential due to no re-keying; no manual intervention
- Accurate timing of payment from your bank account
- Comprehensive audit trail for both the return and the payment

To register, please call 1-800-379-9409 or e-mail EDI@sctax.org.

Completion of an Audit



Initial Process

- When a division of the Department determines a taxpayer owes additional taxes, it will mail or deliver a proposed assessment.
- The proposed assessment is the first written notice a taxpayer will receive that says the taxpayers owes or requests that the taxpayer pays additional taxes, interest, or penalties. . If the taxpayer disagrees with a proposed assessment, the taxpayer is entitled to appeal the findings using the following procedures:

- If the taxpayer agrees with the proposed assessment, the amount due should be paid on or before the due date of the proposed assessment to avoid additional interest and penalties, if applicable.

If the taxpayer cannot pay, the taxpayer may request to enter into an installment payment agreement. An installment payment agreement will allow the taxpayer to pay over an agreed period of time. The taxpayer may contact the district manager of the nearest Taxpayer Service Center for additional information about installment agreements.

- A taxpayer may agree with portions of the proposed assessment and disagree with others. The portion of the assessment with which the taxpayer agrees may be paid to avoid additional interest and penalties, and the remainder can be appealed.
- If the taxpayer disagrees with part or all of the proposed assessment, the taxpayer may appeal by sending a written protest within 90 days from the date on the proposed assessment to the address on the proposed assessment. The written protest must contain:
 - a) the taxpayer's name, address, and telephone number;
 - b) the appropriate taxpayer identification number(s);
 - c) the tax period or date for which the tax was proposed;
 - d) the nature and kind of tax in dispute;
 - e) a statement of facts supporting the taxpayer's position; and
 - f) a statement outlining the reasons for the appeal, including any law or other authority upon which the taxpayer relies.

A taxpayer does not need to provide legal or other authority, as provided above, if the total amount of the proposed assessment is less than \$2,500, unless the taxpayer is a partnership, "S" corporation, exempt organization, or employee plan and the proposed tax is imposed by Chapters 6, 11, or 13 of Title 12. This exception does not apply to protests involving sales or use taxes.

- The Department may extend the time for filing a protest at any time before the period has expired.

Review by the Department of Revenue



After a taxpayer files a protest, the taxpayer will be offered a conference with the person who issued the proposed assessment, and if requested, that person's supervisor. The purpose of the conference is to give the taxpayer a better understanding of the facts and issues and allow the taxpayer the opportunity to present additional information. At the Department's discretion, the conference may be conducted by telephone. After the conference, if the protest is not resolved, the taxpayer's file will be transferred to the Department's Office of General Counsel for Litigation.

The Office of the General Counsel for Litigation will review the file and prepare a written Department Determination addressing the issues raised by the appeal. Once the Department's Director approves the Department Determination, it will be mailed to the taxpayer.

Contested Case Hearing Before the Administrative Law Court

- A taxpayer can request a contested case hearing before the Administrative Law Court if the taxpayer disagrees with the Department Determination.
- The request for a contested case hearing must be made in writing and filed with the Administrative Law Court within 30 days after the date of the Department Determination.
- The rules of the Administrative Law Court will control the request for a contested case hearing and the hearing.
- A final assessment will be sent to the taxpayer for payment, if the taxpayer does not properly request a contested case hearing within 30 days.

License Revocation



- The Department may deny or revoke any license issued by the Department for failure to pay taxes or certain regulatory violations.
- Notice will be sent to the taxpayer if a division of the Department proposes to deny or revoke your license.
- A taxpayer can appeal the denial or revocation by filing a written protest with the Department within 90 days of the notice. The written protest must contain:
 - (a) the taxpayer's name, address, and telephone number;
 - (b) the appropriate taxpayer identification number(s), if any;
 - (c) the kind of license in dispute;
 - (d) a statement of facts supporting the taxpayer's position; and
 - (e) a statement outlining the reason(s) for the appeal, including any law or other authority upon which the taxpayer relies.
- If a protest involves a failure to pay taxes, a written protest should be filed with the Department's District Manager who signed the denial or revocation. The District Manager will transfer the matter to the Department's Office of the General Counsel for Litigation if the dispute cannot be resolved. The Office of the General Counsel for Litigation will review the file and prepare a written Department Determination addressing the issues raised in the appeal. Once the Department's Director approves the Department Determination, it will be mailed to the taxpayer.
- If a protest involves a regulatory violation of the alcoholic beverage laws, bingo laws, or other coin operated devices provisions, a written protest should be filed with the Department's Regulatory Division.
- A taxpayer can request a contested case hearing before the Administrative Law Court if the taxpayer disagrees with the Department Determination. The request for a contested case hearing must be made in writing and filed with the Administrative Law Court within 30 days after the date of the Department Determination. The rules of the Administrative Law Court will control the request for a contested case hearing and the hearing.

Computer Assisted Audit System

Introduction

Technological advances, namely computer hardware and software applications, have given both businesses and government the ability to be more effective than ever before. Efficiency is of the highest importance in that time, money and personnel are elements that no one can afford to waste.

The volume and complexity of accounting records being produced by automated data processing systems has made necessary the use of special auditing techniques to deal with such systems. The South Carolina Department of Revenue (DOR) has over the past several years developed a Computer Assisted Audit System (CAAS) that provides for efficient and accurate processing and analysis of taxpayers' electronic data.

This brochure explains the methods DOR uses to incorporate modern technology into the audit function, and includes answers to frequently asked questions. The DOR is committed to using Computer Assisted Audit methods whenever possible and to promoting the effective use of modern technology in determining, accruing and paying proper tax. As computer technology increases, we will strive to keep pace with that technology and include it in our auditing techniques.

Overview

Most companies maintain accounting records on some type of computer system. Our CAAS allows for the submission of taxpayer data electronically, thus reducing the voluminous amount of paper documentation usually necessary for each audit. Our program allows the field auditor to review, verify, manage and output taxpayer data more quickly. This significantly reduces the number of hours spent analyzing the data and the number of hours spent at the taxpayer's place of business.

Our CAAS has the ability to read virtually all output files and data types. This eases the process of transferring large amounts of taxpayer data to DOR. Statistical sampling methodologies can be used by CAAS to assure the taxpayer of a more reliable sample.

CAAS Process

The CAAS process does not change the basic concept of the compliance audit. It only adds the ability to access and analyze the data electronically. The field auditor is still in charge of the audit, from obtaining the records, to verifying the data's validity, to determining appropriate sampling methods, and to assessing tax under/over payments. The CAAS only adds three steps to the traditional audit. They are listed on the following page.

1. Opening Conference with Taxpayer

Our form CAA-90 Computer Assisted Audit Questionnaire is mailed with the appointment letter by the field auditor to taxpayers with potential electronic data records. When the CAA-90 is returned and it is determined that an electronic audit is feasible, the field auditor contacts the computer assisted auditor and an appointment is made with the taxpayer. At the opening conference, it is requested that the taxpayer have present a representative from their information systems department that is familiar with the tax data files. Both the field auditor and the computer assist auditor attend and the audit plan is developed with the taxpayer's input. Normal audit procedures, computer assisted audit procedures, and the data transfer processes are explained. Any specific issues pertinent to the taxpayer's business are reviewed and the audit plan is agreed upon.

2. Data Integrity Check

This step verifies the integrity of the electronic data received by the field auditor. The computer assist auditor runs various summaries of the data provided which may include monthly totals for specific account numbers, sales for specific locations, etc. The field auditor traces these monthly totals back to the taxpayer's accounts payable, accounts receivables, or general ledger records. This is an important step in the verification process to assure that the data provided by the taxpayer is complete and accurate. If the totals match, the audit can proceed; however if the data is not valid, the taxpayer must provide complete and accurate data before the audit can proceed.

3. Sample Methodology

In cases where a detailed review of all purchases or sales transactions is not feasible (large volume taxpayers), CAAS uses statistical methods in the selection of audit samples. This method is generally used for expense purchases and sales, but may be used in other areas. The field auditor and the taxpayer agree on what items will be included in the sample (account number selection, store locations, etc.). The resulting universe is broken down into dollar ranges. Our software is used to select a random sample of purchases or sales items from each stratum. A random sample means that every invoice in the group has an equal chance of being selected. The invoices that are selected from each stratum are then reviewed for tax treatment. If there is enough data in the electronic information to determine what the item is and its tax treatment, the hard copies may not need to be pulled over for review. After the field auditor and the taxpayer agree on the tax treatment adjustments, the result from the statistical sample is projected using our software to calculate tax or credit due on the entire universe. The results are evaluated by our software to determine the validity of the sample.

Benefits of a Computer Assisted Audit

Quick—Computer assisted audits are completed faster than manual audits. Less time is needed by taxpayer personnel and by field auditors to prepare audit information.

Efficient—More efficient auditing techniques for reviewing taxpayer's data are used in computer assisted audits. Data does not have to be re-entered by the field auditor into additional schedules.

Reliable—Computerized statistical sampling methods, as opposed to manual block samples, have proven to be more accurate in obtaining a dependable, representative sample.

Less Paper—CAAS has the potential to do a 100% computerized audit. This reduces the amount of paper normally needed during an examination.

Questions and Answers

Will using CAAS alter the audit process?

No. Audit procedures remain the same. The difference between a computer assisted audit and a manual audit is that the information is submitted electronically, allowing the field auditor to examine a taxpayer's records quickly and more efficiently.

Why is CAAS more accurate?

CAAS uses scientific sampling methods to analyze data and provide an objective sample, which incorporates standard statistical sampling techniques, as well as generally accepted accounting principles.

Am I required by law to submit my data electronically?

Yes. If a taxpayer's information is stored electronically, he is required to submit it in that format. Pursuant to SC Code sections 12-54-100, 12-54-210, and 12-4-330 (a) the DOR is authorized to examine a taxpayer's accounts, books, or records to determine the taxpayer's compliance with state revenue laws. Moreover, South Carolina Regulation § 117-200.2 provides, in part, that if a taxpayer retains records in both machine-sensible and hardcopy formats, the taxpayer shall make the records available to the Department in machine-sensible format upon request of the Department.

How do I prepare my electronic data?

Taxpayers can submit copies of their electronic files as maintained or create files of the requested information. The DOR has the ability to read virtually all existing electronic formats and outputs.

Do I, as the taxpayer, have any input regarding the sample creation?

Yes. The field auditor and the taxpayer determine what will be included and what will be excluded from the sample population. The goal is to determine a sample that is accurate, and the taxpayer's input is essential.

How will I be assured that my data will be used only for its intended purpose? Is my data kept confidential?

In most tax areas, South Carolina law specifically states that tax information received by the DOR is confidential except for official purposes. Any current or former DOR employee who makes or participates in an unauthorized disclosure of confidential information is subject to criminal penalties provided in SC Code section 12-54-240.

What happens to my data when an audit is completed?

It is either returned to the taxpayer or retained as a permanent part of the file if submitted electronically.

For More Information

If you have questions about South Carolina's Computer Assisted Audit System, write to the South Carolina Department of Revenue, Audit Techniques and Technology Section, PO Box 125, Columbia, SC 29214, or call (803) 898-5681. For forms and general information, call the Tax Help Line at 1-800-763-1295 or (803) 898-5280. Hearing or speech impaired citizens may call (803) 898-5656. Internet access to tax information, forms and policy rulings may be found on the DOR website at <http://www.sctax.org>.

Reference Material

This reference material can be found at our website or copies may be requested at the above numbers. South Carolina Statutes: Code Sections 12-54-100 Authority to Examine, 12-54-210 Records Requirements, and 12-4-303(a) Witnesses before Department. South Carolina Regulation 117-200-2 Record Keeping and Retention.

The Basics of the South Carolina Sales Tax



The state sales tax is imposed upon every person engaged within this state in the business of selling tangible personal property at retail. The measure, or basis, for the sales tax is the retailer's gross proceeds of sales. The retailer is liable for the tax. The state sales tax rate is 6%.

Definitions:

Person includes any individual, firm, partnership, limited liability company, association, corporation, receiver, trustee or group or combination acting as a unit. It also includes the state, state agencies, and any instrumentality, authority, political subdivision or municipality.

Tangible personal property is personal property that may be seen, weighed, measured, felt, touched, or in any manner perceptible to the senses. It also includes certain services and intangibles - communications, laundry services, accommodations (hotels, motels, etc.) and electricity. It does **not** include stocks, notes, bonds, mortgages or other evidences of debt. It also does not include the transmission of computer database information by a cooperative service when the database information has been assembled by and for the exclusive use of the members of the cooperative service.

Sale or purchase is a transfer of title or possession of tangible personal property for a consideration. Includes rentals, leases and license to use.

Sale at retail means a sale of tangible personal property to an end-user or consumer of the property. Included within the term are leases and rentals of tangible personal property. If a sale is not a retail sale, then it is a wholesale sale.

Gross proceeds of sales are the total amount proceeding or accruing from the retail sales of a business.

More about Gross Proceeds of Sales:

Gross proceeds of sales - the measure or basis for the sales tax - includes:

- proceeds of consignment sales; and
- the fair market value of tangible personal property previously purchased at wholesale that is withdrawn from inventory for personal or business use; and
- proceeds accruing or proceeding from the sale or recharge at retail of prepaid wireless calling cards.

Also, a retailer **may not deduct** from gross proceeds of sales any costs that are passed on to his customers, such as:

- cost of goods sold;
- cost of materials, labor or services;
- interest paid;
- transportation costs to acquire inventory; and
- manufacturers or importers excise taxes that are imposed by the federal government.

The following are **not included** in gross proceeds of sales:

- cash discounts allowed and taken;
- the sales price of property returned by customers when the full sales price is refunded in cash or by a credit;
- the value allowed for property taken as trade-ins;
- any excise taxes imposed by the federal government on retail sales;
- interest, fees or charges, however described, that are imposed on a customer for late payment of a bill for electricity or natural gas, or both, whether or not sales tax is required to be paid on the underlying electricity or natural gas bill;
- charges for data processing;
- bad debts and uncollectible accounts actually written off on the SC state income tax return; and
- the 5% excise tax imposed on alcoholic liquors by the drink pursuant to code section 12-33-245

Special impositions of the Sales Tax

South Carolina also imposes its sales tax on specific services and intangibles. By definition, these specifically taxed services and intangibles are “tangible personal property.” As “tangible personal property,” various other provisions of the sales and use tax law apply to these services and intangibles (e.g., exemptions, wholesale sales, etc.)

The following will address each of these “special” impositions.

Laundry and Drycleaning Services

The sales tax, equal to 6% of the gross proceeds of sales, also applies to every person in the business of providing or furnishing at retail any of the following:

- drycleaning services,
- dying services, or
- pressing services.

The tax applies to all charges from these businesses related to items laundered, drycleaned, dyed or pressed, including but not limited to, charges for:

- repairing,
- altering,
- storing,
- pick-up, and
- delivery.

Charges derived from coin-operated laundromats and drycleaning machines are not subject to the tax. However, charges at coin-operated laundromats for laundering services, such as a “wash and fold” service, are subject to the tax.

Electricity

The sales tax, equal to 6% of the gross proceeds of sales, also applies to every person in the business of selling at retail electricity.

Communications Services

The sales tax, equal to 6% of the gross proceeds of sales, also applies to every person in the business of selling at retail “the ways or means for the transmission of the voice or messages.”

The tax applies to charges for:

- telephone services, including telephone services provided via the traditional circuit-committed protocols of the public switched telephone network (PSTN), a wireless transmission system, a voice over Internet protocol (VoIP), or any of other method
- teleconferencing services
- paging services
- answering services
- cable television services
- satellite programming services and other programming transmission services (includes, but is not limited to, emergency communication services and television, radio, music or other programming services)
- fax transmission services
- voice mail messaging services
- e-mail services
- electronic filing of tax returns when the return is electronically filed by a person who did not prepare the tax return
- database access transmission services (online information services), such as legal research services, credit reporting/research services, charges to access an individual website (including Application Service Providers), etc.

Manufactured Property Used by the Manufacturer

The sales tax, equal to 6%, also applies to every manufacturer when that manufacturer manufactures within South Carolina tangible personal property for sale, but instead of selling the tangible personal property the manufacturer uses or consumes it within South Carolina. The tax applies to the fair market value of the tangible personal property used or consumed by the manufacturer.



For example, a manufacturer that produces computers in South Carolina for sale throughout the world is liable for the sales tax on the fair market value of any computers that it removes from its inventory to use in any of its offices or manufacturing operations in South Carolina or that it provides free to its employees.

Prepaid Wireless Calling Arrangements

The sales tax, equal to 6%, also applies to sales at retail of prepaid wireless calling arrangements and to recharges at retail for prepaid wireless calling arrangements. A “prepaid wireless calling arrangement” is a communication service that:

- (1) is used exclusively to purchase wireless telecommunications
- (2) is purchased in advance,
- (3) allows the purchaser to originate telephone calls by using an access number, authorization code, or other means entered manually or electronically and
- (4) are sold in units or dollars, which decline with use in a known amount.

For example, if a retailer sells a prepaid phone card that can only be used in making wireless telephone calls, then the sale or recharge of that card is subject to the sales tax, provided the card meets the remaining requirements of a prepaid wireless calling arrangement as defined above.

900 and 976 Numbers

The sales tax, equal to 11%, also applies to the gross proceeds accruing or proceeding from the business of providing a 900 telephone service, a 976 telephone service, or both.

Freight or Transportation Charges



Charges by freight or transportation companies (i.e. trucking companies, railroads, etc.) are **not** subject to the sales and use taxes. They are not required to obtain a retail license nor are they required to collect taxes from their customers.

Freight or transportation costs incurred by retailers to get merchandise (tangible personal property) to their place of business or from the factory to the customer's business are **not deductible** by the retailer.

Freight or transportation costs incurred in delivering merchandise (tangible personal property) from retailers to their customers are **includable** in the measure of the sales or use tax **if**:

1. the retailer's shipping terms are **FOB Destination** or other terms whereby title (ownership) transfers to the customer at the customer's location; or if
2. the retailer uses his **own vehicle** to make delivery.

Freight or transportation costs are **not includable** in the measure of the tax **if** the retailer's shipping terms are **FOB Point of Origin** or other terms whereby title (ownership) transfers to the customer at the retailer's location.

Individuals 85 Years and Older



As part of the Educational Improvement Act of 1984, the Legislature provided a one-percent exclusion from state sales tax for individuals age 85 and older. In 2001, the Legislature amended that law to require retailers to post signs providing notice of the one-percent exclusion and to require individuals 85 years and older request the exclusion and provide proof of age at the cash register.

Burden of Proof

It is presumed that all gross proceeds are subject to tax until the contrary is established. The burden of proof that the sale of tangible personal property is not a sale at retail is on the seller. However, if the seller receives a resale certificate signed by the purchaser stating that the property is purchased for resale, the liability for the sales tax shifts from the seller to the purchaser.

The Basics of the South Carolina Use Tax



General Use Tax Imposition

South Carolina imposes a “general” use tax, equal to 6% of the sales price of the property, on the use, storage or consumption of tangible personal property purchased at retail for use, storage or consumption in South Carolina. The use tax was enacted in 1951 – the same year the sales tax law was adopted in South Carolina. It is a “transaction tax” imposed with respect to the transaction of “using, storing or consuming” tangible personal property “purchased at retail” for use, storage or consumption in South Carolina.

While the sales tax is imposed on retail sales in South Carolina, it is complemented by the use tax which is imposed on the storage, use or other consumption in South Carolina of tangible personal property purchased at retail regardless of whether the retailer is or is not engaged in business in South Carolina. “Double taxation is avoided by providing ... that the user shall be relieved of liability for the use tax on property subject to the sales tax and on which the tax has been paid, or when the retailer has given the purchaser a receipt for the same.”

Essentially, the use tax is a tax that applies to purchases of tangible personal property from out-of-state retailers for use, storage or consumption in South Carolina, and includes purchases from retailers made via the Internet (retailers’ websites and retailers’ sales on auction sites), through out-of-state catalog companies or when visiting another state or another country.

With respect to goods shipped into South Carolina, the use tax (as opposed to the sales tax) will apply when

- tangible personal property is purchased for use or consumption in this State;
- delivery is made in this State; and
- the order for future delivery is sent by the purchaser directly to the seller at a point outside this State, and the property is shipped into this State from a point outside this State directly to the purchaser or the purchaser's designee and there is no participation whatever in the transaction by any local branch, office, outlet or other place of business of the retailer or by any agent or representative of the retailer having any connection with such branch, office, outlet or other place of business.

Furthermore, “[w]hen tangible personal property is purchased for use or consumption in this State and the property is shipped from a point outside this State directly to the purchaser or the purchaser’s designee at a point in this State, there is a rebuttable presumption that the purchase is subject to the use tax. If the receipt from a seller does not separately state the South Carolina tax, the Department may assess either the purchaser or the seller (if licensed or nexus exists) for the use tax.”

The state tax rate for the use tax is the same as the sales tax. The total tax rate (state and local) is determined by where the tangible personal property will be used, stored or consumed, regardless of where the sale actually takes place.

The use tax is imposed upon the consumer (**purchaser**) of tangible personal property that is purchased at retail for use, storage, or consumption in South Carolina. The use tax applies to purchases from out-of-state retailers. However, South Carolina will allow a credit against the state and local use tax due in South Carolina for the state and local sales or use tax due and paid in another state on the purchase of tangible personal property. The statute does not require that the other state offer a similar credit.

In order for the taxpayer liable for the use tax in South Carolina to take the credit, the following requirements must be met:

- 1) The taxpayer must have purchased tangible personal property in one of the other 49 states or the District of Columbia.

Note: A credit is not allowed for any sales or use tax due and paid in another country or in a territorial possession of the United States.

- 2) A sales or use tax must have been legally due and paid on the purchase transaction in the other state.
- 3) The sales or use tax that was legally due on the purchase transaction in the other state must have been paid in that state.
- 4) The taxpayer must have proof that the sales or use tax was due and paid in the other state.

Finally, if the state and local sales or use tax due and paid in the other state is less than the amount of state and local use tax due in South Carolina, the taxpayer liable for the use tax in South Carolina must pay the difference to the South Carolina Department of Revenue. If the state and local sales or use tax due and paid in the other state is greater than the state and local use tax due in South Carolina, the taxpayer is not entitled to a refund.

An out-of-state retailer must obtain a retail license and remit either the South Carolina sales tax or use tax on retail sales shipped into South Carolina if the out-of-state retailer has a physical presence in South Carolina.

Examples of physical presence include, but are not limited to, maintaining (temporarily or permanently) an office, warehouse, store, other place of business, or property of any kind in the state or having (temporarily or permanently) an agent, representative (including delivery personnel and independent contractors acting on behalf of the retailer), salesman, or employee operating within the state.

An out-of-state retailer that is not required to obtain a retail license and remit the South Carolina sales or use tax may, however, voluntarily obtain the retail license and collect and remit the tax to South Carolina.

If the purchaser has a receipt showing the **entire** South Carolina (state and local) sales tax or use tax has been paid to a licensed out-of-state retailer, then the purchaser is no longer liable for the South Carolina use tax.



Both the sales tax and the use tax also apply to leases or rentals at retail of tangible personal property (e.g., tuxedos, office equipment, etc.).

It is important to note that either the South Carolina sales tax or the South Carolina use tax applies to a single transaction, but not both.

Where property purchased in another state and used outside the state of South Carolina, is later brought into the state for use, storage or consumption in South Carolina, the use tax will apply unless the following conditions are conclusively established:

- 1) That the property when purchased was intended for a bona fide use outside the state of South Carolina;
- 2) That the first actual use of the property was outside the state of South Carolina; and
- 3) That the first actual use of the property was substantial and constituted the primary use for which the property was purchased.

The responsibility for proof rests upon the purchaser and until the above facts are established to the satisfaction of the department, it will be presumed that the use of such property in South Carolina is subject to a use tax.

Unlike the sales tax, a retailer must collect the use tax from the purchaser. The retailer may not advertise or state, in any manner, that the use tax, or any part of it, will be assumed or absorbed by the retailer, will not be added to the selling price, or will be refunded.

Definitions

To understand the imposition of the use tax, the definitions provided in the law for certain terms must be reviewed.

Person includes any individual, firm, partnership, limited liability company, association, corporation, receiver, trustee or group or combination acting as a unit. It also includes the state, state agencies, and any instrumentality, authority, political subdivision or municipality.

Tangible personal property is personal property that may be seen, weighed, measured, felt, touched, or in any manner perceptible to the senses. It does **not** include stocks, notes, bonds, mortgages or other evidences of debt.

Sale or purchase is a transfer of title or possession of tangible personal property for a consideration. Includes rentals, leases and license to use.

Sale at retail means a sale of tangible personal property to an end-user or consumer of the property. Included within the term are leases and rentals of tangible personal property. If a sale is not a retail sale, then it is a wholesale sale.

Purchase (sale) at retail means a purchase of tangible personal property by the end-user or consumer of the property. Included within the term are leases and rentals of tangible personal property. If a purchase is not a retail transaction, then it is a wholesale transaction.

Gross proceeds of sales is the total amount proceeding or accruing from the retail sales of a business and is the measure or basis for the sales tax.

Sale price - the measure of the use tax - is the total amount for which tangible personal property is sold. It includes the cost of any materials, labor, interest, services or transportation that are part of the sale.

Sales price does not include:

- cash discounts allowed and taken;
- an amount charged for property when the full amount is refunded in cash or by credit;
- the value allowed for property taken as a trade-in; or
- excise taxes imposed by the federal government on retailers.

Storage is the keeping or retaining of tangible personal property in South Carolina that has been purchased at retail.

Use is exercising any right or power over tangible personal property, incident to the ownership of the property, or by any transaction in which possession is given. The terms storage and use do not include the keeping, retaining or exercising of any right or power over tangible personal property in South Carolina:

- for the purpose of being sold;
- for the exclusive purpose of being transported outside the state for first use; or
- for the purpose of being first manufactured, processed or compounded into other tangible personal property for use solely outside the state.

Summary of the General Use Tax Imposition

Based on the general imposition and the above definitions, the use tax, which is 6% of the total amount for which tangible personal property is sold, is imposed on:

- the use, storage or consumption of
- personal property that may be seen, weighed, measured, felt, touched, or is in any manner perceptible to the senses,
- that was purchased, leased, rented or otherwise obtained for a consideration at retail,
- for use, storage or consumption in South Carolina.



Special Use Tax Impositions

South Carolina also imposes its use tax on specific services and intangibles. By definition, these specifically taxed services and intangibles are “tangible personal property.” As “tangible personal property,” various other provisions of the sales and use tax law apply to these services and intangibles (e.g., exemptions, wholesale sales, etc.)

The following will address each of these “special” impositions.

Laundry and Dry Cleaning Services

The use tax, equal to 6% of the gross proceeds of sales, also applies to the use, storage or consumption of any of the following:

- Laundering services
- Drycleaning services
- Dying services, or
- Pressing services

The tax applies to all charges related to items laundered, drycleaned, dyed or pressed, including but not limited to, charges for:

- Repairing,
- Altering,
- Storing,
- Pick-up, and
- Delivery

Charges derived from coin-operated laundromats and drycleaning machines are not subject to the tax. However, charges at coin-operated laundromats for laundering services, such as a “wash and fold” service, are subject to the tax.

Electricity

The use tax, equal to 6% of the gross proceeds of sales, also applies to the use, storage or consumption of electricity.

Communications Services

The use tax, equal to six percent of the gross proceeds of sales, also applies to the use, storage or consumption of “the ways or means for the transmission of the voice or messages.”

The tax applies to charges for:

- telephone services, including telephone services provided via the traditional circuit-committed protocols of the public switched telephone network (PSTN), a wireless transmission system, a voice over Internet protocol (VoIP), or any of other method
- teleconferencing services
- paging services
- answering services
- cable television services
- satellite programming services and other programming transmission services (includes, but is not limited to, emergency communication services and television, radio, music or other programming services)
- fax transmission services
- voice mail messaging services
- e-mail services
- electronic filing of tax returns when the return is electronically filed by a person who did not prepare the tax return
- database access transmission services (online information services), such as legal research services, credit reporting/research services, charges to access an individual website (including Application Service Providers), etc.

Manufactured Property Used by the Manufacturer

The use tax also applies to every manufacturer when that manufacturer manufactures outside South Carolina tangible personal property for sale but instead of selling the tangible personal property the manufacturer brings the tangible personal property into South Carolina and uses or consumes it within South Carolina. The tax applies to the fair market value of the tangible personal property used or consumed by the manufacturer.

For example, a manufacturer that produces computers outside of South Carolina for sale throughout the world is liable for the use tax on the fair market value of any computers that it removes from its inventory and brings into South Carolina for use in any of its offices or manufacturing operations in South Carolina or to provide to its employees within South Carolina.

Prepaid Wireless Calling Arrangements

The use tax, equal to 6%, also applies to purchases at retail of prepaid wireless calling arrangements and to recharges at retail for prepaid wireless calling arrangements. A “prepaid wireless calling arrangement” is a communication service that:

- (1) is used exclusively to purchase wireless telecommunications,
- (2) is purchased in advance,
- (3) allows the purchaser to originate telephone calls by using an access number, authorization code, or other means entered manually or electronically and
- (4) are sold in units or dollars which decline with use in a known amount.

For example, if a person purchases a prepaid phone card that can only be used in making wireless telephone calls, then the use, storage or consumption of the purchased or recharged card is subject to the use tax, provided the card meets the remaining requirements of a prepaid wireless calling arrangement as defined above.

900 and 976 Numbers

The use tax, equal to 11% of the gross proceeds of sales, also applies to the use of a 900 telephone service, a 976 telephone service or both.

Transient Construction Property

Transient construction property purchased and previously used in another state is subject to the South Carolina use tax (prorated to reflect the equipment's duration of use in South Carolina, if the other state's statute has similar provisions for proration of the tax or depreciation of the tax base) when imported or brought into this State for use, storage or consumption in this State.

Transient construction property is defined to mean:

motor vehicles, machines, machinery, tools, or other equipment, other tangible personal property brought, imported, or caused to be brought into this State for use, or stored for use, in constructing, building, or repairing any building, highway, street, sidewalk, bridge, culvert, sewer or water system, drainage or dredging system, railway system, reservoir or dam, power plant, pipeline, transmission line, tower, dock, wharf, excavation, grading or other improvement or structure, or any part of it.

The use tax is computed as follows:

- (1) divide the length of time the property will be used in this State by the total useful life of the property;
- (2) multiply the result from (1) above by the sales price of the property;
- (3) multiply the amount in (2) above by six percent. The result of the computation is the tax due.

The useful life of transient construction property must be determined by the department in accordance with the experience and practices of the building and construction trade. In the absence of satisfactory evidence as to the period of use intended in this State, it is presumed that the property will remain in this State for the remainder of its useful life.

South Carolina will also allow a credit (prorated to reflect the equipment's duration of use in South Carolina) for sales or use tax paid in another state, against the use tax, on equipment previously used in another state if the out-of-state contractor's state will allow a similar credit.

The prorated tax credit is computed as follows:

- (1) divide the length of time the property was used in the other state by the total useful life of the property;
- (2) multiply the result from (1) above by the state sales tax legally due and paid the other state; (3) the lesser of the result from (2) above or the tax computed in the above paragraph is the prorated credit amount.

However, construction machinery, tools, equipment, and other construction property falling within the definition of transient construction property that is purchased for first use in South Carolina is subject to the full amount of use tax; however, such purchases qualify for a full credit for any sales or use tax due and paid in the other state.

Sales to, or Purchases by, Individuals 85 Years of Age and Older

An individual who is 85 years of age or older is entitled to a lower state use tax rate, sometimes referred to as the “1% exclusion,” for items that individual purchases for his or her own personal use. In other words, a person who is 85 years of age or older would pay a state use tax of 5% instead of 6% (any local use taxes would still apply) on:



- (1) purchases of tangible personal property (food, clothing, furniture, appliances, etc.); and
- (2) purchases of communications services, such as phone service (long distance calls are already exempt), cable television service, satellite programming services (radio, emergency, television) as well as other communication services.

The law granting this exclusion for individuals 85 years of age or older does not require the purchaser to complete any form with the Department of Revenue. It only requires that (1) the individual purchases the tangible personal property himself or herself, (2) that the tangible personal property is purchased for his or her own personal use, (3) that the purchaser requests the exclusion at the time of the sale and (4) that the purchaser provides the retailer with proof of age.

Credit for Taxes Paid in Another State

The law provides a credit against the use tax for taxes legally due and paid in another state. The credit, however, is allowed only upon proof that the state and local sales or use tax was due and paid in the other state.

Burden of Proof

The law presumes any tangible personal property that is delivered or received in South Carolina is for storage, use or consumption in South Carolina. The purchaser, therefore, has the burden of proving that the property was not purchased for storage, use or consumption in South Carolina. The retailer also has the burden of proving that the property is not subject to the tax, unless the retailer has a certificate given by the purchaser stating the property was purchased for resale.

Tax paid to an out-of-state retailer

The purchaser is relieved of the liability for the use tax if he has a receipt (invoice) from a licensed out-of-state retailer showing that the South Carolina tax was collected by the retailer.



Substantial use outside South Carolina

The purchaser is not liable for the use tax on tangible personal property substantially used in another state before being stored, used or consumed in South Carolina. The purchaser must be prepared to prove the property was in fact substantially used outside South Carolina.

Exclusions from the Use Tax

The following transactions are excluded from the use tax:

- purchases of tangible personal property for resale;
- purchases of tangible personal property by manufacturers and compounders for use as an ingredient or component part of property manufactured or compounded for sale (i.e. raw materials);
- purchases of tangible personal property used directly in manufacturing, compounding or processing tangible personal property for sale;
- purchases of materials, containers, etc. used incident to the sale and delivery of tangible personal property; and
- purchases of tangible personal property brought into the state for first use outside the state.
- purchases by non-profit schools

All transactions that are exempt from the sales tax are also exempt from the use tax under South Carolina Code 12-36-2120.

Summary

The state use tax is imposed on the storage, use or consumption of tangible personal property that is purchased at retail from outside South Carolina for the purpose of being stored, used or consumed in South Carolina.

For the use tax to be imposed, *all of the following must be true*:

- Tangible personal property must have been purchased **at retail** from outside South Carolina.
- The property must have been purchased **for** storage, use or consumption in South Carolina.
- The property is **stored, used or consumed** in South Carolina. The person storing, using or consuming the tangible personal property in South Carolina is **liable** for the use tax. The purchaser is relieved of the liability for the tax if he has a receipt from a licensed out-of-state retailer showing the tax was collected.

Sales and Use Tax on Unprepared Food

Effective November 1, 2007, sales of unprepared foods (previously taxed at 3%) are exempt of the State sales and use tax rate. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales.

Local Sales & Use Tax

Additional counties may approve the local tax at that time through local elections. If voters approve the tax, the tax will typically become effective in that county on May 1 following the November election date. Items limited to the \$300 maximum sales and use tax are not subject to the local tax.



The measure of the tax must be recorded on the ST-389 form. Counties with more than one local tax must report it in the designated section(s) on the ST-389.

Local Sales & Use Tax by Type

Voters may approve through a county referendum the following taxes:

Local Option

The local option sales and use tax is authorized under Code Section 4-10-10 et. seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed to reduce the property tax burden on persons in the counties that impose this type of local tax and is collected by the Department of Revenue on behalf of these counties.

Effective Date	Counties
July 1, 1991	Charleston, Colleton, Hampton, Jasper, Marion and McCormick
May 1, 1992	Abbeville, Allendale, Bamberg, Edgefield, Lancaster, Marlboro and Saluda
May 1, 1994	Chester and Florence
May 1, 1995	Pickens
May 1, 1996	Dillon, Lee and Sumter
May 1, 1997	Berkeley, Chesterfield, Clarendon, Darlington, Kershaw and Williamsburg
May 1, 1999	Barnwell, Laurens
May 1, 2005	Richland and Calhoun
May 1, 2006	Fairfield
May 1, 2009	Cherokee

Transportation

The local transportation projects sales and use tax is authorized under Code Section 4-37-30 et. seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various transportation projects in the counties that impose this type of local tax and are collected by the Department of Revenue on behalf of these counties.

This local sales and use tax, not to exceed 1%, is used for transportation needs such as roads and bridges. This tax may be imposed in addition to the local option sales and use tax. (Effective: June 13, 1997) As of the date of this publication, the authorized counties with a local transportation tax imposed are:

Effective Date	Counties
May 1, 2005	Charleston (½%), Dorchester
May 1, 2007	Beaufort
May 1, 2009	Berkeley

Capital Projects

The local capital projects sales and use tax is authorized under Code Section 4-10-300 et. seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax provisions. This tax is imposed specifically to defray the debt service on bonds issued for various capital projects in the counties that impose this type of local tax and is collected by the Department of Revenue on behalf of these counties.

This 1% local sales and use tax is used to fund specific capital projects such as roads, bridges, public facilities, recreation facilities, and water and sewer projects. This tax may be imposed in addition to all other sales and use taxes.

When the capital projects sales and use tax is imposed or reimposed pursuant to a referendum on or after June 3, 2009, unprepared food items eligible for purchase with United States Department of Agriculture food coupons are exempt from the capital projects tax.

Note: Sales of unprepared foods in a county that imposed the capital projects tax pursuant to referendum before June 3, 2009 are subject to this local tax. The Department of Revenue will collect this tax.

The following counties impose the special local sales and use tax:

Effective Date	Counties
May 1, 1998	York
May 1, 1999	Newberry, Orangeburg
May 1, 2001	Aiken
May 1, 2007	Florence, Greenwood, Horry
May 1, 2009	Allendale, Chester, Lancaster, Sumter

School District

The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements.

This 1% local sales and use tax is used for schools. As of the date of this publication, the authorized counties with a local school district tax imposed are:

Effective Date	Counties
July 1, 1996	Cherokee*
September 1, 2000	Chesterfield
December 1, 2002	Jasper
February 1, 2004	Darlington
June 1, 2004	Clarendon
March 1, 2005	Lexington
October 1, 2006	Lee
October 1, 2008	Dillon
March 1, 2009	Horry
March 1, 2011	Charleston

**(See SC Revenue Ruling #09-9 for more information on the Cherokee County local tax.)*

➤ Food is exempt from the school district tax but not the capital projects tax, local option tax, and transportation tax (unless the capital projects tax is imposed pursuant to a referendum approved on or after June 3, 2009),

Tourism Development

The local tourism development sales and use tax is authorized under Code Section 4-10-910 et.seq. The local tourism and development tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least fourteen million dollars in a fiscal year. The tax is imposed specifically for tourism advertisement and promotion directed at non-South Carolina residents; however, in the third and subsequent years of this tax a portion of the tax may be used for certain property tax rollbacks. The tax collected by the Department of Revenue on behalf of these municipalities.

As of the date of this publication, the authorized municipality with a 1% tourism development tax imposed consists of:

Effective Date	Municipality
August 1, 2009	Myrtle Beach

Local Sales Tax

Liability

If a retailer is located in a county with a local tax, he is liable for the ½% or 1% sales tax on all sales of tangible personal property delivered within the county in which he is located. If the retailer makes deliveries into another county (with a local tax or not), the ½% or 1% sales tax is **not** due. However, the local use tax applicable to the county into which the delivery is made may be due. (This will be covered in the *Local Use Tax* section of this publication.)

Local Sales and Use Tax Due Dependent on County of Delivery



The determination as to which local sales and use tax is due depends on where delivery of the tangible personal property took place.

For purposes of local sales and use taxes, delivery of tangible personal property is defined to occur when and where title or possession of tangible personal property transfers from the retailer to his customer. Following are guidelines to be used in determining when and where delivery occurs:

FOB Destination or Similar Terms: Delivery is considered to take place at the purchaser's location or wherever delivered to the purchaser (at the purchaser's direction).

FOB Shipping Point or Similar Terms: Delivery is considered to take place at the retailer's location. Retailers with multiple retail locations are to maintain their records so as to clearly show which sales are attributable to each location.

Shipping Terms Are Unspecified: Delivery is considered to take place at the purchaser's location or wherever delivered to the purchaser (at the purchaser's direction).

Retailer Uses Own Vehicle: If a retailer uses his own vehicle(s) for making deliveries, delivery is considered to take place at the purchaser's location or wherever delivered at the direction of the purchaser. This applies whether the vehicles are owned or leased by the retailer.

Situations Where Title Transfers, But Not Possession: Delivery is considered to take place at the retailer's location.

For example, a printer may produce business cards for a customer. The cards include all needed information except for the employee name. The printer keeps possession of, but not title to, the cards. At the direction of the customer, the printer will imprint the customer's cards with an employee's name and send the imprinted cards to the customer.

Retailers with multiple retail locations are to maintain their records so as to clearly show which sales are attributable to each location.

Sales Subject to a Cap

The $\frac{1}{2}\%$ or 1% local sales tax does NOT apply to sales that are subject to a “cap” or maximum tax, i.e. sales of aircraft, motor vehicles, motorcycles, boats, trailers and semi-trailers pulled by truck tractors, self-propelled light construction equipment, unassembled aircraft, mobile homes, musical instruments and office equipment purchased by certain religious organizations, and certain research and development equipment.

Transactions Subject to Casual Excise Tax

The $\frac{1}{2}\%$ or 1% local sales tax does NOT apply to transactions that are subject to the 5% casual excise tax. The casual excise tax is imposed on “the issuance of every certificate of title, or other proof of ownership, for every motor vehicle, motorcycle, boat, motor or airplane, required to be registered, titled or licensed.”

Withdrawals for Use

Code section 12-36-110(c) defines “retail sale” as including “the withdrawal, use, or consumption of tangible personal property by anyone who purchases it at wholesale.” Therefore, withdrawals of tangible personal property that has been purchased at wholesale are subject to the $\frac{1}{2}\%$ or 1% local tax, if withdrawn, used, or consumed in a local option tax county. The tax is imposed upon the fair market value of the tangible personal property that has been withdrawn.

Direct Pay Certificates

Holders of so-called *direct pay* certificates are allowed to make all purchases tax-free and are liable for any taxes that may be due. In other words, liability for the tax transfers to the purchaser. The tax is due, by the purchaser, upon the property being “withdrawn, used or consumed” and, for purposes of the $\frac{1}{2}\%$ or 1% tax, such withdrawals, use or consumption are reportable by county and municipality where the property is first withdrawn, used or consumed.

Limited Exemption Certificates

Unlike a *direct pay* certificate, which allows the holder to make **all** purchases free of the tax, a so-called *limited* exemption certificate only allows **specific** items to be purchased tax-free. If the holder of a *limited* certificate purchases an item that is exempt under §12-36-2120 or §12-36-2130, then the purchase is exempt from tax. However, if the holder uses the certificate to purchase an item not exempt under §12-36-2120 or §12-36-2130, then the purchaser is liable for the tax upon the property being withdrawn, used or consumed. The ½% or 1% tax is reportable by county and municipality where the property is first withdrawn, used or consumed.

Leases

The ½% or 1% tax does **not** apply to lease payments made after the imposition date of the local tax on leases that are entered into **before** the imposition date of the local tax. However, the tax does apply to lease payments made after the imposition date on leases that are entered into **after** the imposition date. (See *SC Revenue Ruling #91-9* for more information on leases.)



Installment Sales

Code section 12-36-2560 allows the retailer under certain conditions to elect “to include in the return only the portion of the sales price actually received by the retailer during the taxable period or to include the entire sales price in the return for the taxable period during which the sale was consummated.”

Retailer Has Elected To Pay On Each Payment. For installment sales made **after** the imposition date of the ½% or 1% tax - on which the retailer has elected to pay the tax as payments are received - the tax applies to all the payments. For installment sales made **before** the imposition date, the ½% or 1% tax does **not** apply to any of the payments - those made before and those made after the imposition date.

Retailer Has Elected To Pay Up Front. For installment sales made **before** the imposition date, the ½% or 1% tax is **not** due. For installment sales made **after** the imposition date, the ½% or 1% tax is due.

Construction Contracts

There is an exemption from the ½% or 1% tax for construction contracts executed before the imposition date of the tax and, also, for contracts for which a written bid was submitted before the imposition date that culminates in a contract either before or after the imposition date. *(See SC Information Letter #97-1 for information on how to apply and qualify for this exemption.)*

For those **contracts not exempt** from the ½% or 1% tax: If building materials are delivered by a supplier in the county in which the supplier is located, and that county has imposed a local tax, then the ½% or 1% sales tax is due. The supplier is liable for the tax and it is reportable by the county and municipality where the property is delivered. If delivery is made into another local option tax county, that county's ½% or 1% use tax may be due. (See the section entitled *Local Use Tax*.) If delivery is made into a non-local tax county, neither the ½% nor 1% sales tax nor the ½% or 1% use tax is due.

Utilities

Utilities are to report the 1% tax by county and municipality where their customers are located. *Utility* is defined in SC Revenue Ruling #09-9 as “an entity which sells products or services subject to the 6% state tax and transmits or delivers its products or services via electronic transmissions or pipelines (i.e. electric and gas companies, telephone companies, cable TV companies and other communications companies).”

(NOTE: Entities that sell water via pipelines to the public are also utilities; however, their sales are exempt from state and local sales and use taxes.)

Businesses That Bill Monthly

Businesses billing on monthly cycles (e.g. electric & gas companies and cable television companies) are to begin billing the ½% or 1% tax “beginning on the first day of a billing period beginning on or after the date of general imposition. For example, assume an electric company has a billing cycle ending May 10, 2011. If the company is billing customers in a county that imposed the tax on May 1, 2011, the first billing cycle subject to the tax is the period beginning May 11, 2011.

Accommodations

The ½% or 1% local sales tax applies to charges for accommodations (hotels, motels, etc.). The local tax also applies to “additional guest charges,” as defined in §12-36-920(B). Those subject to the ½% or 1% tax on accommodations are required to report the tax by county and municipality where rental units are located.

Returns, Discounts, Penalties and Interest



The $\frac{1}{2}\%$ or 1% tax is to be reported by county and municipality where delivery takes place. A breakdown by place of delivery is made on Form ST-389 ("Addendum") and attached to Form ST-3 or ST-388.

Returns are due and taxes payable by the 20th day of the month following the month for which taxable transactions occur. For those taxpayers with 13 accounting periods, returns may be filed for 28-day periods - if approved by the Department of Revenue. Also, taxpayers whose liability is not more than \$100 per month may request permission to file quarterly. In determining whether a taxpayer's liability is not more than \$100 per month, one must consider the taxpayer's total tax liability - state taxes plus local taxes.

For returns filed timely (with taxes paid), a discount is allowed. The discount is 3% if the total liability on a return (state plus local) is less than \$100. The discount is 2% if the total tax amount is \$100 or more. The maximum discount allowed in any fiscal year is \$3,000. If returns are filed electronically the maximum discount allowed in any state fiscal year is \$3,100.

The penalty and interest provisions of Chapter 54 of Title 12 of the South Carolina Code of Laws also apply to the local taxes.

Refunds

The *retailer* receives a refund of sales taxes (local and the state). However, the *purchaser* receives the use tax refund.

Refunds may be applied for by sending Form ST-14 or a letter to:
S.C. Department of Revenue, Office Audit - Sales Tax, P.O. Box 125, Columbia, South Carolina 29214.

The letter should include:

- the retailer's name, address, telephone number, & retail license number;
- reason(s) for the refund; and
- a schedule showing (by reporting period - e.g. month) a breakdown by county and municipality where the tax was originally reported. This schedule must also state the type tax (sales or use) and the amount of refund due.

NOTE: All refunds are subject to verification by audit, either before or after issuance.

Summary

The **retailer is liable** for the ½% or 1% local sales tax. If a retailer is located in a county with a local tax and makes **delivery** in that county, then the ½% or 1% sales tax is due (unless exempt or excluded). If he makes delivery into another county, the ½% or 1% sales tax is not due. However, the ½% or 1% use tax may be due. (Refer to the section entitled *Local Use Tax*.) The local tax is to be reported by the retailer by county and municipality where delivery is made. See Revenue Ruling #09-9 for criteria that must be met to require a retailer to remit a county's sales and use tax when delivering products to a purchaser located in another county.

Local Use Tax

Liability

If a retailer delivers tangible personal property into a county with a local tax, the person taking delivery and first storing, using or consuming the property in the county with a local tax is liable for the ½% or 1% use tax. The purchaser is **not** liable for the ½% or 1% use tax if he takes delivery in another county and pays that county's ½% or 1% sales tax. He is also relieved of the tax if he has a receipt from the retailer showing the retailer has collected the local use tax.

Retailer Can Be Required to Collect

If certain criteria are met, a retailer making deliveries into a county with a local tax can be required to collect the ½% or 1% use tax and report it to the Department of Revenue. If a retailer has any sort of physical presence in a county with a local tax (e.g. office, salesperson, etc.), he may be required to collect the tax. (See *SC Revenue Ruling #09-9 for additional criteria*.)

If a retailer is required to collect the tax, the retailer does not become liable for the tax. The retailer is, instead, held accountable for the tax as a collection agent for the state. Primary liability remains with the purchaser.

Purchases Exempt from State Sales Tax

All purchases that are exempt from the state use tax are also exempt from the ½% or 1% local use tax.

Purchases Subject to a Cap

The ½% or 1% use tax does not apply to purchases that are subject to a “cap” or maximum tax, i.e. sales of aircraft, motor vehicles, motorcycles, boats, trailers and semi-trailers pulled by truck tractors, self-propelled light construction equipment, unassembled aircraft, mobile homes, musical instruments and office equipment purchased by certain religious organizations, and certain research and development equipment.

Transactions Subject to Casual Excise Tax

The ½% or 1% use tax does not apply to transactions that are subject to the 5% casual excise tax. The casual excise tax is imposed on “the issuance of every certificate of title, or other proof of ownership, for every motor vehicle, motorcycle, boat, motor or airplane, required to be registered, titled or licensed.”

Direct Pay Certificates

Holders of so-called *direct pay* certificates are allowed to make all purchases tax-free and are liable for any taxes that may be due. In other words, liability for the tax transfers to the purchaser. The tax is due, by the purchaser, upon the property being “withdrawn, used or consumed” and, for purposes of the ½% or 1% tax, such withdrawals, use or consumption are reportable by county and municipality where the property is first withdrawn, used or consumed.

Limited Exemption Certificates

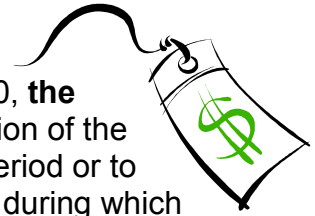
Unlike a *direct pay* certificate, which allows the holder to make **all** purchases free of the tax, a so-called *limited* exemption certificate only allows **specific** items to be purchased tax-free. If the holder of a *limited* certificate purchases an item that is exempt under §12-36-2120 or §12-36-2130, then the purchase is exempt from tax. However, if the holder uses the certificate to purchase an item not exempt under §12-36-2120 or §12-36-2130, then the purchaser is liable for the tax upon the property being withdrawn, used or consumed. Such withdrawals, use or consumption are reportable by county and municipality where the property is first withdrawn, used or consumed.

Leases

The ½% or 1% tax does **not** apply to lease payments made after the imposition date of the local tax on leases entered into **before** the imposition date of the local tax. However, the tax does apply to lease payments made after the imposition date on leases entered into **on or after** the imposition date. (See *SC Revenue Ruling #91-9 for more information on leases.*)

Installment Sales

For installment sales that meet the requirements of §12-36-2560, the **in-state retailer** may elect “to include in the return only the portion of the sales price actually received by the retailer during the taxable period or to include the entire sales price in the return for the taxable period during which the sale was consummated.”



For installment sales made on or after the imposition date of the $\frac{1}{2}\%$ or 1% tax, and on which the retailer does not collect the $\frac{1}{2}\%$ or 1% sales or use tax from the purchaser, the purchaser must pay the $\frac{1}{2}\%$ or 1% use tax directly to the Department of Revenue. The purchaser may **not** pay the $\frac{1}{2}\%$ or 1% use tax as payments are made to the retailer. The purchaser must pay the tax on the entire purchase price.

Construction Contracts

There is an exemption from the $\frac{1}{2}\%$ or 1% tax for construction contracts executed before the imposition date of the tax and, also, for contracts for which a written bid was submitted before the imposition date that culminates in a contract executed before or after the imposition date. *(See SC Information Letter #97-1 for information on how to qualify and apply for the exemption.)*

For those **contracts not exempt** from the $\frac{1}{2}\%$ or 1% tax: If building materials are delivered into a county with a local tax, the county's $\frac{1}{2}\%$ or 1% use tax may be due. If delivery is made into a non-local tax county, neither the $\frac{1}{2}\%$ nor 1% sales tax nor the $\frac{1}{2}\%$ or 1% use tax is due.

Utilities

Utilities are to report the $\frac{1}{2}\%$ or 1% tax by county and municipality where their customers are located. *Utility* is defined in SC Revenue Ruling #09-9 as “an entity which sells products or services subject to the state tax and transmits or delivers its products or services via electronic transmissions or pipelines (i.e. electric and gas companies, telephone companies, cable TV companies and other communications companies).”

NOTE: Entities that sell water via pipelines to the public are also *utilities*; however, their sales are exempt from state and local sales and use taxes.

Businesses That Bill Monthly

Businesses billing on monthly cycles (e.g. electric & gas companies and cable television companies) are to begin billing the $\frac{1}{2}\%$ or 1% tax “beginning on the first day of a billing period beginning on or after the date of general imposition”.

For example, assume an electric company has a billing cycle ending May 10, 2011. If the company is billing customers in a county that imposed the tax on May 1, 2011, the first billing cycle subject to the tax is the period beginning May 11, 2011.

Returns, Discounts, Penalties and Interest

The $\frac{1}{2}\%$ or 1% tax is to be reported by county and municipality where tangible personal property is first stored, used or consumed. A breakdown by county and municipality is made on Form ST-389 (“Addendum”) and attached to Form ST-3 or ST-388.

Returns are due, and taxes payable, by the 20th day of the month following the month for which taxable transactions occur. For those taxpayers with 13 accounting periods, returns may be filed for 28-day periods, if approved by the Department of Revenue. Also, taxpayers whose liability is not more than \$100 per month may request permission to file quarterly. In determining whether a taxpayer’s liability is not more than \$100 per month, one must consider the taxpayer’s total tax liability - state taxes plus local taxes.

For returns filed timely (with taxes paid), a discount is allowed. The discount is 3% if the total liability on a return (state plus local) is less than \$100. The discount is 2% if the total tax amount is \$100 or more. The maximum discount allowed during any state fiscal year is \$3,000. The state has been amended to increase that discount to a maximum of \$3,100 if the retailer timely files his returns and pays the tax due electronically.

The penalty and interest provisions of Chapter 54 of Title 12 of the South Carolina Code of Laws also apply to the local taxes.

Refunds

The retailer is the party entitled to receive a refund of **sales taxes** ($\frac{1}{2}\%$ or 1% local and the 6% or (5%) state). However, the retailer may “assign” (transfer) his refund rights to another party (e.g. the customer), if he so desires. An assignment can be made by writing a letter to the assignee (e.g. customer). The purchaser is entitled to apply for a refund of **use taxes** ($\frac{1}{2}\%$ or 1% local and 6% (5%) state).

Refunds may be applied for by sending Form ST-14 or a letter to:
S.C. Department of Revenue, Sales Tax, P.O. Box 125, Columbia, South Carolina 29214.

The letter should include:

- the retailer’s name, address, telephone number and retail license number;
- reason(s) for the refund; and
- a schedule showing (by reporting period - e.g. monthly) a breakdown by county and municipality where the tax was originally reported. This schedule must also state the type tax (sales or use) and the amount of refund due.

NOTE: All refunds are subject to verification by audit, either before or after issuance.

Summary

A transaction is subject to the $\frac{1}{2}\%$ or 1% use tax if tangible personal property is stored, used or consumed in a county with a local tax.

Liability for the $\frac{1}{2}\%$ or 1% use tax is with the person who stores, uses or consumes tangible personal property in a county with a local tax (usually the purchaser). However, if either the $\frac{1}{2}\%$ or 1% sales tax or the $\frac{1}{2}\%$ or 1% use tax has been paid, the purchaser is relieved of the liability.

The $\frac{1}{2}\%$ or 1% use tax is to be reported by the county and municipality where the property is first stored, used or consumed.

(See SC Revenue Ruling #09-9 for more information on the local sales and use taxes.)

Accommodations Tax



General Information

Imposition: A 7% sales tax is imposed upon the gross proceeds from the rentals or charges for sleeping accommodations furnished at any place in which rooms, lodgings, or sleeping accommodations of any kind are furnished, including but not limited to:

- hotels
- motels
- inns
- campgrounds (campground spaces)
- tourist courts
- tourist camps
- condominiums
- residences

In addition, local sales taxes administered and collected by the Department on behalf of local jurisdictions are imposed upon the gross proceeds from the rentals or charges for sleeping accommodations.

The sales tax on accommodations does not apply to (1) the lease or rental of accommodations supplied to the same person for a period of 90 continuous days or (2) the lease or rental of accommodations at a facility consisting of less than six sleeping rooms, contained on the same premises, which is used as the place of abode of the owner or operator of such facilities.

Liability: The person liable for the tax is the person furnishing the accommodations, whether such person is the owner or a real estate agent, listing service, broker or similar entity handling the accommodations. The person liable for the sales tax on accommodations must obtain a retail license and remit the tax to the Department on a monthly basis.

However, persons furnishing accommodations to transients for one week or less in any calendar quarter are not required to obtain a retail license, but are required to remit the tax annually by April 15th of the following calendar year.

The following examples illustrate the person liable for the sales tax on accommodations:

Owner Rents: Mr. Smith lives in Greenville, South Carolina and also owns a vacation home on Hilton Head Island, South Carolina. He uses the vacation home at various times throughout the year, but rents the vacation home on a weekly basis throughout the summer and several other times throughout the year on a weekly basis.

Mr. Smith is required to (1) obtain a retail license and (2) remit the 7% sales tax on accommodations to the Department, plus the applicable local sales and use tax administered and collected by the Department on behalf of Beaufort County, with respect to the gross proceeds he receives from the rental of his vacation home. The tax must be remitted on a monthly basis.

Listing Service Rents: Mr. Smith hires XYZ Vacation Rental Company to rent his Hilton Head Island, South Carolina vacation home on a weekly basis throughout the summer.

XYZ Vacation Rental Company is required to (1) obtain a retail license and (2) remit the 7% sales tax on accommodations to the Department, plus the applicable local sales and use tax administered and collected by the Department on behalf of Beaufort county, with respect to the gross proceeds XYZ Vacation Rental Company receives from the rental of the vacation home. The tax must be remitted on a monthly basis.

Owner Rents for One Week or Less in Any Calendar Quarter: Mr. Smith lives in Greenville, South Carolina and also owns a vacation home on Hilton Head Island, South Carolina. He uses the vacation home throughout the year, but he only rents the vacation home one weekend a year during the Heritage Golf Tournament.

Mr. Smith is not required to obtain a retail license; however, Mr. Smith must remit the 7% sales tax on accommodations to the Department, plus the applicable local sales and use taxes administered and collected by the Department on behalf of Beaufort County, with respect to the gross proceeds he receives from the rental of his vacation home. The tax due must be remitted annually by April 15th of the following calendar year.

Transactions Not Subject to the Sales Tax on Accommodations

The following provides examples of transactions that are not subject to the sales tax on accommodations as a result of (1) exclusions or exemptions provided in federal or state law and (2) transactions that do not fall within the imposition of the sales tax on accommodations. In addition, some examples of exclusions or exemptions also include situations where the tax is applicable to demonstrate the limitations of the exclusion or exemption.

General Exclusions

90 Day Rentals: The lease or rental of accommodations supplied to the same person for a period of 90 continuous days.

5 Sleeping Rooms or Less: The lease or rental of accommodations at a facility consisting of less than six sleeping rooms, contained on the same premises, which is used as the place of abode of the owner or operator of such facilities.

For this exclusion to apply, the facility must serve as the owner's or operator's "place of abode" during the same times at which the remaining sleeping rooms are rented to transients and the rooms must not be rented to transients by a person other than the owner or operator using the facility as his or her "place of abode."



The following four examples illustrate the application of this exclusion for a facility with 5 or less sleeping rooms:

Owner Present in Home: W owns a home with less than six sleeping rooms and lives in the home throughout the year. He operates this home as a "bed and breakfast" by renting the remaining sleeping rooms to vacationers on a daily or weekly basis. W rents these rooms to vacationers himself and does not employ the services of a real estate agent or broker.

The rentals by W of these rooms to vacationers qualify for the exception in the statute; therefore, the rental charges paid to W by the vacationers are not subject to the sales tax on accommodations.

Owner Not Present in Home: X owns a home with less than six sleeping rooms and uses the home only for one or two weeks a year for family vacations. She rents the home to vacationers during the rest of the year on a weekly basis. She rents it herself and does not employ the services of a real estate agent or broker.

The rentals by X of the home to vacationers do not qualify for the exception in the statute; therefore, the rental charges paid to X by the vacationers are subject to the sales tax on accommodations.

Use of Rental Agency: Y owns a home with less than six sleeping rooms and lives in the home throughout the year. He operates this home as a "bed and breakfast" by renting the remaining sleeping rooms to vacationers on a daily or weekly basis. However, Y never rents these rooms to vacationers himself. He employs the services of a real estate agent who rents the remaining sleeping rooms for him.

The rentals by the real estate agent of these rooms to vacationers for Y does not qualify for the exception in the statute; therefore, the rental charges paid to the real estate agent by the vacationers are subject to the sales tax on accommodations with the real estate agent liable for the tax.

Both Rental by Owner and Rental Agency: Z owns a home with less than six sleeping rooms and lives in the home throughout the year.

He operates this home as a “bed and breakfast” by renting the remaining sleeping rooms to vacationers on a daily or weekly basis.

He employs the services of a real estate agent who rents the remaining sleeping rooms for him. However, sometimes Z rents these remaining rooms to vacationers himself.

The rentals by the real estate agent of these rooms to vacationers for Z does not qualify for the exception in the statute; therefore, the rental charges paid to the real estate agent by the vacationers are subject to the sales tax on accommodations with the real estate agent liable for the tax.

The occasional rentals by Z of these rooms to vacationers qualify for the exception in the statute; therefore, the rental charges paid to Z by the vacationers are not subject to the sales tax on accommodations.

Federal Government Agencies

Charges for hotel and motel accommodations to a federal employee on official government business are exempt from sales tax if the accommodations are purchased directly by the federal government.

Therefore, the sales tax on accommodations is not applicable when:

1. The federal government is billed directly by the retailer;
2. The federal employee pays by government check; or,
3. The federal employee pays by government credit card and the federal government is billed directly by the credit card company.

However, charges for hotel and motel accommodations to a federal employee on official government business are subject to the sales tax if the accommodations are purchased by the federal employee, even if the employee is reimbursed for the charges. This includes transactions in which:

1. The federal employee pays by personal check; or,
2. The federal employee pays by credit card, is billed directly by the credit card company, and is reimbursed by the federal government.

The sale to the American Red Cross employee is subject to sales tax when the employee pays for the charge and is reimbursed by the American Red Cross.

Sales Tax on Additional Guest Charges

Code section 12-36-920(B) imposes a 6% sales tax on *additional guest charges*. The term *additional guest charges* includes, but is not limited to:

- room service;
- amenities;
- entertainment;
- special items in promotional tourist packages;
- laundering and dry cleaning services;
- in-room movies;
- telephone charges;
- rentals of meeting rooms; and
- other guest services.

Tourist/Golf Packages



The individual items sold within a promotional tourist package may be billed to the customer in one daily total and taxed on their separate characteristics if the charges are reasonable and the books and records clearly identify the components.

Any amount in the tourist package which “flows through” to a third party which provides that service (golf, meals, theater, etc...) will not be taxed by the hotel, but by that service provider. (See Code Section 12-4-320 for more details).

Purchases by hotel/motels of items to be given away to guests, such as golf caps, golf balls, towels, food, etc. are taxable at the time of purchase by the hotel/motel. However, if the hotel sells these items in a gift shop, they may purchase these items at wholesale (free of the tax) and collect sales tax on the sales price of such. Items withdrawn from inventory as gifts would be taxable at cost to the hotel/motel at the time of withdrawal.

NOTE: Revenue which was booked to “flow through” should not be reported at the 7% tax rate.

Cancellations of Accommodations

If a person reserves and pays for sleeping accommodations at a hotel, but does not cancel the reservation or does not cancel the reservation by the prescribed time set by the hotel, the charge for the accommodations retained by the hotel is subject to the tax even though he will not use the sleeping accommodations. While the sleeping accommodations were not used, the person had the right to use such sleeping accommodations. Therefore, the sleeping accommodations were "furnished" and the charge by the hotel for such sleeping accommodations is subject to the tax.

If a person makes reservations with a hotel for sleeping accommodations, but the reservations are canceled by such person or by the hotel, any administrative fee or deposit charged or retained by the hotel as a result of the cancellation is not subject to the tax.

The 1% Local Option Sales Tax

The 1% local option sales tax applies to accommodations and to additional guest charges. Therefore, the total tax rate on accommodations in a local option tax county is 8% (or 9% if a county imposes several local option sales tax) and the total tax rate on additional guest charges is 7%.

Reporting Requirements

Businesses subject to the 7% sales tax on accommodations and/or the 1% local sales tax are to file Form ST-388 with the Department of Revenue. Those with more than one location are to report the 7% tax and the 1% tax by county and municipality. Use Form ST-389 (Addendum) to report the 1% tax by county and municipality and attach it to Form ST-388).

Returns are due and taxes payable by the 20th day of the month following the month in which accommodations were rented.

For returns filed timely (with taxes paid), a discount is allowed. The discount is 3% if the total liability on a return (state plus local) is less than \$100. The discount is 2% if the total tax amount is \$100 or more. The maximum discount allowed in any state fiscal year is \$3,000. If returns are filed electronically the discount allowed in any state fiscal year is \$3,100.

Purchases by Hotels and Motels

Purchases by hotels, motels, etc. of tangible personal property (e.g. beds, sheets, pillows, televisions, plastic cups, toilet paper, etc.) are retail purchases subject to tax. Hotels, motels, etc. use or consume such items in providing accommodations. They do **not** rent or sell such items to their guests. They rent accommodations.

Administration

The Department of Revenue oversees the spending of accommodations tax revenues by local accommodations tax committees to ensure the tax money is spent as required by law.

Local Accommodations Tax

State law permits local governments to impose a local accommodations tax of up to 3%. This is in addition to the statewide sales and accommodations taxes and the local option sales tax, if applicable. **The local accommodations tax is collected by the local government imposing the tax, not the Department of Revenue.** The frequency of payment of the local accommodations tax is based on the amount of tax owed:

- If the amount of the tax averages more than \$50 a month, the tax must be paid monthly.
- If the tax averages \$25-\$50 a month, the tax must be paid quarterly
- If the tax averages less than \$25-\$50 a month, the tax must be paid annually

Local Government Taxes-

These taxes are not collected by SCDOR.

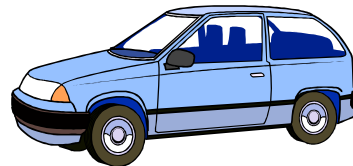


Local governments may by ordinance impose the following taxes:

- **2% local hospitality tax** on charges for food and beverages. The county may not impose a tax of more than 1% on taxpayers within a municipality without the consent of the municipality. (Effective: July 1, 1997)
- **3% local accommodations tax.** A county may not impose a local accommodations tax within a municipality of more than 1.5% without the consent of the municipality. The combined county and municipal accommodations tax may not exceed 3% unless it exceeded that amount before Dec. 31, 1996, in which case it may not exceed the percentage already in place. (Effective: July 1, 1997)

Note: Payment for these taxes is made to local county or city governments, not the South Carolina Department of Revenue.

Casual Excise Tax



Code section 12-36-1710(A) imposes a 5% casual excise tax on the issuance of every certificate of title or other proof of ownership for every:

- motor vehicle,
- motorcycle,
- boat,
- motor, or
- airplane

required to be licensed, titled or registered. The tax is 6% of the “fair market value” of a motor that is purchased alone (not permanently attached to the boat). The measure of the casual excise tax is fair market value of the item to be licensed, titled or registered. *Fair market value* is the purchase price less any trade-in allowed, or the value shown in a national publication (NADA) of used values adopted by the Department of Revenue less any trade-in allowed.

Liability for the Casual Excise Tax

The **purchaser** is liable for the casual excise tax and, unless he can prove the state sales or use tax has been paid, the Division of Motor Vehicles, Department of Natural Resources or the Division of Aeronautics may not issue a license or transfer title until the tax has been paid.

Exclusions

Excluded from the casual excise tax are motor vehicles, motorcycles, boats, motors, or airplanes transferred to a:

- member of the immediate family (spouse, parents, children, sisters, brothers, grandparents and grandchildren);
- legal heir, legatee or distributee;
- partnership, from an individual, upon formation of a partnership;
- corporation, from a stockholder, upon formation of a corporation;
- motor vehicle or motorcycle dealer licensed under §56-3-2310 for the purpose of resale;
- financial institution for the purpose of resale; and
- transfers as a result of repossession to a secured party for the purpose of resale.

In addition to the above, the following also are excluded from the casual excise tax:

- the fair market value of motor vehicles, motorcycles and airplanes transferred to a seller or secured party in partial payment (trade-ins); and
- transfers of motor vehicles, motorcycles or airplanes specifically exempted by §12-36-2120 from the sales or use tax.

1% Local Taxes

Transfers subject to the casual excise tax are **exempt** from the ½% or 1% local sales and use taxes.

Exemptions and Exclusions

In determining whether a transaction is taxable, you must first determine whether the transaction is *subject to* the tax. For example, all retail sales in South Carolina are *subject to* the sales tax, but not wholesale sales. Having determined that a transaction is *subject to* the tax (i.e. a retail sale) - and therefore **not excluded** from the tax - it must be determined if the transaction is **exempted** from the tax.

More on Exclusions

Exclusions from the sales and use taxes are to be liberally construed. In other words, if there is doubt concerning whether a particular transaction is subject to tax, then the tax is **not** to be imposed.

The exclusions are found in several sections of the law and concern a variety of transactions. The list below provides the code section in which the exclusion is found and a brief explanation of the exclusion.

Code Section	Explanation
12-36-60	Transmission of computer database information by a cooperative service when assembled by and for the exclusive use of the members of the cooperative service.
12-36-90(1)(c)(iii)	The withdrawal from inventory of tangible personal property for use in replacing a defective part under a warranty, maintenance, or similar service contract if tax was paid on the sale or renewal of the contract and the customer is not charged for labor or material when the part is replaced.
12-36-90(2)(h)	Sales of property that are actually charged off as bad debts or uncollectible accounts for state income tax purposes.
12-36-90(2)(i)	Interest, fees, or charges imposed on a customer for late payment of a bill for electricity or natural gas.
12-36-90(2)(l)	Sales of tangible personal property to a person engaged in the business of servicing a warranty, maintenance, or similar service contract for use in replacing a defective part under the contract if tax was paid on the sale or renewal of the contract and the customer is not charged for labor or material when the part is replaced.

- 12-36-110(2) Sales of tangible personal property to a manufacturer or construction contractor when the property is partially or completely fabricated or manufactured in South Carolina by the manufacturer or construction contractor and transported out of state and assembled, installed or erected at the out-of-state job site.
- 12-36-120(1) Sales of property to a licensed retailer or another wholesaler for resale. This does not include sales to users or consumers not for resale.
- 12-36-120(2) Sales of property to a manufacturer or compounder as an ingredient or component part of the tangible personal property or product manufactured or compounded for sale.
- 12-36-120(3) Sales of property “used directly” in manufacturing, compounding or processing tangible personal property into products for sale. Regulation 117-174.30 provides that property is “used directly” if it comes into direct contact with the product being manufactured and contributes to bring about a chemical or physical change in the product.
- 12-36-120(4) Sales of materials, containers, cores, labels, sacks or bags used incident to the sale and delivery tangible personal property, or used by manufacturers, processors and compounders in shipping tangible personal property.
- 12-36-120(5) Sales of food or drink products to licensed retail merchants for use as ingredients in preparing ready to eat food or drink sold at retail.
- 12-36-140(C) Purchases of tangible personal property from outside the state and transported to South Carolina for storage and for the exclusive purpose of subsequently transporting it outside of South Carolina for first use outside of South Carolina.
- 12-36-140(C) Purchases of tangible personal property from outside the state and transported to South Carolina for the purpose of first being manufactured, processed or compounded into other tangible personal property that will be transported and used solely outside of South Carolina.

- 12-36-140(C)(1) Purchases of tangible personal property from outside the state and transported to South Carolina for storage and for the exclusive purpose of subsequently transporting it outside of South Carolina for first use outside of South Carolina.
- 12-36-140(C)(2) Purchases of tangible personal property from outside the state and transported to South Carolina for the purpose of first being manufactured, processed, or compounded into other tangible personal property that will be transported and used solely outside of South Carolina.
- 12-36-140(C)(3) Purchases of tangible personal property for the purpose of being distributed as cooperative direct mail promotional advertising materials by means of interstate carrier, a mailing house, or a United States Post Office to residents of this State from locations both inside and outside the State.

NOTE: There is one other partial exclusion provided under the law. Taxable sales to individuals 85 years of age or older are taxed at 5%, not the full rate of 6%. This exemption applies even if other sales tax exemptions are in place.

More on Exemptions

Unlike exclusions, which are liberally construed in favor of the taxpayer, exemptions are strictly construed **against** the taxpayer. Therefore, to enjoy an exemption, a taxpayer must fall squarely and clearly within the exemption.

There are two types of exemptions provided under the sales and use tax law: (1) partial exemptions and (2) full exemptions. *Partial exemptions* are those that limit or “cap” the amount of tax and are found in §12-36-2110. The 1% local option sales and used tax does not apply to sales that are subject to a cap. There also is a partial exemption for people 85 years old and older who are exempt from paying the 1% sales tax imposed by the Education Improvement Act of 1984 as found in §12-36-2620.

There are many *full exemptions*, which are found in §12-36-2120 and §12-36-2130.

Partial Exemptions (Maximum Tax Items)

General Information

The sales and use taxes are imposed at the rate of 5% for the sale or lease of tangible personal property subject to a maximum tax. Local taxes administered and collected by the Department of Revenue (Department) on behalf of local jurisdictions do not apply to the sale or lease of tangible personal property subject to a maximum tax.



Maximum Tax Applies To:

- A. A maximum tax of \$300 is established for each sale or lease of each:
- motor vehicle;
 - motorcycle (on-road or off-road);
 - recreational vehicles, including tent campers, travel trailers, park trailers, motor homes and fifth wheels;
 - boat (The sale of personal watercraft, such as a jet ski, and a barge are each the transfer of a “boat” subject to the \$300 maximum tax.);
 - aircraft;
 - trailer or semitrailer capable of being pulled only by a truck tractor;
 - self-propelled light construction equipment with compatible attachments limited to a maximum of 160 net engine horsepower;
 - fire safety education trailer; and
 - horse trailer

In order for the lease of any of the above items to qualify for the \$300 maximum tax, the lease must specifically state the term of, and remain in force for, a period in excess of 90 continuous days. In addition, the sales or use tax applies to each renewal of the lease and the maximum tax for that renewal will only apply if (1) the lease renewal is in writing and (2) the lease renewal specifically states a term of, and remains in force for, a period in excess of 90 continuous days.

- B. A maximum tax of \$300 is established for the sale of each musical instrument, or each piece of office equipment, purchased by a religious organization exempt under Internal Revenue Code Section 501(c)(3), provided the musical instrument or office equipment must be located on church property and used exclusively for the organization’s exempt purpose. The religious organization must furnish to the seller an affidavit on forms prescribed by the department. The affidavit must be retained by the seller.
- C. A maximum tax is established for the sale of a manufactured home as defined in South Carolina Code §40-29-20. The maximum tax applicable to the sale of a manufactured home depends on whether or not the manufactured home meets certain energy efficient requirements.

Maximum Tax Does Not Apply To:

The following are examples of tangible personal property the sale or lease of which are not subject to the maximum tax:

- trailers or semitrailers capable of being pulled by vehicles other than a truck tractor;
- pole trailers;
- boat trailers;
- self-propelled light construction equipment with compatible attachments with a net engine horsepower that exceeds 160; and,
- all terrain vehicles, legend race cars and other items not meeting the definition of a motor vehicle.

Sales or leases of these items are subject to a state tax rate of 6%, plus any applicable local sales and use tax.

Definitions

For purposes of computing the maximum tax, code section 56-3-20 provides the following definitions of motor vehicle, motorcycle, vehicle, trailer, semitrailer, pole trailer, and truck tractor:

Motor Vehicle - Every vehicle which is self-propelled, except mopeds, and every vehicle which is propelled by electric power obtained from overhead trolley wires, but not operated upon rails.

Motorcycle – Every motorcycle having no more than two permanent functional wheels in contact with the ground or trailer and having a saddle for the use of the rider, but excluding a tractor.

Vehicle - Every device in, upon or by which any person or property is or may be transported or drawn upon a highway, except devices moved by human power or used exclusively upon stationary rails or tracks.

Trailer - Every vehicle with or without motive power, other than a pole trailer, designed for carrying persons or property and for being drawn by a motor vehicle and so constructed that no part of its weight rests upon the towing vehicle.

Semitrailer - Every vehicle with or without motive power, other than a pole trailer, designed for carrying persons or property and for being drawn by a motor vehicle and so constructed that some part of its weight and that of its load rests upon or is carried by another vehicle.

Pole Trailer - Every vehicle without motive power designed to be drawn by another vehicle and attached to the towing vehicle by means of a reach or pole or by being boomed or otherwise secured to the towing vehicle and ordinarily

used for transporting long or irregularly shaped loads such as poles, pipes or structural members capable, generally, of sustaining themselves as beams between the supporting connections.

Truck Tractor - Every motor vehicle designed and used primarily for drawing other vehicles and not so constructed as to carry a load other than a part of the weight of the vehicle and load so drawn.

Specific Motor Vehicle Examples

The following outlines some specific examples of the application of the maximum tax to motor vehicles. A motor vehicle is a self-propelled device which is authorized for use on the highways of South Carolina.

Motor Vehicle and Specialized Attached Equipment

Since the sales tax and use tax are “transaction taxes,” each sale must be reviewed to determine the application of the tax and the maximum tax provisions. For example:

One Transaction: If a truck and a garbage compactor are sold in one transaction as a single unit at the time of the sale (i.e., delivery), the tax due is the lesser of 5% of the gross proceeds of sale or \$300. Local sales and use taxes are not applicable to this maximum tax transaction.

Multiple Transactions: If the truck and garbage compactor are sold in two separate transactions (i.e., two separate sales transactions or a sales transaction in which the compactor is not connected to the truck at the time of the delivery), then the tax due on the truck is the lesser of 5% of the gross proceeds of sale or \$300 (local sales and use taxes are not applicable to this maximum tax transaction) and the tax due on the garbage compactor is 6% of the gross proceeds of sale, plus any applicable local sales and use taxes., since the garbage compactor in this transaction is not a part of a motor vehicle.

Motor Vehicle Lease with an Option to Buy

Lease: If a motor vehicle lease contract that exceeds 90 continuous days allows the lessee the option to purchase the motor vehicle at the end of the lease, the purchase of the motor vehicle is a separate transaction from the lease. Therefore, the lease is a transaction subject to the sales and use tax based on the lesser of 5% of the total lease payments plus other charges or \$300. If the purchase option is exercised by the lessee, the purchase is a separate transaction subject to the sales and use tax based on the lesser of 5% of the purchase price or \$300.

Sale: If a maximum tax item lease contract is not a true lease but a sale (e.g., a financing arrangement), then the contract is one transaction. The sales contract is subject to the sales and use tax based on the lesser of 5% of the gross proceeds of the sale of the motor vehicle under the contract or \$300.

Motor Vehicle Lease with an Option to Extend the Lease

If a motor vehicle lease contract that exceeds 90 continuous days allows the lessee the option to extend the lease at the end of the original lease term, the extension of the lease of the motor vehicle, if exercised, is a separate transaction.

Therefore, the original motor vehicle lease is a transaction subject to the sales and use tax based on the lesser of 5% of the total lease payments plus other charges for the original term of the lease or \$300. The extended lease period, as a separate transaction when exercised, is subject to the sales and use tax based on the lesser of 5% of the total lease payments plus other charges for the extended term of the lease or \$300 provided the extension is in writing and states a term of, and remains in force for, a period in excess of 90 continuous days. If the extension does not meet these requirements, the extension is subject to the sales and use tax at a rate of 6% plus any applicable local sales and use taxes.

Motor Vehicles Sold to Nonresidents

The sales tax due on a sale to a nonresident of a motor vehicle that is to be registered and licensed in the nonresident purchaser's state of residence is as follows:

1. The lesser of:
 - (a) the sales tax which would be imposed on the sale in the purchaser's state of residence or
 - (b) the tax that would be imposed under Chapter 36 of the South Carolina Code of Laws (the lesser of 5% of the gross proceeds of sale or \$300).
2. No sales tax is due in South Carolina if a nonresident purchaser cannot receive a credit in his resident state for sales tax paid to South Carolina.

Note: Even though a credit will be allowed in the purchaser's state of residence for sales tax paid in South Carolina under this provision, a state or local tax may still be due in the purchaser's state of residence. This may be a result of a higher state tax due in the purchaser's state, a local tax due in the purchaser's state, or other provisions of the state tax law in the purchaser's state of residence (e.g., credit provisions concerning state vs. local taxes).

At the time of the sale, the seller must obtain from the purchaser a notarized statement of the purchaser's intent to license the vehicle in the purchaser's state of residence within 10 days. South Carolina Form ST-385, "Affidavit for Intent to License Motor Vehicle, Trailer, Semitrailer, or Pole Trailer Purchased in South Carolina in Purchaser's State of Residence" may be used. The seller should retain a completed and notarized copy of Form ST-385. The purchaser should give a copy to the appropriate agency (e.g., revenue department, department of motor vehicles) of the purchaser's state of residence.

Truck and Firefighting Equipment



Fire trucks are motor vehicles that qualify for the \$300 maximum tax. In addition, a specific provision of the law allows equipment provided, supplied, or installed on a firefighting vehicle to be included with the vehicle for purposes of calculating the maximum tax due. This does not include individual firefighter's protective clothing.

The following outlines the proper sales or use tax to be imposed upon sales of trucks and fire fighting equipment:

1. The sale of a fire truck alone is subject to tax in the amount of 5% of the truck's sales price or \$300, whichever is less.
2. Sales of fire fighting equipment such as ladders, hoses, fire extinguishers, oxygen tanks, and axes (except for protective clothing) are part of the sale of the truck (i.e. the same transaction) if the equipment is installed, provided, or supplied with the vehicle and included in the purchase price at the time of the sale of the vehicle.

If the equipment (except for protective clothing) is installed, provided, or supplied with the vehicle and included in the purchase price at the time of the sale of the vehicle, the sale of the truck and the equipment (except for protective clothing) is taxed as one transaction. The tax due is 5% of the combined sales price of the truck and fire fighting equipment or \$300, whichever is less.

The sale of protective clothing, whether or not installed, provided, or supplied with the vehicle and included in the purchase price at the time of the sale of the vehicle, is subject to the tax at the rate of 6%, plus any applicable local sales and use tax administered and collected by the Department of Revenue on behalf of a local jurisdiction.

If the equipment is not installed, provided, or supplied with the vehicle and included in the purchase price at the time of the sale of the vehicle, the sale of the truck and fire fighting equipment are separate and distinct transactions. The tax due on the sale of the truck is 5% of the sales price of the truck or \$300, whichever is less. The tax due on the sale of the firefighting equipment (including protective clothing) is 6% of the sales price of the equipment, plus any applicable

local sales and use tax administered and collected by the Department of Revenue on behalf of a local jurisdiction.

Boats, Boat Trailers and Boat Motors

The following guidelines concern the tax rates applicable to the sale of boats, motors, or boat trailers:



1. A boat sold alone is subject to the state sales and use tax at the lesser of 5% of the gross proceeds from the sale or \$300.
2. A motor sold alone is subject to the state sales and use tax at the rate of 6% of the gross proceeds from the sale.
3. A boat trailer sold alone is subject to the state sales and use tax at the rate of 6% of the gross proceeds from the sale.
4. A boat sold with a motor permanently attached to it is subject to the state sales and use tax at the lesser of 5% of the gross proceeds from the sale of the boat and motor or \$300.
5. A boat trailer sold in conjunction with the sale of a boat is subject to the state sales and use tax at the rate of 6% of the gross proceeds from the sale of the boat trailer. The boat is subject to the state sales and use tax at the lesser of 5% of the gross proceeds from the sale of the boat or \$300.
6. A boat trailer sold in conjunction with the sale of a boat that has a permanently attached motor is subject to the state sales and use tax at the rate of 6% of the gross proceeds from the sale of the boat trailer. The boat with a permanently attached motor is subject to the state sales and use tax at the lesser of 5% of the gross proceeds from the sale of the boat and motor or \$300. *(Note: If the price of the boat trailer is not separately stated from the price of the boat and motor, the boat trailer is subject to the state sales and use tax at 6% of the fair market value of the boat trailer. If the price of the boat trailer is separately stated from the price of the boat and motor, the price breakdown must be reasonable and supported by the records of the taxpayer, otherwise the trailer will be taxed at 6% of its fair market value.)*

All transactions listed above that **are** subject to the maximum tax of \$300 are not subject to local sales and use taxes administered and collected by the SC Department of Revenue on behalf of local jurisdictions. All transactions listed above that **are not** subject to the maximum tax (and therefore taxed at 6% for state sales and use tax purposes) are subject to local sales and use taxes administered and collected by the SC Department of Revenue on behalf of local jurisdictions.

Musical Instruments and Office Equipment Sold to Religious Organizations

The sale of each musical instrument, or each piece of office equipment, purchased by a religious organization exempt under Internal Revenue Code Section 501(c)(3) is subject to a maximum tax of \$300, provided the musical instrument or office equipment is located on church property and used exclusively for the organization's exempt purpose. The religious organization must furnish to the seller an affidavit on forms prescribed by the department (Form ST-382). The affidavit must be retained by the seller.

Light Construction Equipment

The law provides a maximum tax of \$300 on purchases of light construction equipment used for construction purposes, *i.e.*, building or making additions to real property. The equipment must be self-propelled with a maximum of 160 net engine horsepower. Form ST-405 may be completed by the purchaser and given to the retailer in order to limit the tax to \$300. The local option sales and use taxes collected by the Department do not apply to sales subject to the \$300 maximum tax.

If light construction equipment is leased, it is subject to the \$300 maximum tax if the lease is in writing and has a stated term of, and remains in force for, a period in excess of 90 continuous days. The taxpayer may pay the total tax due at the time the lease is executed or with each lease payment until the \$300 is paid.

The Department has concluded that the \$300 maximum tax does not apply to equipment used to maintain or repair property, such as tractors, loaders and other self-propelled equipment used to maintain golf courses, parks and campgrounds.

Full Exemptions

For discussion's sake the following exemptions can be divided into the following categories:

- Government
- Business
- Agricultural
- Educational
- General public good
- Alternative Energy



NOTE: These exemptions are not categorized as such in the law. These categories have been developed simply for discussion.

Government Related Exemptions

12-36-2120(1)	Transactions that are prohibited from being taxed by U.S. or State Constitutional provisions or federal or state law
12-36-2120(2)	Sales to the federal government
12-36-2120(22)	Material necessary to assemble missiles
12-36-2120(25)	Sales of cars and motorcycles to nonresident military personnel
12-36-2120(29)	Federal government contracts – property that passes to the government
12-36-2120(30)	Supplies purchased by State General Services Division for resale to State agencies
12-36-2120(46)	War memorials and monuments
12-36-2120(48)	Solid waste disposal collection bags required under a solid waste disposal plan of a county or other political subdivision
12-36-2120(60)	Lottery tickets sold pursuant to Chapter 150 of Title 59 (South Carolina Education Lottery Act)

- 12-36-2120(61) Copies of, or access to, legislation or other informational documents provided to the general public or any other person by a legislative agency when a charge for these copies is made reflecting the agency's cost of the copies
- 12-36-2120(68) Any property sold to the public through a sheriff's sale as provided by law

Business Related Exemptions

- 12-36-2120(9) Coal, coke, or other fuel for manufacturers, transportation companies, electric power companies, and processors
- 12-36-2120(11) Toll charges between telephone exchanges, certain access charges, charges for telegraph messages, and automatic teller machine transactions
- 12-36-2120(13) Fuel and other supplies for consumption on ships on the high seas
- 12-36-2120(14) Wrapping paper, containers, etc., used incident to the sale and delivery of tangible personal property
- 12-36-2120(15) Motor fuel taxed under the motor fuel user fee law
- 12-36-2120(17) Machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. This includes certain machines used to prevent or abate air, water, or noise pollution caused by machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale
- 12-36-2120(19) Electricity used to manufacture, process, mine, or quarry tangible personal property for sale or used by cotton gins to manufacture tangible personal property for sale
- 12-36-2120(20) Railcars and locomotives
- 12-36-2120(21) Certain vessels and barges (more than 50 tons burden)

- 12-36-2120(24) Laundry supplies and machinery used by a laundry or drycleaning business. This exemption does not apply to coin operated laundromats.
- 12-36-2120(31) Vacation time sharing plans and exchange of accommodations in which the accommodation to be exchanged is the primary consideration
- 12-36-2120(34) 50% of the gross proceeds of a modular home regulated under
- 12-36-2120(35) Movies sold or rented to movie theatres
- 12-36-2120(36) Tangible personal property delivered out of state by South Carolina retailers
- 12-36-2120(37) Petroleum asphalt products transported and used outside South Carolina
- 12-36-2120(40) Shipping containers used by international shipping lines under contract with the State Ports Authority
- 12-36-2120(42) Depreciable assets as part of a sale of an entire business
- 12-36-2120(43) Supplies, equipment, machinery, and electricity for use in filming/producing motion pictures
- 12-36-2120(49) Postage purchased by a person engaged in the business of selling advertising services for clients consisting of mailing advertising material through the United States mail
- 12-36-2120(50) The following items when used by a qualified recycling facility: recycling property, electricity, natural gas, fuels, gasses, fluids and lubricants, ingredients or component parts of manufactured products, property used for the handling or transfer of postconsumer waste or manufactured products or in or for the manufacturing process, and machinery and equipment foundations
- 12-36-2120(51) Material handling systems and material handling equipment used in the operation of a distribution facility or a manufacturing facility of a taxpayer that invests at least \$35 million in South Carolina

- 12-36-2120(52) Parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers. This exemption does not extend to tools and other equipment not attached to or that do not become a part of the aircraft.
- 12-36-2120(53) Motor vehicle extended service and warranty contracts
- 12-36-2120(54) Clothing and other attire required for working in a class 100 or better clean room environment (as defined in Federal Standard 209E)
- 12-36-2120(55) Audiovisual masters made or used by a production company
- 12-36-2120(56) Machines used in research and development
- 12-36-2120(58) Cooperative direct mail promotional advertising materials and promotional maps, brochures, pamphlets, or discount coupons for use by nonprofit chambers of commerce or nonprofit convention and visitor bureaus
- 12-36-2120(59) Facilities transmitting electricity that are transferred, sold or exchanged by an electrical utility, municipality, electric cooperative, or political subdivision to a limited liability company subject to regulation under the Federal Power Act and formed to operate or to take functional control of electric transmission assets
- 12-36-2120(62) 70% of the gross proceeds of the rental or lease of portable toilets
- 12-36-2120(64) Sweetgrass baskets made by artists of South Carolina using locally grown sweetgrass
- 12-36-2120(65) Computer equipment used in connection with a technology intensive facility (defined in South Carolina Code §12-6-3360(M)(14)(b)) or used in connection with a manufacturing facility meeting specific investment and job requirements.

- 12-36-2120(66) Electricity used by a technology intensive facility as defined in Code Section §12-6-3360(M)(14)(b) and qualifying for the sales tax exemption provided pursuant to item (65) of this section, and the equipment and raw materials including, without limitation, fuel used by such qualifying facility to generate, transform, transmit, distribute, or manage electricity for use in such a facility.
- 12-36-2120(67) Effective July 1, 2011, construction material used in the construction of a single manufacturing or distribution facility, or one that serves both purposes, with a capital investment of at least \$100 million at a single site in South Carolina over an 18 month period, or effective November 1, 2009, construction materials used in the construction of a new or expanded single manufacturing facility where at least \$750 million is invested in real or personal property and creates at least 3,800 full-time new jobs.
- 12-36-2120(69) Sale or renewal of a warranty, maintenance, or similar service contract for tangible personal property if the sale or purchase of the tangible personal property covered by the contract is exempt or excluded from the sales or use tax
- 12-36-2120(70) Gold, silver or platinum bullion or any combination; coins that are or have been legal tender; and currency.
- 12-36-2120(73) Amusement park rides; parts, machinery and equipment used to assemble, operate and make up amusement park rides; and performance venue facilities and any related or required machinery, equipment and fixtures. A \$250 million investment and creation of 250 full-time jobs and 500 part-time or seasonal jobs over a 5 year period is required.
- 12-62-30 Tangible personal property purchased by a certified motion picture production company for use in connection with the filming or production of motion pictures in South Carolina for a company

Agricultural Exemptions

- | | |
|----------------|--|
| 12-36-2120(4) | Livestock |
| 12-36-2120(5) | Feed used to produce and maintain livestock |
| 12-36-2120(6) | Insecticides, chemicals, fertilizers, soil conditioners, seeds, or seedlings, or nursery stock used in the production of farm products |
| 12-36-2120(7) | Containers and labels used in preparing agriculture products for sale or preparing turpentine gum, gum resin, and gum spirits of turpentine for sale |
| 12-36-2120(16) | Farm machinery |
| 12-36-2120(18) | Fuel used to cure agriculture products |
| 12-36-2120(23) | Farm products sold in their original state of production when sold by the producer |
| 12-36-2120(32) | Electricity and gas used in the production of livestock and milk |
| 12-36-2120(44) | Electricity used to irrigate crops |
| 12-36-2120(45) | Building materials, supplies, fixtures, and equipment used to construct commercial housing for poultry or livestock |

Educational Exemptions

- | | |
|-------------------|--|
| 12-36-2120(3) | Textbooks, books, magazines, periodicals, newspapers, and access to on line information used in a course of study or for use in a school or public library. These items may be in printed form or in alternative forms such as microfilm or CD ROM. Communication services and equipment subject to tax under South Carolina Code §§12-36-910(B)(3) and 12-36-1310(B)(3) are not exempt. |
| 12-36-2120(8) | Newspapers, newsprint paper, and the SC Department of Agriculture Market Bulletin |
| 12-36-2120(10)(a) | Meals or food used in furnishing meals to K-12 students in schools (not for profit) |

- 12-36-2120(26) Television, radio, and cable TV supplies, equipment, machinery, and electricity
- 12-36-2120(27) Zoo plants and animals
- 12-36-2130(2) Exhibition rentals for museums (charitable, eleemosynary, or governmental museums)

General Public Good Exemptions

- 12-36-2120(10)(b) Meals provided to elderly or disabled persons at home by nonprofit organizations
- 12-36-2120(10)(c) Food sold to nonprofit organizations or food sold or donated by the nonprofit organization to another nonprofit organization
- 12-36-2120(10)(d) Meals or foodstuffs prepared or packaged that are sold to public or nonprofit organizations for congregate or in-home service to the homeless or needy or disabled adults over 18 or individuals over 60. This exemption only applies to meals and foodstuffs eligible for purchase under the USDA food stamp program.
- 12-36-2120(12) Water sold by public utilities and certain non-profit corporations
- 12-36-2120(28) Medicine and prosthetic devices sold by prescription; certain diabetic supplies sold to diabetics under the written authorization and direction of a physician; certain free samples of medicine and certain medicine donated to hospitals; prescription medicine and radiopharmaceuticals used in treating cancer or rheumatoid arthritis, including prescription medicines to relieve the effects of treatment; prescription medicines used to prevent respiratory syncytial virus; disposable medical supplies, such as bags, tubing, needles, and syringes, dispensed by a pharmacist by prescription of a licensed health care provider for the intravenous administration of a prescription drug (only for treatment outside of a hospital, skilled nursing facility, or ambulatory surgical treatment center); and prescription medicine dispensed to Medicare Part A patients in a nursing home.
- 12-36-2120(33) Residential electricity and fuel

12-36-2120(38)	Hearing aids
12-36-2120(39)	Concession sales by nonprofit organizations at festivals
12-36-2120(41)	Sales by nonprofit organizations
12-36-2120(47)	Goods sold to nonprofit hospitals that primarily treat children at no cost to the patient
12-36-2120(57)	Annual sales tax holiday on the first Friday, Saturday, and Sunday in August for personal use clothing, clothing accessories, footwear, computers, printers, printer supplies, computer software, bath wash cloths, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs, pillows, pillow cases, and school supplies
12-36-2120(63)	Medicine and medical supplies, including diabetic supplies and diabetic diagnostic and testing equipment, sold to a health care clinic providing free medical and dental care to all patients
12-36-2120(74)	Durable medical equipment and related supplies as defined under federal and state Medicare and Medicaid laws if (a) paid directly by funds of South Carolina or the United States under the Medicare and Medicaid programs, (b) state and federal law prohibits the payment of the sales and use tax, and (c) the sale is by a provider with a South Carolina retail license whose principal place of business is in South Carolina.
12-36-2120(75)	Unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons. This exemption does not apply to local taxes unless the local tax specifically exempts the sale of such food
12-36-2120(76)	Annual sales tax holiday on the Friday and Saturday after Thanksgiving for handguns (as defined in Code Section 16-23-10(1)), rifles and shotguns
12-36-2120(77)	Annual sales tax holiday during the month of October (beginning in 2009 and ending 2018) for certain energy efficient products, provided certain revenue growth forecasts are met.* <i>* eliminated by the South Carolina Supreme Court</i>

Alternative Energy Exemptions

- 12-36-2120(71) Any device, equipment, or machinery that is (a) operated by hydrogen or fuel cells, (b) used to generate, produce, or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications, and (c) used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies.
- 12-36-2120(72) Building material used to construct a new or renovated building in a research district and machinery or equipment located in a research district. The sales tax that would have been assessed must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within 24 months of the exempt purchase.

Agriculture



General Information

The agriculture industry enjoys numerous exclusions and exemptions from sales and use tax. This chapter will provide a more detailed discussion of the common exclusions and exemptions available to persons in the agriculture industry.

Machines, Parts and Attachments

The sale of farm machinery that is used in planting, cultivating or harvesting farm crops *for sale* is exempt from the tax. The exemption also applies to replacement parts and attachments.

Planting includes all necessary steps in the preparation of the soil prior to, and including, the planting and sowing of the seed.

Cultivation includes the loosening of the soil around growing plants, control of moisture content in the soil, and weed and pest control.

Harvesting begins with the gathering of the crop and ends when the crop is placed in a temporary or permanent storage area. However, it also includes the additional preparation for storage or sale of certain crops such as the curing of tobacco, grains and peanuts and the grading and packaging of peaches, cucumbers, tomatoes, etc.

The machinery exemption also applies to:

- machinery used in constructing terraces, drainage and irrigation ditches; dikes used to control the water level in cultivated fields; and land clearing prior to cultivation of the soil;
- machinery specially designed for irrigation purposes, including pumps, pipes, spigots, etc. when sold for use in the cultivation of farm crops;
- farm dairy tanks used in the production and preservation of milk on dairy farms;
- farm wagons used in planting, cultivating or harvesting farm crops; and
- pasteurizing machines, cooling machines, mechanical separators, homogenizing machines and bottling machines used by dairies in the production of milk for sale. Milking machines do not come within the exemption for farm machinery.

Various machines used in the production of poultry and poultry products are exempt from the tax. See Regulation 117-301.5 for more details.

The machinery exemption does not apply to:

- automobiles and trucks;
- machinery used in constructing fences and buildings and repairing machinery and equipment; and
- farm implements such as hoes, pitchforks and shovels.

Livestock

The sale of livestock is exempt from the tax. Livestock is defined as domesticated animals customarily raised on South Carolina farms for use primarily as beasts of burden or food. Livestock also means mammals raised for their pelts or furs.

The practical result of the above is to exempt from the tax horses, mules, cattle, swine, sheep, goats, rabbits, ostriches and any other animals raised as food for human consumption, domesticated fish produced for human consumption, and chinchillas.

Animals such as dogs, cats, reptiles, fowls (except baby chicks and poults), minnows, worms, fish (except those cultivated for human consumption), and animals of a wild nature are not considered livestock.

Feed

The sale of feed used in the production and maintenance of livestock is exempt from the tax. Horse feed, rabbit feed used in the production and maintenance of rabbits for human consumption, and feed used in the production and maintenance of fry, fingerlings and fish are exempt.

Insecticides, Chemicals, Fertilizers, Soil Conditioners, Seeds and Seedlings

Insecticides, chemicals, fertilizers, soil conditioners, seeds and seedlings used solely in the production for sale of farm, grove, vineyard or garden products are exempt from the tax. This exemption includes:

- explosives (chemicals) used solely in the production for sale of farm, grove, vineyard or garden products;
- medicines (chemicals) used solely in the production for sale of livestock;
- insecticides, chemicals, fertilizers, soil conditioners, seeds and seedlings used solely in the production for sale of timber and timber products,

nursery products, and poultry and poultry products;

- insecticides and chemicals, including washing powder, soap, etc., used by dairy operators at the dairy barn in the production for sale of products of the dairy; and
- bull semen used solely in the production for sale of livestock.

This exemption does not apply to liquid petroleum gas used for burning grass and weeds around farm crops.

Containers and Labels

Containers and labels used in preparing agriculture products for sale and used in preparing turpentine gum, gum spirits of turpentine, and gum resins for sale are exempt from the tax. For the purposes of this exemption, "containers" means boxes, crates, bags, bagging, ties, barrels, and other containers.

This exemption applies to bags sold to:

- wholesale grain and feed dealers for use as furnished containers of corn and oats;
- cotton dealers or ginnermen for use as furnished containers of cotton seed;
- produce dealers for use as furnished containers of potatoes, cabbage, etc;
- peanut hullers for use as furnished containers of peanut kernels, hulls, and vines; and
- nurserymen for use as furnished containers of nursery stock.

Wrapping paper, wrapping twine, paper bags, and containers, used incident to the sale and delivery of tangible personal property are exempt.

The above exemptions do not apply to tobacco twine used by farmer's incident to the curing of tobacco.

Fuel

Fuel used in farm machinery and farm tractors used in planting, cultivating or harvesting farm crops and fuel used to cure agricultural products are exempt from the tax. This applies to fuel used in curing grain in grain elevators for storage or sale.

Electricity and Gas

Sales of electricity and gas to farmers for use in the production of livestock and milk are exempt from the tax. Sales of electricity for residential purposes and irrigating crops are also exempt. Sales of electricity for other uses are taxable.

The following sales of electricity and gas are exempt:

- sales of electricity and natural and liquefied petroleum gas to farmers for use in the production of livestock or milk;
- sales of electricity for irrigating farms crops; and
- sales of electricity and gas for residential purposes.

Sale of electricity and gas to farmers for other uses are taxable.

Building Materials, Supplies, Fixtures and Equipment for Commercial Housing of Poultry and Livestock

Sales of building material, supplies, fixture, and equipment used in the construction, repair, or improvement a commercial housing of poultry or livestock, or that becomes part of a self-contained enclosure or structure designed, constructed and used for the commercial housing of poultry or livestock, are exempt from the tax.

This exemption applies to:

- wood chips for use on the floors of self-contained enclosures or structures specifically designed, constructed, and used for the commercial housing of poultry;
- fencing and fencing supplies when used to surround an area on all sides in order to protect livestock or poultry raised or maintained for commercial purposes. The exemption is applicable when the fencing and fencing supplies are used within a building such as a barn or a chicken house or used to surround a field that is specifically set aside and used for livestock or poultry that is raised or maintained for commercial purposes; and
- watering tubs, feed troughs, and hay feeders placed within a fenced in area specifically set aside and used for livestock or poultry, provided the livestock and poultry within the enclosure are being raised or maintained for commercial purposes.

The exemption does not apply to fencing and fencing supplies used to surround a field where crops are grown.

Sales by Farmers

Sales of farm products are exempt if sold in their original state of production and sold by the farmer or a member of the farmer's immediate family. This exemption not only applies to sales of farm products by individuals; it also applies to sales by corporations and other entities. The exemption applies to food products, ornamental plants, timber, and grass sod.

The exemption is not applicable if the farmer processes his product beyond the usual and customary preparation for sale. For example, where a farmer also operates a processing plant, he cannot claim the exemption for sales of these processed products.

Hatcheries

The hatchery operator may purchase under his retail license hatchery eggs for use in hatching baby chicks for sale. Hatchery eggs may be sold free of the tax to a hatchery operator not having a retail license, provided, the seller thereof takes from such operator a certificate that the property is for resale either in the original form or as baby chicks or as full grown chickens. Hatcheries engaged in the business of hatching baby chicks for others from eggs grown by those other persons (custom hatching) are rendering a service which is not subject to the tax.

Manufacturers, Processors, and Compounders



General Information

Manufacturers, processors, and compounders are eligible for numerous exclusions and exemptions from sales and use tax. This chapter provides a more detailed discussion of the most common exemptions available to manufacturers, processors, and compounders, such as the sales tax exemption for machinery used in manufacturing, processing, compounding, mining, or quarrying tangible personal property for sale; ingredient parts; electricity; fuel; packaging; and sales for resale.

Machines, Parts, and Attachments

The “machine exemption” exempts from sales and use tax purchases of machines used in manufacturing, processing, compounding, mining, or quarrying tangible personal property for sale. The term “machines” includes the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which are necessary to the operation of the machines and are customarily so used or are necessary to comply with the order of an agency of the United States or of South Carolina for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by a machine used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. This exemption does not include automobiles or trucks.

The applicability of this machine exemption depends on whether the machine is integral and necessary to the manufacturing process - *i.e.*, is the machine an essential and indispensable component part of the manufacturing process and is it used on an ongoing and continuous basis during the manufacturing process. The court in *Hercules Contractors and Engineers, Inc. v. South Carolina Tax Commission*, 313 S.E. 2d 300 (1984) set forth a test for determining if a machine is integral and necessary to the manufacturing process; two South Carolina court decisions in 2003 have followed and clarified this theory. Each is briefly discussed below.

Hercules Contractors and Engineers, Inc. v. South Carolina Tax Commission, 313 S.E. 2d 300 (1984). *Hercules* involved whether a facility that treated waste on plant property that was produced in connection with the manufacture of textile products for sale was a machine. The Court held that the wastewater treatment facility was a machine and that its various parts and attachments (such as vats, basins, tanks, pumps, other mechanical devices, troughs, and pipes) are integral and necessary to the operation of the system as a whole.

The following test was used by the Court in determining what an exempt “machine” is. Are improvements, either fastened or loose,

1. Used directly in manufacturing the products that the establishment intended to produce;
2. Necessary and integral part of the manufacturing process;
3. Used for the purpose of manufacturing the product it was intended to produce; and
4. Not benefiting the land generally, and will not serve various users of the land?

The Court further defined the term “machine” to include “the concept of combination” (*i.e.*, combination of mechanical powers, parts, attachments and devices to perform some function and produce a certain effect or result integral and necessary to the manufacturing process) and held that the statute “does not require a machine to have moving parts if it is an integral part of the manufacturing process” and that the statute makes no distinction “as to whether a machine is a fixture or personal property.”

Springs Industries, Inc., v. South Carolina Department of Revenue, South Carolina Court of Appeals, No. 2003-UP-029, January 8, 2003 (unpublished), certiorari denied, October 8, 2003. *Springs* involved the applicability of the machine exemption to “machines used in manufacturing” at a textile plant, and to chemicals used at the plant’s wastewater treatment facilities to purify manufacturing waste. The court held that machinery is exempt if it is integral and necessary to the manufacturing process and used in an ongoing and continuous basis during the manufacturing process.

Anonymous Corporation v. South Carolina Department of Revenue (02-ALJ-17-0350-CC). This case involved whether buildings or parts of buildings could be exempt under the machine exemption. The Administrative Law Court held that building materials, such as paint and sealants, foundations, structural steel, steel decking and checkers plates for buildings, hangers and supports for process piping, and architectural roofing and siding, purchased to construct a manufacturing facility were not exempt as a machine.

The machine exemption does not apply to everything that can be useful to a manufacturer. The applicability of the machine exemption depends on whether the machine is integral and necessary to the manufacturing process.

Machine Exemption – General Rule

A machine qualifies for the machine exemption if the machine meets the following three requirements:

1. The machine is used at a manufacturing facility whose purpose is manufacturing a product “for sale.” It does not apply to machines used at a facility whose purpose may be retailing, wholesaling, or distributing. For example, machines used by an industrial baker manufacturing breads for sale may be exempt; however, similar machines used by a local retail bakery are not exempt.
2. The machine is used in, and serves an essential and indispensable component part of the manufacturing process and is used on an ongoing and continuous basis during the manufacturing process.

Note: A machine “integral and necessary” to the manufacturer, such as a machine used solely for warehouse, distribution, or administrative purposes, is not exempt under the machine exemption since it is not “integral and necessary” to the manufacturing process.

3. The machine must be substantially used (not necessarily exclusively used) in manufacturing tangible personal property for sale, *i.e.*, more than one-third of a machine’s use is for manufacturing.

A machine meeting the above requirements may be exempt even if it does not have moving parts or is a fixture upon the real estate where it stands. However, buildings and parts of buildings, as well as other improvements which benefit the land generally and may serve other users of the land, are not exempt.

Machines - Replacement Parts and Attachments

Parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of exempt machines are also exempt under the machine exemption if they are:

- (1) used on or in the operation of exempt machines,
- (2) manufactured for use on or in the operation of exempt machines,
- (3) integral and necessary to the operation of exempt machines, and
- (4) customarily so used.



In order to be exempt, a part or attachment must be purchased in the form in which it will be used by the manufacturer without any fabrication or alteration by the manufacturer, except the usual and customary minor adjustment. It must be a standard part or attachment customarily used and, further, that the machine or machinery on which it is used would not do the work for which it was designed if it were not used. This exempts all parts and attachments without which the machine would do no work, and exempts parts and attachments designed to increase the efficiency of the machine.

Examples of Exempt Machines or Machine Parts

Examples of exempt machines or parts of machines include the following:

- material handling or mechanical conveyor machines feeding the first processing machine; the machine that discharges the finished product from the last machine used in the process; material handling machinery used for transporting in process material from one process stage to another
- chemicals, including greases, oils, lubricants, and coolants, used in an exempt manufacturing machine that are essential to the functioning of the exempt machine during the manufacturing process
- tanks which are a part of the chain of processing operations (the exemption does not include storage tanks)
- transformers, capacitors, and voltage regulators used by manufacturers, processors, or compounders as a part of their manufacturing, processing, or compounding machinery
- machines used to condition air (including humidification systems) for quality control during the manufacturing process of tangible personal property made from natural fibers and synthetic materials
- recording instruments attached to manufacturing machines
- belting purchased for use on a particular machine used in manufacturing tangible personal property for sale
- materials used by manufacturers or contractors in building machines that will manufacture tangible personal property for sale

Examples of Non-Exempt Machines or Parts

Examples of taxable machines or parts include the following:

- material handling machinery and/or mechanical conveyors up to the point where the materials go into process
- chemicals used to clean non-exempt machines, such as storage tanks, or the manufacturing facility
- paint used on exempt manufacturing machines to prevent machine corrosion
- greases, oils (e.g., motor oils, gear oils, or chain oils), lubricants, and coolants used in an exempt manufacturing machine when such items are not integral and necessary to the manufacturing process, such as those that are not essential in ensuring the functioning of the machine during the manufacturing process
- machines used for maintenance purposes (*i.e.*, machines used to maintain nonexempt machines that are not integral and necessary to the manufacturing process, or are not used on an ongoing, continuous basis to maintain exempt manufacturing machines that are integral and necessary to the manufacturing process), such as pressure washing machines and ultrasonic cleaning machines used to clean non-exempt machines or parts, such as storage tanks
- storage racks used to store raw materials or finished goods, or storage tanks used to store raw materials, gasses, or water
- warehouse machines used for warehouse purposes, such as loading and unloading, storing, or transporting raw materials or finished products
- storage tanks and piping leading to and from storage tanks and piping bringing gas or water into the plant
- power lines bringing electricity into the plant
- administrative machines, furniture, equipment and supplies such as office computers, paper, or items used for the personal comfort, convenience, or use of employees

Machines – A Structure versus a Building

The machine exemption can apply to a machine that is a “structure.” However, a structure that is a building is not a “machine,” and the materials used to construct the building are not exempt from sales and use tax as a machine, part, or attachment used in manufacturing.

The Department of Revenue (Department) held that (1) a settling basin for a wastewater treatment facility was one part of a single entity and that the facility was a “machine” and (2) a gamma irradiator constitutes a machine.

Pollution Abatement Machines

Pollution control machines qualify for the machine exemption when installed and operated for compliance with an order of an agency of the United States or of this state to prevent or abate air, water, or noise pollution caused or threatened by the operation of other exempt machines used in the mining, quarrying, compounding, processing, and manufacturing of tangible personal property for sale.

Examples of prior Department determinations illustrate the application of the machine exemption to pollution abatement machines:

1. The Department held that stack liners and ash pond pipes and pumps located at a taxpayer’s electrical generating facility were exempt from sales and use tax as pollution abatement machines on the grounds that these items were “operated exclusively in the abatement of pollution caused by the production of electricity.”
2. The Department determined that certain parts, attachments, and components of a chimney stack used in the manufacture of electricity were “machines” required by state and federal law and were necessary and integral to the manufacture of electricity, and, therefore, were exempt from sales and use tax.

Machines Owned by Someone Other Than a Manufacturer

Ownership of the machine by the manufacturer is not required to qualify for the machine exemption. The use of a machine determines whether it is exempt from sales and use tax.

This issue was considered in *Hercules*. The Court reviewed whether the machine exemption applied to materials purchased to build a waste treatment facility that was owned by a South Carolina town and used substantially by a manufacturer in the manufacture of tangible personal property for sale. The Court determined that the machine exemption applied to the materials used to construct that facility, without regard to the machine's ownership, since the facility satisfied a pollution control requirement and thereby allowed the manufacturer to remain in operation.

Machines Used Substantially in Manufacturing

(Dual Usage Machines)

“Substantial” use, but not “exclusive” use, of a machine in the manufacture of tangible personal property for sale is required in order for the machine exemption to apply. Several examples illustrating this principle are provided below.

For example, the purchase of a forklift that is used substantially to move materials from one stage of the production process to another (an exempt purpose) and also used to load trucks (a non-exempt purpose) is allowed the machine exemption from sales and use tax. In addition, purchases of parts for the forklift are also exempt from tax.



Further, this principle was reviewed in *Hercules* where the Court determined that a municipally owned waste treatment facility was a machine used substantially in the manufacture of tangible personal property for sale. At this facility, approximately 35% of the waste treated was from a manufacturing plant and the rest was from ordinary municipal sources. The Court concluded that the machine exemption does not provide that the manufacturing use has to be exclusive nor does it require that the manufacturing use be the primary use to which the facility is devoted. In accordance a regulation approved by the General Assembly, more than one-third of a machine's use in manufacturing is substantial.

Tangible Personal Property that is an “Ingredient or Component Part” or “Used Directly” in the Process

South Carolina does not tax the sale of tangible personal property to a manufacturer or compounder that is an ingredient or component part of the tangible personal property or products manufactured or compounded for sale.

Further, South Carolina does not tax the sale of tangible personal property “used directly” in manufacturing, compounding, or processing tangible personal property for sale. An item is “used directly” if the materials or products so used come in direct contact with and contribute to bring about some chemical or physical change in the ingredient or component properties during the period in which the fabricating, converting, or processing takes place.

Examples of these exclusions from the tax are:

1. acetylene, oxygen, and other gases sold to manufacturers or compounders that enter into and become an ingredient or component part of the tangible personal property or products which he manufactures or compounds for sale, or which are used directly in fabricating, converting, or processing the materials or products being manufactured or compounded for sale, or
2. plates attached by the manufacturer to his product for identification purposes and which become a part of the product.

Electricity

The sale of electricity used by manufacturers, processors, miners, quarriers, or cotton gins to manufacture, mine, or quarry tangible personal property for sale is exempt from the tax.

This exemption applies to electricity that provides lighting necessary for the operation of machines used in manufacturing tangible personal property for sale and to electricity used to control plant atmosphere as to temperature and/or moisture content, in the quality control of tangible personal property being manufactured or processed for sale.

This exemption does not apply to sales of electricity used in administrative offices, supervisory offices, parking lots, storage warehouses, maintenance shops, safety control, comfort air conditioning, elevators used in carrying personnel, housekeeping equipment and machinery, machines used in manufacturing tangible personal property not for sale, cafeterias, canteens, first aid rooms, supply rooms, water coolers, drink boxes, unit heaters, and waste house lights.

Coal, Coke, and Other Fuel

The sale of coal, coke, or other fuel to manufacturers and electric power companies for the generation of heat or power used in manufacturing tangible personal property for sale or the generating of electric power or energy for use is exempt from the tax. For purposes of this exemption, mining and quarrying are considered to be manufacturing.

The sale of coal, coke or other fuel to manufacturers for the production of by-products or for the generation of electric power or energy for use in manufacturing tangible personal property for sale is also exempt.

This exemption applies to fuel used to control plant atmosphere as to temperature and/or moisture content in the quality control of tangible personal property being manufactured or processed for sale.

Also exempt is fuel used by a taxpayer who meets specific investment and job requirements. (The taxpayer must invest at least \$750 million and creates at least 3,800 full-time new jobs).

Packaging

The sale of materials, containers, cores, labels, sacks, or bags that are used incident to the sale and delivery of tangible personal property are not subject to the tax. The terms “materials,” “containers,” and “cores” are defined as follows:

“Materials” include wrapping paper, twine, strapping, nails, staples, wire, lumber, cardboard, adhesives, tape, waxed paper, plastic materials, aluminum foils, and pallets used in packaging tangible personal property incident to its sales and delivery and used by manufacturers, processors, or compounders in shipping tangible personal property.

“Containers” include paper, plastic or cloth sacks, bags, boxes, bottles, cans, cartons, drums, barrels, kegs, carboys, cylinders, and crates.



“Cores” include spools, spindles, cylindrical tubes and the like on which tangible personal property is wound.

This sales and use tax exclusion applies to labels affixed to manufactured articles to identify such products only when such labels are passed on to the ultimate consumer of such products, and to excelsior, cellulose wadding, paper stuffing, sawdust and other packing materials used to protect products in transit.

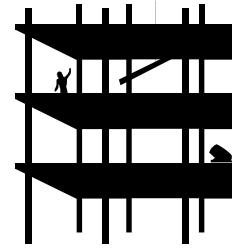
This exclusion does not apply to address stickers and shipping tags, and materials used to preserve property during shipment, such as dry ice and rust preventives.

Sales for Resale or Wholesale Sales

Sales by manufacturers and compounders of tangible personal property are not taxable if the property is sold for resale (e.g., a wholesale sale). Further, a manufacturer is considered to be making a wholesale sale and not liable for South Carolina sales and use tax when the manufacturer, at the request of a retailer, drop ships its product in South Carolina and bills the retailer for the product. (See South Carolina Revenue Ruling #98-8 for further information on drop shipments.)

A resale certificate, Form ST-8A, can be used by retailers to purchase tangible personal property for resale. It is not necessary that a resale certificate be obtained for each purchase; the seller must maintain only one resale certificate per customer. By accepting the resale certificate and having it on file, the seller is relieved of the tax liability. Sales to users or consumers are taxable. It is not required that Form ST-8A be used. A letter from the purchaser to the seller or a resale certificate from another state is acceptable provided it contains the same information requested on Form ST-8A. In addition, the "Uniform Sales and Use Tax Certificate" published by the Multistate Tax Commission ("MTC") may be used by a purchaser for the purpose of purchasing tangible personal property that will be resold, leased, or rented in the normal course of the purchaser's retail business. *(See South Carolina Revenue Procedure #08-2 for additional information on the resale certificate.)*

Construction Contractors



General Information

A construction contractor is the user or consumer of everything he buys. A “construction contractor” is a person or business making repairs, alterations, or additions to real property.

In general, all purchases by construction contractors, including building materials, are retail purchases and are subject to South Carolina sales or use tax. A contractor who buys building materials in another state and brings them into South Carolina for use on a construction contract in South Carolina is liable for South Carolina use tax. A credit is allowed against South Carolina use tax for the total taxes (state and local) due and paid in another state.

The following are examples of transactions where the contractor is not subject to South Carolina sales and use tax:

- (1) The contractor buys property from a South Carolina supplier and the supplier delivers the property to the contractor (or to an agent or donee of the contractor) outside South Carolina.
- (2) The contractor purchases tangible personal property in South Carolina for use on contracts outside South Carolina. To come within this exclusion, the contractor must perform some work on the property in South Carolina and the property must not be brought back into South Carolina.

Construction Contracts with Manufacturers

Unlike most purchases by construction contractors, the purchase of materials that are components of machines which are used in manufacturing tangible personal property for sale may be purchased tax free. Often, a construction contractor will have a contract with a manufacturer, processor or compounder that has an exemption certificate and is entitled to the exemption for machines, parts and attachments.

Since construction contractors usually cannot make tax free purchases, the Department has developed several methods by which a contractor may purchase tax free all items to be used in building machines, parts and attachments for manufacturers that are exempt from tax.

These methods are:

Manufacturer Letter to Contractor's Suppliers— The manufacturer furnishes documentation, in the form of a letter, to the contractor's suppliers establishing that the item is not subject to the tax. The manufacturer agrees to reimburse the party liable for the tax if a transaction is later determined to be subject to the tax. The contractor does not use the manufacturer's exemption certificate.

Agency Agreement – The contractor enters into a limited agency agreement with the manufacturer, and the contractor is allowed to use the manufacturer's exemption certificate. As an agent, the contractor is legally acting for the principal. The manufacturer is liable for any taxes due, so it is important for the agreement to be in writing and clearly state what the contractor can and cannot buy with the certificate. This is usually used for large projects.

Department Special Agreement— The Department executes a special agreement with the manufacturer whereby the manufacturer will accept liability and responsibility for payment of all the sales and use tax due on the project. This is only available for large projects and the use of this method is at the sole discretion of the Department. This is referred to as a "Special 19 Agreement."

Single Sale Exemption Certificate— The contractor completes Form ST-8 and extends it to the supplier indicating the purchase is exempt under the "machine exemption." A certificate must be extended for each purchase. The contractor assumes full liability for the tax if it is determined that the purchase was used for a non-exempt purpose.

**LETTER TO BE USED WHEN CONSTRUCTION
CONTRACTORS ARE FURNISHING
EXEMPT PROCESSING MACHINERY**

We have placed with you our Purchase Order Number _____ for a construction contract which includes tangible personal property for use at our plant located in the vicinity of _____.

This tangible personal property will become part of our manufacturing machinery which is exempt from the South Carolina Sales and Use Tax under Section 12-36-2120, Paragraph 17.

Please do not pay or bill us for the Sales and Use Tax on these materials. You may advise your suppliers that the materials are being used to construct tax exempt processing machinery for _____, who

holds Direct Pay or Exemption Certificate Number _____, which may not be extended to your suppliers, but is merely evidence that _____ is exempt by statute.

The purpose of this letter is to enable you to purchase certain machines, to include their parts and attachments, free of the South Carolina Sales/Use Tax as provided at the above cited South Carolina Code Section. No other tangible personal property such as construction equipment, supplies, building material, etc. may be purchased tax free.

Should this letter be used to purchase machines, parts, attachments thereto which do not fall within the exemption, free of tax and its is later determined to be subject to the South Carolina Sales and/or Use Tax,

_____(owner)_____, will reimburse _____(Contractor)_____ for such tax paid to the South Carolina Department of Revenue and Taxation.

Light Construction Equipment

The law provides a maximum tax of \$300 on purchases of light construction equipment used for construction purposes, *i.e.*, building or making additions to real property. The equipment must be self-propelled with a maximum of 160 net engine horsepower. Form ST-405 may be completed by the purchaser and given to the retailer in order to limit the tax to \$300. The local option sales and use taxes collected by the Department do not apply to sales subject to the \$300 maximum tax.

If light construction equipment is leased, it is subject to the \$300 maximum tax if the lease is in writing and has a stated term of, and remains in force for, a period in excess of 90 continuous days. The taxpayer may pay the total tax due at the time the lease is executed or with each lease payment until the \$300 is paid. The Department has concluded that the \$300 maximum tax does not apply to equipment used to maintain or repair property, such as tractors, loaders and other self-propelled equipment used to maintain golf courses, parks and campgrounds.

Construction Material Used to Construct a Single Manufacturing or Distribution Facility

South Carolina exempts from sales and use tax construction materials used in the construction of a single manufacturing or distribution facility, or one that serves both purposes, with a capital investment of at least \$100 million in real and personal property at a single site in the State over an 18 month period.

This exemption will be phased in by reducing the tax rate as follows:

- 4% for sales from July 1, 2007 - June 30, 2008
- 3% for sales from July 1, 2008 - June 30, 2009
- 2% for sales from July 1, 2009 - June 30, 2010 and
- 1% for sales from July 1, 2010 - June 30, 2011

However, effective November 1, 2009, the sale of construction materials used in the construction of a new or expanded single manufacturing facility is exempt from sales and use when the taxpayer:

1. Invests at least \$750 million in real or personal property or both comprising or located at a single manufacturing facility over a 7 year period; and
2. Creates at least 3,800 full-time new jobs at the single manufacturing facility during that 7 year period.

The taxpayer must notify the Department in writing before the first month it uses the exemption and must notify the Department in writing that it has met the investment requirement or, after the expiration of the 18 month period (on the \$100 million investment) or 7 year period (on the \$750 million investment), that it has not met the investment requirement. This notification must also include the beginning date of the investment period.

Contracts with the Federal Government

South Carolina exempts from sales and use tax tangible personal property purchased by a person under written contract with the federal government that

- becomes part of real or personal property owned by the federal government or
- transfers to the federal government, pursuant to a written contract.

The exemption does not apply to purchases of items that do not transfer to the federal government, such as tools. Purchases made by contractors under contracts with state, county and municipal governments are not exempt from sales and use tax.

Further, South Carolina Revenue Ruling #04-9 provides that purchases by a construction subcontractor for use in a federal government construction project in South Carolina are exempt if (a) the subcontractor has a written contract with the general construction contractor that in turn has a written contract for the project with the federal government and (b) the subcontractor is an agent for the general contractor. In addition, purchases by a subcontractor of the subcontractor for use in a federal government construction project in South Carolina are not subject to the sales and use tax if the general contractor that has the written contract with the federal government has specifically granted his agent the authority to appoint a subagent that can bind the general contractor. The agency agreements with the subcontractors (as agents or subagents) must be in writing to meet the exemption requirement.

Contracts with State, County and Municipal Governments

Sales to, or purchases by, contractors under contracts with state, county and municipal governments generally are **not** exempt from the sales and use taxes.

Contractors that Manufacture or Fabricate Items that They Will Use in Constructing Real Property

The state sales and use tax applies to businesses that manufacture or fabricate items that they will use in constructing real property, as follows:

Standard Finished Products

If the taxpayer produces “standard finished products” that it sells at wholesale or at retail on a regular and continuous basis; creates “a new and substantially different article having a distinctive name and substantially different character or use” than that of the raw materials from which it was made; and, is commonly thought of as a manufacturer, then the taxpayer is a “manufacturer” of “building materials.” As a manufacturer, if the taxpayer uses such building materials in the performance of a construction contract, then the taxpayer is a “manufacturer/contractor,” and is liable for the sales tax based on the fair market value of the building materials at the time and place where used or consumed - the job site. However, if the job site is located outside of South Carolina, then no tax is due.

In addition, as a “manufacturer/contractor,” the taxpayer is entitled, to the extent applicable, to the exemptions and exclusions provided in South Carolina Code §§12-36-2120(9), 16 12-36-2120(17), 17 12-36-2120(19) and 12-36-120. Also, the credit provisions of South Carolina Code §12-36-1310(C) may be applicable.

“Standard finished products” are items that are not specifically designed for use on a particular construction project. Such items are standard or interchangeable and have a resale value and a fair market value. These items are generally mass-produced and are suitable for use on many construction projects.

Unique Products

If the taxpayer produces “unique products” that it uses in the performance of a construction contract, then the taxpayer is a contractor. As such, sales to, and purchases by, the taxpayer of the raw materials used to fabricate (within South Carolina) the unique product are subject to the sales and use tax. However, if the fabricated item will be used, and become a part of realty, at a job site located outside of South Carolina, then the sales to, and purchases by, the taxpayer of the raw materials used in the fabrication of that unique product are not subject to the sales and use tax.

If the unique product is fabricated out-of-state, sales to or purchases by, the contractor of the materials used to fabricate the unique product are not subject to the sales and use tax, provided the materials were not sold and delivered to the contractor within South Carolina.

In addition, as a contractor, the taxpayer is not entitled to the exemptions and exclusions provided in South Carolina Code §§12-36-2120(9), 12-36-2120(17), 12-36-2120(19) and 12-36-120, unless a substantial portion of its business also includes the fabrication of “unique products” (and/or standard finished products) that it sells to contractors and other consumers. However, the credit provisions of South Carolina Code §12-36-1310(C) may be applicable.

“Unique products” are items that are specifically designed for use on a particular construction project. Such items are not standard or interchangeable in any sense and have no resale value and no reasonable fair market value.

Note: Sales of “standard finished products” or “unique products” to contractors and other consumers who use them in the performance of a construction contract, or to otherwise make improvements to realty, are subject to the sales and use tax based upon gross proceeds of sales or sales price, unless otherwise excluded or exempted from the tax.

Transient Construction Property



When a contractor is hired to build an office complex somewhere in South Carolina, the contractor may purchase various machinery, tools and equipment from out-of-state vendors for use at the South Carolina job site. These purchases are subject to the South Carolina sales tax or the use tax.

In addition, the contractor may import or bring into this State other machinery, tools and equipment, owned by the contractor and previously and substantially used on other jobs outside of South Carolina. Such machinery, tools and equipment is known as “transient construction property.”

“Transient construction property” is subject to a special imposition of the South Carolina use tax. This special imposition prorates the use tax to reflect the equipment's duration of use in South Carolina, provided the other state's statute has similar provisions for proration of the tax or depreciation of the tax base.

In summary, the use tax imposed on the use of transient construction property is computed as follows:

Step #1: Multiply the Original Purchase Price by the State Tax Rate.

Step #2: Divide the Duration of Time the Property is used in South Carolina by the Property's Total Useful Life.

Step #3: Multiply the Result of Step #1 by the Result of Step #2.

Step #4: The Result of Step #3 is the State Use Tax due South Carolina on the transient construction property.

South Carolina will also allow a credit (prorated to reflect the equipment's duration of use in South Carolina) for sales tax paid another state, against the

South Carolina use tax, on equipment previously used in another state if the out-of-state contractor's state will allow a similar credit.

Note: Machinery, tools and equipment purchased for first use in South Carolina is not "transient construction property" and is subject to the full amount of use tax; however, such purchases qualify for the credit for sales and use taxes, if any, legally due and paid in another state on the purchase of such machinery, tools and equipment.

Local Sales and Use Taxes

The local sales tax is reportable by the contractor's supplier in the county and municipality where the tangible personal property is delivered.

The local use tax is reportable by county and/or municipality where the property is first stored, used or consumed. Form ST-389 provides information as to which type of local sales and use tax must be reported by county and municipality and which type of local sales and use tax must only be reported by county.

The liability for the local use tax, as with the state use tax, is on the contractor. The supplier may, however, be required to collect the tax from the contractor and remit it to the Department if the supplier has nexus with the county of delivery.

If the contractor takes delivery in one local tax county and pays that county's local sales tax to the supplier, he is not liable for the local use tax if he takes the property to another local tax county and stores, uses or consumes the property in that county, provided the local sales tax he paid is equal to or greater than the local use tax that would otherwise be due. If the local sales tax he paid is less than the local use tax, then the contractor owes the difference. Also, the contractor is relieved of the liability for the local use tax if he has a receipt from a retailer showing the retailer has collected the local use tax.

Construction contracts executed before the imposition date of the local option tax are exempt from the local option sales and use taxes. The exemption from the local tax also applies to written bids that are submitted before the imposition date, and that culminate in a contract executed before or after the imposition date. To come within the exemption, contractors must apply to the Department of Revenue, using Form ST-10-C. If the application is approved, an exemption certificate will be issued (ST-35). An application form must be filed for each contract, accompanied by a copy of each contract. A separate exemption certificate will be issued for each contract.

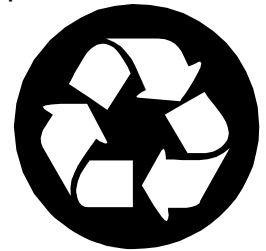
Research and Development Machinery

The \$300 sales tax cap was deleted in legislation passed in 2000, *effective for tax years after June 30, 2001*.

“Machines used in research and development” includes machines and parts of machines, attachments and replacements which are used or manufactured for use on or in the operation of the machines, which are necessary to the operation of the machines, and which are customarily used in that way. “Machines used in research and development” means machines used directly and primarily in research and development, in the experimental or laboratory sense, of new products, new uses for existing products or improvement of existing products.

Qualified Recycling Facility

Code section 12-36-2120(50) provides an exemption from sales and use tax for:



- recycling property
- electricity, natural gas, propane or fuels of any type, oxygen, hydrogen, nitrogen or gases of any type, and fluids and lubricants used by the facility;
- tangible personal property that becomes, or will become, an ingredient or component part of products manufactured for sale by the facility;
- tangible personal property of, or for, the facility, which is, or will be, used: (1) for the handling or transfer of post-consumer waste material, (2) in or for the manufacturing process, or (3) in or for the handling or transfer of manufactured products; and
- machinery and equipment foundations used or to be used by the facility.

The requirements to qualify for this exemption include a minimum level of investment for the recycling facility of at least \$300 million by the end of the fifth calendar year in which the taxpayer begins construction or operation of the facility. Further, the facility must manufacture products for sale composed of at least 50% post-consumer waste material by weight or volume. The definitions of the terms “recycling property,” “qualified recycling facility,” and “post-consumer waste material” are defined in §12-6-3460.

Machines Used in Recycling

Code section 12-36-2120(17) was amended in 1996 to include machines used in recycling tangible personal property for sale in this exemption from sales and use tax. "Recycling" is defined to mean any process by which materials which would otherwise become solid waste are collected, separated, or processed and reused or returned to use in the form of raw materials or products, including composting, for sale. This exemption was phased-in. For the period June 1, 1997, through June 30, 1998, 50% of the sales price of machines used in recycling was exempt from sales and use tax. After June 30, 1998, 100% of the sales price is exempt.

Material Handling Systems & Equipment

Code section 12-36-2120(51) exempts from sales and use tax material handling systems and material handling equipment including, but not limited to, racks, whether or not the racks are used to support a facility structure or part thereof, used in the operation of a distribution facility or a manufacturing facility. In order to qualify for this exemption, the taxpayer shall notify the Department of Revenue before the first month it uses the exemption and shall invest at least \$35 million in any real or personal property in this State over the five-year period beginning on the date provided by the taxpayer to the Department of Revenue in its notices.

Sale of Business

Code section 12-36-2120(42) exempts from sales and use tax the sale of depreciable assets used in the operation of a business pursuant to the sale of the business. This exemption only applies where the entire business is sold by the owner pursuant to a written contract and the purchaser continues its operation. **The purchase of real property and inventory for resale are not subject to tax.**

For purposes of this exemption, the Department of Revenue has issued S.C. Revenue Advisory Bulletin #01-1. This Bulletin provides guidance regarding the circumstances for which the sale of an entire business would qualify for exemption.

Goods Shipped from South Carolina



Code section 12-36-2120(36) provides that when tangible personal property is sold within South Carolina and the seller is obligated by contract to deliver it to the buyer or to an agent of the buyer at a point outside of South Carolina or to deliver it to a carrier or to the mails for transportation to the buyer

or to an agent of the buyer at a point outside this state, the sales and use tax does not apply provided the property is not returned to a point within South Carolina.

The most acceptable proof of transportation outside South Carolina is:

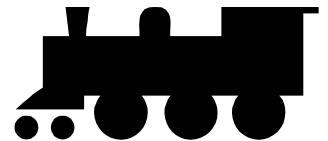
- a way-bill or bill of lading made to the seller's order and calling for delivery;
- an insurance receipt or registry issued by the U.S. Postal Department, or a Postal Department Form 3817; or
- a trip sheet signed by the seller's delivery agent and showing the signature and address of the person outside this state who received the goods delivered.

The tax applies when tangible personal property pursuant to a sale is delivered in South Carolina to the buyer or to an agent other than a common carrier even though the buyer may subsequently transport the property out of South Carolina.

Interstate and International Commerce

Code sections 12-36-2120(13), (20), (21) and (40) exempt from sales and use tax:

- railroad cars, locomotives and their parts;
- vessels and barges of more than 50 tons;
- containers and chassis, including all parts and components sold to international shipping lines which have a contractual relationship with the South Carolina State Ports Authority and are used for the import or export of goods to or from this state; and
- fuel lubricants and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce



Regulation 117-321.1 provides that (1) these exemptions do not apply to sales of materials used in fulfilling a contract for the painting, repair or reconditioning of vessels, barges, ships or other watercraft and (2) the exemption in South Carolina Code §12-36-2120(13) also does not apply to sales of fishing craft, tugs, vessels or other watercraft not used in trade or commerce between South Carolina ports and ports of other states or foreign countries.

Ship chandlers sell marine supplies to operators of all kinds of watercraft and to others. Regulation 117-321 provides that sales by ship chandlers of fuel, lubricants and supplies for use aboard ships plying on the high seas engaged in trade or commerce between South Carolina ports and ports of other states and

foreign countries are not subject to the tax. All other sales made by ship chandlers, not for resale, are taxable except for tangible personal property delivered to a ship from a bonded warehouse in the custody and under the supervision of United States Customs officials, who deliver such properties aboard ships to a locked compartment on which a custom seal is placed, which seal by Federal rule cannot be broken until the vessel has passed the 12-mile limit.

Broadcast Equipment

Code section 12-36-2120(26) exempts from sales and use tax the sale of all supplies, technical equipment, machinery, and electricity to radio, television, and cable television systems for use in producing, broadcasting, or distributing programs. For the purpose of this exemption, radio stations, television stations, and cable television systems are deemed to be manufacturers. See Regulation 117-174.250.

Motion Picture Industry

Code section 12-36-2120(43) exempts from sales and use tax supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing motion pictures in South Carolina.



For the purpose of this exemption, “motion picture” means any audio-visual work with a series of related images either on film, tape, or other embodiment, where the images shown in succession impart an impression of motion together with accompanying sound, if any, which is produced, adapted, or altered for exploitation as entertainment, advertising, promotional, industrial, or educational media; and a “motion picture company” means a company generally engaged in the business of filming or producing motion pictures.

Motion Picture Production Company Incentives- Exemption

Motion picture production companies are now exempt from the sales and use tax on funds expended in South Carolina in connection with the filming or production of motion pictures in South Carolina if the company intends to expend in the aggregate \$250,000 or more in connection with the filming or production of one or more motion pictures in South Carolina within a consecutive 12 month period. In order to qualify, the motion picture production company must make application for, meet the requirements of, and receive written certification of such designation from the Director of the South Carolina Film Commission. Once approved, the Department shall issue a written certification of state sales and use tax exemption to the motion picture production company. (Effective date: July 1, 2004) (HB 4968)

Sales Tax Holiday

If your business sells clothing, footwear and/or educational supplies, South Carolina's sales tax exemption may impact your business. The three-day sales tax exemption occurs from 12:01 AM on the **first Friday in August** and ends at midnight the following Sunday.

The following items are sales tax exempt during this period:

- Clothing
- Clothing accessories including, but not limited to:
- Hats
- Scarves
- Hosiery
- Handbags
- Footwear
- School supplies including, but not limited to:
- Pens
- Pencils
- Paper
- Binders
- Notebooks
- Books
- Book bags
- Lunch boxes
- Calculators
- Bath towels
- Blankets
- Bed linens
- Pillows/ cases
- Shower Curtains
- Computers
- Printers



Sales of the following items are NOT sales tax exempt during this period:

- Jewelry
- Cosmetics
- Eye wear
- Wallets
- Watches
- Furniture

For more information about the Sales Tax Holiday see our Revenue Ruling 10-7.

Sales and Use Tax Policy

The Department of Revenue Policy Department recommends Advisory Opinions to the Director for approval as set forth in SC Information Letter #11-5. The types of advisory opinions are referred to as

1. Revenue Rulings (Final and Temporary),
2. Revenue Procedures (Final and Temporary), and
3. Private Letter Rulings, and
4. Information Letters

The purposes of advisory opinions include providing guidance to the general public and employees concerning the Department's opinion on the application of laws administered by the Department. These opinions are not binding on the public.

CAUTION: Our website contains advisory opinions and informational bulletins issued by the Department from 1987 to present. Many of these opinions have been modified, superseded, or are obsolete. The Department issues an Information Letter (a Citator) quarterly that identifies the effect new advisory opinions have on those previously published to the best of our knowledge. This **Citator**; however, does not include the effect new laws, regulations, or court decisions have on previously issued advisory opinions.

As part of the implementation of these purposes, the Department's website includes the following information on advisory opinions:

- An **Advisory Opinion E-Mail Subscription Service** to allow the public to automatically receive draft, temporary, and final advisory opinions via e-mail.
- An **Index of Advisory Opinions (Temporary and Final).**
- A **Keyword Search Database of Advisory Opinions (Temporary and Final).**
- An **Advisory Opinion Calendar** where interested parties may track the progress of draft and temporary Revenue Advisory Bulletins and Revenue Procedural Bulletins. This includes information and deadlines on how to provide comments about and suggest alternatives to draft opinions. Upon issuance, the final advisory opinion will be listed here temporarily and will be indexed by topic.
- An **Information Guide** briefly explaining the procedure for requesting an advisory opinion.

It is important to understand the types of rulings and decisions issued by the Department. The following will provide a brief description of the types of advisory opinions issued to taxpayers and Department of Revenue employees. The opinions are available in detail at the Department of Revenue's web site at www.sctax.org.

Revenue Rulings (RR) – an interpretation of the tax laws by the commission that concerns a specific set of facts and applies to all taxpayers or a large group of taxpayers

Revenue Procedures (RP) – a statement that provides information to commission employees of a procedural nature

Private Letter Rulings (PLR) – an interpretation of the tax laws by the commission that concerns a specific taxpayer and a specific set of facts and is issued only upon a written request by such taxpayer

Information Letters (IL) – a statement used to disseminate tax information of a general nature (i.e. changes in tax rates, enactments of new exemptions)

Technical Advice Memoranda (TAM) – an interpretation of the tax laws by the commission that concerns a specific set of facts and is issued only upon a written request by one of the operating divisions within the Department of Revenue

Commission Decisions – a determination concerning a specific taxpayer and a specific set of facts that is issued as a result of an appeal by a taxpayer of a proposed audit assessment or a denial of a refund claim

Private Revenue Opinion (PRO) – a written statement issued to a specific taxpayer applying principles of law to a specific set of facts or a particular tax situation.

Revenue Advisory Bulletin (RAB) – a written statement issued to apply principles of tax law to a specific set of facts or a general category of taxpayers.

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Forms, Applications, & Certificates

SCTC-111

Business Tax Application

This form is used to apply for:

- an employee withholding number;
- a retail sales license;
- a purchaser's certificate of registration; or
- nonresident registration.

1350

**SOUTH CAROLINA DEPARTMENT OF REVENUE
BUSINESS TAX APPLICATION**

INTERNET REGISTRATION: www.sctax.org
TELEPHONE (803) 896-1350
Mail TO: SC DEPARTMENT OF REVENUE
REGISTRATION UNIT
COLUMBIA, SC 29214-0140


FOR OFFICE USE ONLY

SID# _____
W/H _____
SALES _____
USE _____
LICENSE TAX _____
14-2601

SCTC-111
(Rev. 2/18/10)
8011

TAXES TO BE REGISTERED FOR THIS BUSINESS LOCATION

- ☐ WITHHOLDING (complete section A) ☐ SALES (complete section C; \$50.00 license tax is required)
☐ Nonresident Withholding Exemption (complete section B) ☐ PURCHASER'S CERTIFICATE (complete section D)

COMPLETE BOTH SIDES OF THIS APPLICATION
PLEASE PRINT OR TYPE ALL INFORMATION

1. OWNER, PARTNERSHIP, OR CORPORATE CHARTER NAME				2. TRADE NAME (DOING BUSINESS AS)			
3. PHYSICAL LOCATION OF BUSINESS REQUIRED (NO P.O. BOX)				4. BUSINESS PHONE NUMBER		DAYTIME PHONE NUMBER	
STREET _____				5. FEDERAL IDENTIFICATION NUMBER			
CITY _____ COUNTY (REQUIRED) _____ STATE _____ ZIP _____				7. TYPE OF BUSINESS <input type="checkbox"/> AGRICULTURE, FORESTRY, FISHING & HUNTING (11) <input type="checkbox"/> PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERVICES (54) <input type="checkbox"/> MINING (21) <input type="checkbox"/> MANAGEMENT OF COMPANIES & ENTERPRISES (55) <input type="checkbox"/> UTILITIES (22) <input type="checkbox"/> ADMINISTRATIVE AND SUPPORT, WASTE MANAGEMENT & REMEDIATION SERVICES (56) <input type="checkbox"/> CONSTRUCTION (23) <input type="checkbox"/> EDUCATION SERVICES (61) <input type="checkbox"/> MANUFACTURING (31 -33) <input type="checkbox"/> HEALTH CARE & SOCIAL ASSISTANCE (62) <input type="checkbox"/> WHOLESALE TRADE (42) <input type="checkbox"/> ARTS, ENTERTAINMENT, & RECREATION (71) <input type="checkbox"/> RETAIL TRADE (44 - 45) <input type="checkbox"/> ACCOMMODATION & FOOD SERVICES (72) <input type="checkbox"/> TRANSPORTATION & WAREHOUSE (48-49) <input type="checkbox"/> OTHER SERVICES (81) <input type="checkbox"/> INFORMATION (51) <input type="checkbox"/> PUBLIC ADMINISTRATION (92) <input type="checkbox"/> FINANCE & INSURANCE (52) <input type="checkbox"/> REAL ESTATE, RENTAL & LEASING (53)			
6. MAILING ADDRESS (FOR ALL CORRESPONDENCE)							
IN CARE OF _____				8. MAIN BUSINESS (I.E., RETAIL FURNITURE SALES)			
STREET _____							
CITY _____ COUNTY _____ STATE _____ ZIP _____				8A. CHECK IF YOU SELL THESE PRODUCTS (for Solid Waste Purposes): <input type="checkbox"/> MOTOR OIL <input type="checkbox"/> LEAD ACID BATTERIES <input type="checkbox"/> TIRES <input type="checkbox"/> LARGE APPLIANCES 8B. DO YOU SELL AVIATION GASOLINE/JET FUEL? <input type="checkbox"/> YES <input type="checkbox"/> NO 8C. DO YOU PROVIDE SERVICE TO CELLULAR AND PERSONAL COMMUNICATIONS USERS? <input type="checkbox"/> YES <input type="checkbox"/> NO			
9. LOCATION OF RECORDS (NO P.O. BOX)							
10. TYPE OF OWNERSHIP				11. NAME(S) OF BUSINESS OWNER, GENERAL PARTNERS, OFFICERS OR MEMBERS:			
<input type="checkbox"/> SOLE PROPRIETOR (one owner) <input type="checkbox"/> PARTNERSHIP (two or more owners, other than LLP) <input type="checkbox"/> UNINCORPORATED ASSOCIATION, ENTER LEGAL NAME. _____ <input type="checkbox"/> FOREIGN CORPORATION (ATTACH COPY OF ARTICLES OF CERTIFICATE OF AUTHORITY). <input type="checkbox"/> SOUTH CAROLINA CORPORATION DATE INCORPORATED _____ <input type="checkbox"/> OTHER (EXPLAIN) _____ <input type="checkbox"/> LLC/LLP FILING AS: <input type="checkbox"/> CORPORATION <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> SINGLE MEMBER							
SOCIAL SECURITY NUMBER _____ NAME/TITLE/GENERAL PARTNERS _____ HOME ADDRESS _____ IF PARTNER PERCENT OWNED _____				12. HAVE YOU:			
ARE YOU A SC RESIDENT? (Y/N) _____ HOW LONG HAVE YOU LIVED IN SC? _____ (YEARS, MONTHS)							
A. ACQUIRED ANOTHER BUSINESS? <input type="checkbox"/> YES <input type="checkbox"/> NO MERGED WITH ANOTHER BUSINESS? <input type="checkbox"/> YES <input type="checkbox"/> NO FORMED A CORPORATION OR PARTNERSHIP <input type="checkbox"/> YES <input type="checkbox"/> NO MADE ANY OTHER CHANGE IN THE OWNERSHIP? <input type="checkbox"/> YES <input type="checkbox"/> NO B. DID YOU ACQUIRE: ALL OF THE SOUTH CAROLINA OPERATIONS? PART OF THE SOUTH CAROLINA OPERATIONS? PERCENTAGE ACQUIRED: _____ C. DATE ACQUIRED OR CHANGED: _____ WAS THE BUSINESS OPERATING AT THE TIME OF ACQUISITION OR CHANGE? <input type="checkbox"/> YES <input type="checkbox"/> NO DATE CLOSED: _____ DOES THE FORMER OWNER OR LEGAL ENTITY CONTINUE TO HAVE EMPLOYEE? <input type="checkbox"/> YES <input type="checkbox"/> NO				D. FORMER OWNER'S S.C.E.S.C. ACCOUNT NUMBER: _____ FORMER OWNER'S S.C.E.S.C. ACCOUNT NUMBER: _____ E. NAME OF BUSINESS ACQUIRED: _____ (Full organization name including trade name) ADDRESS OF FORMER OWNER: _____			
13. FIRST DATE OF EMPLOYMENT IN S.C. mo/day/year _____		14. ANTICIPATED DATE OF FIRST S.C.PAYROLL mo/day/year _____		15. ESTIMATE NUMBER OF EMPLOYEES IN S.C.			
16. IS BUSINESS WITHIN SC MUNICIPAL LIMITS? <input type="checkbox"/> YES <input type="checkbox"/> NO WHICH CITY? _____				17. IS YOUR BUSINESS SEASONAL? <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES, LIST MONTHS ACTIVE. _____			

COMPLETE REVERSE SIDE OF THIS FORM

I CERTIFY THAT ALL INFORMATION ON THIS APPLICATION, INCLUDING ANY ATTACHMENTS, IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE

SIGNATURE OF OWNER, ALL PARTNERS, OR CORPORATE OFFICER

TITLE

DATE

80111032

SECTION A: TO APPLY FOR WITHHOLDING NUMBER Every employer having employees earning wages in SC must register for withholding. Other types of payments also require state tax withholding.		
STATUS OF EMPLOYER (CHECK ONE): <input type="checkbox"/> RESIDENT - Principal place of activity inside SC <input type="checkbox"/> NONRESIDENT - Principal place of activity outside SC		
CLASSIFICATION OF RESIDENT EMPLOYER (CHECK ONE): <input type="checkbox"/> 01 Tax withheld from sources that do not require withholding (Ex.: Domestic Help, Farmers, Fishermen) <input type="checkbox"/> 02 FEDERAL withholding (941 total) does not exceed \$2,500.00 per quarter <input type="checkbox"/> 03 FEDERAL withholding (941 total) is less than \$50,000 during 12-month lookback period <input type="checkbox"/> 04 FEDERAL withholding (941 total) is greater than \$50,000 during 12-month lookback period		
CLASSIFICATION OF NONRESIDENT EMPLOYER (CHECK ONE): <input type="checkbox"/> 01 Tax withheld from sources that do not require withholding (Ex.: Domestic Help, Farmers, Fishermen) <input type="checkbox"/> 05 SC State withholding is less than \$500 per quarter <input type="checkbox"/> 06 SC State withholding Totals \$500 or more per quarter		
SECTION B: EXEMPTION FROM WITHHOLDING ON NONRESIDENTS <input type="checkbox"/> Check the appropriate block to administratively register with the Department and claim exemption from nonresident withholding required by SC Code Sections 12-8-540 (rents and royalties), 12-8-550 (temporarily doing business or performing services in SC), or 12-8-570 (trust or estate beneficiaries). The exempt person agrees to be subject to the jurisdiction of the Department and the S.C. courts to determine S.C. tax liability, including withholding, estimated taxes, and interest and penalties, if any. Registering is not an admission of tax liability, and, does not, by itself, require the filing of a tax See instructions for further information. <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> I agree to file SC tax return <input type="checkbox"/> I am not subject to SC Tax Jurisdiction (no NEXUS) </div>		
SECTION C: TO APPLY FOR RETAIL SALES LICENSE (\$50.00 LICENSE TAX IS REQUIRED.) In and out-of state sellers. A retail license will not be issued to a person with any outstanding state tax liability. Any license tax paid with this application will be applied to the tax liability.		
<input type="checkbox"/> IN-STATE SELLER <input type="checkbox"/> OUT-OF-STATE SELLER If applying for Retail License, a \$50.00 Sales License Tax is required with this application.		
ANTICIPATED DATE OF FIRST SALES <small>mo/da/yr</small>	HOW MANY RETAIL SALES LOCATIONS DO YOU OPERATE IN S.C. UNDER YOUR OWNERSHIP?	
SECTION D: TO APPLY FOR PURCHASER'S CERTIFICATE OF REGISTRATION FOR USE TAX S. C. Use Tax is imposed on the storage, use, or consumption of tangible personal property on which S.C. sales tax has not been previously paid. <div style="border: 1px solid black; padding: 2px; display: inline-block; margin-top: 5px;"> EFFECTIVE DATE OF REGISTRATION <small>mo/da/yr</small> </div>		
SECTION E: If mailing address for returns is different from front of application indicate type of tax this applies to. <input type="checkbox"/> SALES <input type="checkbox"/> WITHHOLDING <input type="checkbox"/> PURCHASERS CERTIFICATE		
_____ STREET OR BOX	_____ IN CARE OF	
_____ CITY	_____ STATE	_____ ZIP
_____ PHONE		
IF CURRENTLY OR PREVIOUSLY REGISTERED WITH SC DEPARTMENT OF REVENUE UNDER THIS OWNERSHIP, INDICATE ACCOUNT NUMBER(S) IN THIS SPACE _____		
NAME OF BANKING INSTITUTION USED _____		
Enter Internet/E-mail address _____		

UPON COMPLETION OF **BOTH SIDES, SIGN AND DATE ON FRONT OF APPLICATION.**

MAIL TO: SC DEPARTMENT OF REVENUE, REGISTRATION UNIT, COLUMBIA, SOUTH CAROLINA 29214-0140

ST-3

Sales and Use Tax Return

This form is used by those reporting the state sales and use taxes. Local taxes are reported on Form ST-389 which is then attached to the ST-3. For most taxpayers, returns are due by the 20th day of the month following the month the sales tax is collected. For example, the return for April 2011 is due by May 20, 2011.



STATE SALES AND USE TAX RETURN

Mail To: SC Department of Revenue Sales Tax Return Columbia, SC 29214-0101

ST-3

(Rev. 9/16/10)
5001

If the business is closed permanently, please complete the form C-278 (a copy is enclosed in the Sales Tax Booklet) and return the license.

This is a scannable form, which MUST be completed in black ink only.

☐ Check if your address changed and make corrections below.

If the area below is blank, fill in name, address, SSN or Federal Identification No.

FEIN

SID NO.

RETAIL LICENSE OR USE TAX REGISTRATION

FOR OFFICE USE ONLY

FOR FIELD USE ONLY

Period Ended

File Return On or By

File Electronically at www.sctax.org
DO NOT TAKE CREDITS OR REPORT NEGATIVE AMOUNTS ON THIS FORM.

AMOUNTS ON THIS FORM.
To apply for refunds, see ST-14.

USE BLACK INK ONLY


SALES AND USE TAX

- | | | |
|----|---|---------------|
| 1. | Gross Proceeds of Sales, Rentals, Use Tax and Withdrawals for Own Use
(From line 3 of Sales and Use Tax Worksheet on reverse side)..... | 1. |
| 2. | Total Amount of Deductions (From line 5 of Sales and Use Tax Worksheet)..... | 2. |
| 3. | Net Taxable Sales (Line 1 minus line 2)..... | 3. |
| 4. | Tax: Multiply Line 3 x 6% (.06)..... | 4. |
| 5. | Taxpayer's Discount (For timely filed and paid returns only) If your combined
tax liability is less than \$100.00, the discount rate is 3% (.03) of line 4. If the
total is \$100.00 or more, the discount is 2% (.02) of line 4..... | 5. |
| | (Combined Discount cannot exceed \$3000.00 per fiscal year, returns for
June through May, which are filed July through June.) | |
| 6. | Sales and Use Tax Net Amount Payable (Line 4 minus line 5)..... | 14-4701
6. |
| 7. | Penalty _____, Interest _____
(Add Sales and Use Tax penalty and interest. Enter total on line 7 at right.)..... | 14-4702
7. |

OFFICE USE ONLY:

8. Total Sales and Use Tax Due (Add lines 6 and 7)..... 8.

ADDITIONAL TAX FROM ST-389

 Only complete this section if local taxes are applicable to your sales or purchases.

REMINDER: ST-389 must be completed and attached for all additional taxes.

If this section does not apply, go to line 10.

9. Total Taxes Due (From Column D, line 5, page 7 of 8 of form ST-389).....9.

10. **TOTAL AMOUNT DUE** (Add lines 8 and 9) 10.

IMPORTANT: This return becomes **DELINQUENT** if it is postmarked after the 20th day (return with payment due on or before the 20th) following the close of the period. Sign and date the return.

Internet/E-mail Address:

For questions regarding this form, call (803) 898-5788.

I hereby certify that I have examined this return and to the best of my knowledge and belief it is a true and accurate return.

.....
Taxpayer's Signature

Owner, Partner or Title

Daytime Phone Number

Date _____

SALES AND USE TAX WORKSHEET

6%

Retail License or Use Tax Registration Number

Period Ended MM/YY

1. Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use

1. _____

2. Out-of-State Purchases Subject to Use Tax

2. _____

3. Total (Add lines 1 and 2. Enter here and on line 1 on front of return.)

3. _____

If local tax is applicable, enter the total on line 1 of ST-389 worksheet.

Note: Sales of unprepared foods are exempt of the State sales and use tax rate. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. Sales that are subject to a local tax must be entered on Form ST-389 (local sales tax worksheet.)

4. Sales and Use Tax Allowable Deductions (Itemize by Type of Deduction and Amount of Deduction)

Column A Type of Deduction	Column B Amount of Deduction
a. *Sales Exempt During "Sales Tax Holiday" in August	▶ \$ _____
b. **Sales over \$100.00 delivered onto Catawba Reservation	\$ _____
c. *Second Amendment "Sales Tax Holiday" in November	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

5. Total Amount of Deductions (Enter total of Column B here and on line 2 on front of return.) 5. < _____ >

6. Net Sales and Purchases (Line 3 minus 5 should agree with line 3 of ST-3.) 6. _____

*Sales Exempt During "Sales Tax Holiday"

If your business sells clothing, clothing accessories, footwear, school supplies, computers, printers and printer supplies, computer software, bath wash cloths, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs and mats, pillows and pillow cases, South Carolina's "Sales Tax Holiday" may impact your business. This three-day sales tax exemption will occur on the first Friday, Saturday and Sunday in August.

For businesses that make sales of handguns (as defined in Code Section 16-23-10(1)), rifles, and shotguns, South Carolina's "Second Amendment Sales Tax Holiday" may impact your business. This exemption begins at 12:01 a.m. Friday after Thanksgiving and ends midnight the following Saturday. (Note: This is a temporary proviso which will not take place in subsequent years unless the General Assembly re-enacts it as a temporary proviso or codifies it as a new Sales Tax Holiday exemption.)

During this time period, the 6% State sales and use tax and any applicable local sales and use tax will not be imposed on sales of qualifying items.

Sales of qualified items during the exemption period should be taken as a deduction on your tax return. The deduction should be labeled "sales tax holiday". A Policy Document with the official list of holidays and exempt items is available on our Internet website: www.sctax.org

**Catawba Tribal Sales- (See Chart on back of ST-389 for further explanation)

The Tribal Sales Tax is imposed on the delivery of tangible personal property onto the reservation by retail locations in South Carolina when the sale is greater than \$100. If the sale (delivery on the reservation) is \$100 or less, then the Tribal Sales Tax does not apply and only the 6% State sales tax applies (not local taxes). The Tribal Sales Tax is also imposed on the delivery of tangible personal property on the reservation by retail locations located on the reservation, regardless of the amount of the sale. The Tribal Sales Tax is not imposed on deliveries onto the reservation by retail locations located outside of South Carolina and registered with the Department to collect the State tax; however, these deliveries are subject to the 6% state use tax (not local taxes).

Sales subject to the Catawba Tribal Sales Tax must be included with all other sales in gross proceeds on Line 1 of worksheet on the ST-3 form but are deducted on Line 4b of the ST-3 worksheet and included on Line 1 on the ST-389 local tax worksheet. Remember, individual sales made onto the reservation of \$100 or less by retailers located off the reservation are subject to the State sales tax and would not be deducted in this manner.

ST-8

Single Sale Exemption Certificate

This certificate is used by taxpayers making exempt purchases who do not have a retail license or other type of exemption certificate (e.g. farmers). A certificate is given to the retailer **for each purchase**.

To be valid, the certificate must be signed by the owner, partner or corporate officer; include information relevant to the purchase (e.g., a description of the property); the selling price; the date of purchase; and the purchaser's address.

If the purchaser uses a single sale certificate to make a purchase upon which the tax should have been made, then the purchaser becomes liable for the tax. The retailer is relieved of the liability. The purchaser's signature on each sales invoice is not required.

Retailers are to maintain these certificates on file for at least three years.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
EXEMPTION CERTIFICATE
FOR SALES AND USE TAX
(Single Sale)

ST-8
(Rev. 8/10/10)
5009

The undersigned hereby certifies that the purchases of tangible personal property made under this certificate *are made in accordance with the exemption checked below*: that in the event the property so purchased is used for purposes other than specified, the purchaser assumes full liability and must file a return and pay the tax due thereon.

Description of tangible personal property purchased _____

Signature _____ Date _____

Purchaser/Business Name _____ Amount of Sale \$ _____
(Please Print)

Address _____
Street City County State Zip Code

**SCHEDULE OF EXEMPTIONS FOUND AT CHAPTER 36 OF TITLE 12 OF THE CODE OF LAWS OF
SOUTH CAROLINA 1976, AS AMENDED**

Check Applicable Exemption:

- ☐ Tangible personal property sold to the federal government; [12-36-2120(2)].
- ☐ Textbooks, books, magazines, periodicals, newspapers, and access to on-line information systems used in a course of study in primary and secondary schools and institutions of higher learning or for student's use in the school library of these schools and institutions; [12-36-2120(3)(a)].
- ☐ Books, magazines, periodicals, newspapers, and access to on-line information system sold to publicly supported state, county, or regional libraries; items in this category may be in any form, including microfilm, microfiche, and CD ROM; [12-36-2120(3)(b)].
- ☐ Fuel, lubricants and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce. This exemption does not exempt or exclude from the tax the sale of materials and supplies used in fulfilling a contract for the painting, repair or reconditioning of ships and other watercraft; [12-36-2120(13)].
- ☐ Wrapping paper, wrapping twine, paper bags and containers used incident to the sale and delivery of tangible personal property; [12-36-2120(14)].
- ☐ Machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. 'Machines' include the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which (a) are necessary to the operation of the machines and are customarily so used, or (b) are necessary to comply with the order of an agency of the United States or of this State for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by any machine used as provided in this section. This exemption does not include automobiles or trucks. As used in this item 'recycling' means a process by which materials that otherwise would become solid waste are collected, separated, or processed and reused, or returned to use in the form of raw materials or products, including composting, for sale; [12-36-2120(17)].
- ☐ Electricity, natural gas, fuel oil, kerosene, LP gas, coal or any other combustible heating material or substance used for residential purposes. Individual sales of kerosene or LP gas of twenty gallons or less by retailers are considered used for residential heating purposes; [12-36-2120(33)].
- ☐ Prescription medicines used to prevent respiratory syncytial virus, prescription medicines and therapeutic radiopharmaceuticals used in the treatment of rheumatoid arthritis, cancer, lymphoma, leukemia, or related diseases including prescription medicines used to relieve the effects of any such treatment [12-36-2120(28)(a)].
- ☐ Prescription drugs dispensed to medicare part A patients residing in a nursing home.
- ☐ Any device, equipment or machinery operated by hydrogen or fuel cells, any device, equipment or machinery used to generate, produce or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications and any device, equipment or machinery used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies.

ST-8A

Resale Certificate

A resale certificate is used by retailers to purchase, tax-free (at wholesale), tangible personal property that is to be resold. If the Department of Revenue determines a sale was not for resale, the purchaser will be held liable for the tax. By having a resale certificate on file, the seller is relieved of the liability for the tax.

Resale certificates can be obtained from any Department of Revenue office; however, it is not necessary that the Department of Revenue form (ST-8A) be used. As long as the document given to the retailer shows the purchaser's name, address, and retail sales tax license number, it should be acceptable.

It is not necessary that a certificate be taken each time a sale is made; however, retailers should maintain them on file for at least three years.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
RESALE CERTIFICATE

ST-8A
(Rev. 9/18/09)
5010

To be completed by purchaser and retained by seller.
Please do not send the certificate to SC Department of Revenue.
See instructions on back.

Notice To Seller:

It is presumed that all sales are subject to the tax until the contrary is established. The burden of proof is on the seller that the sale of tangible personal property is not a retail sale. However, if the seller receives a resale certificate signed by the purchaser stating that the property is purchased for resale, the liability for the sales tax shifts from the seller to the purchaser.

This certificate is intended for use by licensed retail merchants purchasing tangible personal property for resale, lease or rental purposes. **To be valid, the following conditions must be met:**

1. The resale certificate presented to the seller by the purchaser contains all the information required by the Department and has been fully and properly completed.
2. The seller did not fraudulently fail to collect or remit the tax, or both.
3. The seller did not solicit a purchaser to participate in an unlawful claim that a sale was for resale.

Seller must maintain a copy of this certificate to substantiate the exemption in the event of an audit. If this certificate does not meet the above requirements, it is not valid and the seller remains liable for the tax.

Seller Identification:

(Seller's Name)

(Street Address)

(City)

(State)

(Zip Code)

Purchaser's Identification and Acknowledgement:

Kind of Business Engaged in by Purchaser _____

Items Sold, Leased or Rented to Others by Purchaser _____

(Purchaser's Business or Firm Name)

(Street Address)

(City)

(State)

(Zip Code)

(South Carolina Retail License Number, if not S.C. indicate state)

As purchaser, I certify that I am engaged in the business of selling, leasing or renting tangible personal property of the kind and type sold by your firm. I also certify that if the tangible personal property is withdrawn, used or consumed by the business or person withdrawing it (even if later resold), I will report the transaction to the SC Department of Revenue as a withdrawal from stock and pay the tax thereon based upon the reasonable and fair market value, but not less than the original purchase price (See Regulation 117-309.17). This certificate shall remain in effect unless revoked or cancelled in writing. Furthermore, I understand that by extending this certificate that I am assuming liability for the sales or use tax on transactions between me and your firm. (For additional information, See "Withdrawals From Stock, Merchant" section on reverse side).

(Print Name of Owner, Partner or Corp Officer)

(Signature of Owner, Partner, Member or Corp Officer)

(Date Certificate Completed)

(Title)

Notice to Purchaser: If a purchaser uses a resale certificate to purchase tangible personal property tax free which the purchaser knows is not excluded or exempt from the tax, then the purchaser is liable for the tax plus a penalty of 5% of the amount of the tax for each month, or fraction of a month, during which the failure to pay the tax continues, not exceeding 50% in the aggregate. This penalty is in addition to all other applicable penalties authorized under the law.

SALES TAX - A sales tax is imposed upon every person engaged or continuing within this state in the business of selling tangible personal property at retail.

USE TAX - A use tax is imposed on the storage, use, or other consumption in this state of tangible personal property purchased at retail for storage, use, or other consumption in this state.

TANGIBLE PERSONAL PROPERTY - "Tangible personal property" means personal property which may be seen, weighed, measured, felt, touched, or which is in any other manner perceptible to the senses. It also includes services and intangibles, including communication, laundry and related services, furnishing of accommodations and sales of electricity, and does not include stocks, notes, bonds, mortgages, or other evidences of debt.

WITHDRAWAL FROM STOCK, MERCHANTS - (Regulation 117-309.17): To be included in gross proceeds of sales is the money value of property purchased at wholesale for resale purposes and subsequently withdrawn from stock for use or consumption by the purchaser.

The value to be placed upon such goods is the price at which these goods are offered for sale by the person withdrawing them. All cash or other customary discounts which he would allow to his customers may be deducted; however, in no event can the amount used as gross proceeds of sales be less than the amount paid for the goods by the person making the withdrawal.

ADDITIONAL INFORMATION

- (1) A valid S.C. retail license number will look like the following: 040 -12345- 6
Co. code - serial # - ck digit
- (2) **The following are examples of numbers which are not acceptable for resale purposes:** Social Security Numbers, Federal Employer Identification numbers and use tax numbers (example 040-88888-8). A South Carolina use tax number is simply for reporting of tax and not a retail license number; an "eight" (8) will always be the first digit in the serial number, the county code will be between 1 and 46.
- (3) Another state's resale certificate and number is acceptable in this State. Indicate the other state's number on the front when using this form.
- (4) A wholesaler's exemption number may be applicable in lieu of a retail license number. A South Carolina wholesaler's exemption number will have an (18) following the serial number or the word "wholesale."

Note: A copy of Form ST-8A, Resale Certificate, can be found at the Department's website (www.sctax.org). It is not required that Form ST-8A be used, but the information requested on the form is required on any resale certificate accepted by the seller. To receive forms by FAX ON DEMAND ORDERING: Call 1-800-768-3676 OR (in Columbia) 898-5320. For further information about the use of resale certificates, see SC Revenue Procedure #08-2.

ST-8F

Agricultural Exemption Certificate

This certificate is used by people making exempt agricultural use purchases. A certificate may be presented upon each purchase or the retailer may keep a copy on file.

All agricultural exemptions are scheduled on this form. Previously most of these exemptions were found on the ST-8.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
AGRICULTURAL EXEMPTION CERTIFICATE
FOR SALES AND USE TAX

ST-8F
(Rev. 7/12/10)
5075

This exemption certificate may be presented upon each purchase by the holder or the retailer may keep on file a copy of the certificate. When an exempt sale is made pursuant to a certificate on file, the purchaser must note on the purchase invoice the exempt items and state the items are to be used for exempt purposes. When the purchase order meets the requirements of this section, the liability for any tax determined to be due is solely on the purchaser.

The undersigned hereby certifies that the purchases of tangible personal property made under this certificate are made in accordance with the exemption checked below: that in the event the property so purchased is used for purposes other than specified, the purchaser assumes full liability and must file a return and pay the tax due thereon.

Description of tangible personal property purchased _____

Signature _____ Date _____

Purchaser's Name _____ Amount of Sale \$ _____
(Please Print)

Address _____
Street City County State ZIP Code

SCHEDULE OF AGRICULTURAL EXEMPTIONS FOUND AT CHAPTER 36 OF TITLE 12 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Check Applicable Exemption:

- ☐ Feed used for the production and maintenance of poultry and livestock; [12-36-2120(5)].
- ☐ Insecticides, chemicals, fertilizers, soil conditioners, seeds or seedlings, or nursery stock, used solely in the production for sale of farm, dairy, grove, vineyard or garden products or in the cultivation of poultry or livestock feed; [12-36-2120(6)].
- ☐ Containers and labels used in:
- (a) preparing agricultural, dairy, grove or garden products for sale; or
 - (b) preparing turpentine gum, gum spirits of turpentine and gum resin for sale. For purposes of this exemption, containers mean boxes, crates, bags, bagging, ties, barrels, and other containers; [12-36-2120(7)].
- ☐ Fuel used in farm machinery and farm tractors; [12-36-2120(15)].
- ☐ Farm machinery and their replacement parts and attachments, used in planting, cultivating or harvesting farm crops, including bulk coolers (farm dairy tanks) used in the production and preservation of milk on dairy farms, and machines used in the production of poultry and poultry products on poultry farms, when such products are sold in the original state of production or preparation for sale. This exemption does not include automobiles or trucks; [12-36-2120(16)].
- ☐ Fuel used exclusively to cure agricultural products; [12-36-2120(18)].
- ☐ Natural and liquefied petroleum gas and electricity used exclusively in the production of poultry, livestock, swine and milk; [12-36-2120(32)].
- ☐ Electricity used to irrigate crops; [12-36-2120(44)].
- ☐ Building materials, supplies, fixtures and equipment for the construction, repair or improvement of or that become part of a self-contained enclosure or structure specifically designed, constructed, and used for the commercial housing of poultry or livestock; [12-36-2120(45)].

ST-9

Exemption Certificate

An ST-9 is a certificate issued to taxpayers who make numerous purchases, some of which are taxable and some of which are exempt. Some taxpayers are issued a “direct pay” certificate and others are issued a “limited” or “special” certificate. A

“direct pay” certificate allows its holder to make all purchases tax-free and to account to the Department of Revenue for any taxes due. A “limited” or “special” certificate allows its holder to make certain purchases tax-free. The holder of an exemption certificate assumes liability for any taxes which may be due.

A copy of the certificate does not have to be given to the retailer for each sale. However, the retailer should maintain a copy on file for at least three years.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
EXEMPTION CERTIFICATE

ST-9 (Rev. 9/9/03) 5011

**NOT VALID WHEN EXTENDED
TO CONSTRUCTION
CONTRACTORS THEIR
SUB-CONTRACTORS, OR
THEIR MATERIAL SUPPLY
MEN.**

This certificate is issued in accordance with Section 12-36-2120 of Article 21, Section 12-36-120 of Article 1, Section 12-36-2510 of Article 25 of Chapter 36 of title 12, Section 58-25-80 of title 58, or Section 44-96-160(V)(1) of title 44 of the Code of Laws of South Carolina 1976, as amended.

DRAFT

NOTICE:

The numbers in parentheses, which are a part of your certificate number, have reference to the specific type(s) of exemptions granted by this certificate. **Should this property be diverted to a taxable use, liability for payment of the tax thereon rests with your company. In the event the nature of your operations changes, you should notify the Department of Revenue immediately as this could affect the validity of this certificate.**

SCHEDULE OF EXEMPTION UNDER SECTION 12-36-2120 of Article 21

- (7) Coal, or coke or other fuel sold to manufacturers, electric power companies, and transportation companies for:
 - (a) Use or consumption in the production of by-products;
 - (b) The generation of heat or power used in manufacturing tangible personal property for sale. For purposes of this item, 'manufacturer' or 'manufacturing' includes the activities of a processor;
 - (c) The generation of electric power or energy for use in manufacturing tangible personal property for sale; or
 - (d) The generation of motive power for transportation. For purposes of this item, 'manufacturing' includes the activities of mining and quarrying.
- (9) Supplies and machinery used by laundries, cleaning, dyeing, pressing or garment or other textile rental establishment in the direct performance of their primary function, but not sale of supplies and machinery used by coin-operated laundromats;
- (11) Wrapping paper, wrapping twine, paper bags and containers, used incident to the sale and delivery of tangible personal property;
- (12) Electricity use by cotton gins, manufacturers, miners, or quarriers to manufacture, mine, or quarry tangible personal property for sale. For purposes of this item, 'manufacturer' or 'manufacturing' includes the activities of processors.
- (13) Machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. 'Machines' include the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which (a) are necessary to the operation of the machines and are customarily so used, or (b) are necessary to comply with the order of an agency of the United States or this State for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by any machine used as provided in this section. This exemption does not include automobiles or trucks. As used in this item 'recycling' means any process by which materials that otherwise would become solid waste are collected, separated, or processed and reused, or returned to use in the form of raw materials or products, including composting, for sale. In applying this exemption to machines used in recycling, the following percentage of the gross proceeds of sale, or sales price of, machines used in recycling are exempt from the taxes imposed by this chapter: Fiscal Year of Sale Percentage, Fiscal year 1997-98 fifty percent; after June 30, 1998, one hundred percent.

ST-10
Application for Certificate
(Form ST-9)

This application is used to apply for a:

- “direct pay” or “special” exemption certificate;
- a wholesaler’s certificate; or
- a certificate for a transit authority or motor carrier.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
APPLICATION FOR CERTIFICATE
Mail to: SC Department of Revenue, License and Registration,
Columbia, SC 29214-0140

ST-10
(Rev. 8/31/09)
5012

OFFICE USE ONLY

SID _____

(1) Owner/Partnership/Corporate Name _____
(If individual, print or type full name.) (If partnership, list all partners. If corporation, list all principal officers.)

(2) SSN/FEIN _____

(3) Name of Business or Firm _____
(Please Print or Type)

(4) Location Requesting Exemption _____
(Street) (City) (State) (ZIP) (County)

(5) Mailing Address _____
(Street) (City) (State) (ZIP)

(6) Type of Ownership _____ (6a) Business Telephone () -
(Privately owned, partnership, corporation, etc.)

(7) Nature of Business _____
(Manufacturing, Processing, Mining, Quarrying, Wholesaling, Drycleaning, Broadcasting, Motion Picture, etc.)

(a) Give a complete explanation of your operations: _____

(If additional space is required, attach a separate page.)

(b) If wholesaler, do you make sales to those other than licensed retailers or other wholesalers for resale?
() Yes () No

(8) South Carolina Retail License/Registration No. _____ for this location.
(000-00000-0)

(9) List location of **all** sales houses, offices or other places of business maintained in South Carolina for which this application applies:

Name under which office or place of business is operated	Address	City	Retail License or Registration No.
_____	_____	_____	_____
_____	_____	_____	_____

(If additional space is required, attach a separate page.)

(10) Indicate in space below the exemption number or numbers for which application is made. (See reverse side of this form for Schedule of Exemptions/Exclusions.)

(11) Location of Records: _____
(Street) (City) (State) (ZIP)

(12) Contact Person: _____ Telephone Number: _____

I hereby certify that this application, including the accompanying schedule, if any, has been examined by me and to the best of my knowledge and belief, this information is true and correct. I understand that if a certificate is issued under one or more of the listed authorities that this certificate is to be CITED ONLY for the items approved by the South Carolina Department of Revenue. I understand further that, in the event any of the materials purchased in accordance with the certificate are withdrawn or used for other purposes, I will report same to the South Carolina Department of Revenue and remit any tax due thereon.

IMPORTANT

APPLICATION MUST BE SIGNED BY OWNER, PARTNER,
OR IF CORPORATION, AUTHORIZED PERSON.

Signature

Title

Date

SCHEDULE OF EXEMPTIONS UNDER SECTION 12-36-2120 of Article 21

- (9) Coal, or coke or other fuel sold to manufacturers, electric power companies, and transportation companies for:
- (a) Use or consumption in the production of by-products;
 - (b) The generation of heat or power used in manufacturing tangible personal property for sale. For purposes of this item, 'manufacturer' or 'manufacturing' includes the activities of a processor;
 - (c) The generation of electric power or energy for use in manufacturing tangible personal property for sale; or
 - (d) The generation of motive power for transportation. For purposes of this item, 'manufacturers' and 'manufacturing' includes the activities of mining and quarrying.
- (14) Wrapping paper, wrapping twine, paper bags and containers, used incident to the sale and delivery of tangible personal property;
- (17) Machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. 'Machines' include the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which
- (a) are necessary to the operation of the machines and are customarily so used, or
 - (b) are necessary to comply with the order of an agency of the United States or this State for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by any machine used as provided in this section. This exemption does not include automobiles or trucks. As used in this item 'recycling' means any process by which materials that otherwise would become solid waste are collected, separated, or processed and reused, or returned to use in the form of raw materials or products, including composting, for sale. In applying this exemption to machines used in recycling, the following percentage of the gross proceeds of sale, or sales price of, machines used in recycling are exempt from the taxes imposed by this chapter: Fiscal Year of Sale Percentage, Fiscal year 1997-98 fifty percent; after June 30, 1998, one hundred percent.
- (19) Electricity used by cotton gins, manufacturers, miners, or quarriers to manufacture, mine or quarry tangible personal property for sale. For purposes of this item, 'manufacturer' or 'manufacture' includes the activities of processors.
- (24) Supplies and machinery used by laundries, cleaning, dyeing, pressing or garment or other textile rental establishments in the direct performance of their primary function, but not sales of supplies and machinery used by coin-operated laundromats;
- (26) All supplies, technical equipment, machinery, and electricity sold to radio and television stations, and cable television systems, for use in producing, broadcasting, or distributing programs;
- (43) All supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing motion pictures. For the purposes of this item, 'motion picture' means any audiovisual work with a series of related images either on film, tape, or other embodiment, where the images shown in succession impart an impression of motion together with accompanying sound, if any, which is produced, adapted, or altered for exploitation as entertainment, advertising, promotional, industrial, or educational media; and a 'motion picture company' means a company generally engaged in the business of filming or producing motion pictures;
- (52) Parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers.
- (56) "Machines used in research and development. 'Machines' includes machines and parts of machines, attachments, and replacements which are used or manufactured for use on or in the operation of the machines, which are necessary to the operation of the machines, and which are customarily used in that way. 'Machines used in research and development' means machines used directly and primarily in research and development, in the experimental or laboratory sense, of new products, new uses for existing products, or improvement of existing products." Effective for tax years beginning after June 30, 2001.
- (71) Any device, equipment or machinery used to generate, produce or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications, and any device, equipment or machinery used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies.
- (72) Any building materials used to construct a new or renovated building or any machinery or equipment located in a research district. However, the amount of the sales tax that would be assessed without the exemption provided by this section must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within twenty-four months of the purchase of an exempt item.

EXCLUSIONS UNDER SECTION 12-36-120 of Article 1

- (1) Tangible personal property to licensed retail merchants, jobbers, dealers or wholesalers for resale, and do not include sales to users or consumers;
- (2) Tangible personal property to a manufacturer or compounder as an ingredient or component part of the tangible personal property or products manufactured or compounded for sale;
- (3) Tangible personal property used directly in manufacturing, compounding, or processing tangible personal property into products for sale;

DIRECT PAY PERMIT UNDER SECTION 12-36-2510 of Article 25

(1) Notwithstanding other provisions of this chapter, when, in the opinion of the Department of Revenue, the nature of a taxpayer's business renders it impracticable for the taxpayer to account for the sales or use taxes, as imposed by this chapter, at the time of purchase, the Department of Revenue may issue its certificate to the taxpayer authorizing the purchase at wholesale and the taxpayer is liable for the taxes imposed by this chapter with respect to the gross proceeds of sale, or sales price, of the property withdrawn, used or consumed by the taxpayer within this State.

CERTIFICATE UNDER SECTION 58-25-80

(50) Transit authorities are exempt from any state or local ad valorem, income, sales, fuel, excise, or other use taxes or other taxes from which municipalities and counties are exempt.

CERTIFICATE UNDER SECTION 44-96-160 (V) (I)

- (96) A motor carrier, which purchases lubricating oils not for resale used in its fleet, is exempt from the solid waste fee. The motor carrier must:
- (a) have maintenance facility to service its own fleet and properly store waste oil for recycling collections;
 - (b) have on file with the Environmental Protection Agency the existence of storage tanks for waste oil storage;
 - (c) maintain records of the dispensing and servicing of lubrication oil in the fleet vehicles; and
 - (d) have a written contractual agreement with an approved waste oil hauler.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form, if you are an individual. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

Website:
www.sctax.org
**Allow 45 Days to
Process**

ST-10-C
***Application for Exemption from Local
Tax for Construction Contractors***

If certain requirements are met, a construction contractor can be exempt from the local tax for certain contracts. This form is used to apply for an exemption certificate (ST-35).



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**APPLICATION FOR EXEMPTION FROM LOCAL TAX
FOR CONSTRUCTION CONTRACTORS**
Mail to: SC Department of Revenue, License and Registration,
Columbia, S.C. 29214-0109

ST-10-C
(Rev. 7/25/08)
5014

Name of Construction Company: _____

Office Location of Contractor: _____

Mailing Address of Contractor: _____

Telephone Number: () _____ FEI NUMBER or SSN: _____

Project Name: _____

Project Number: _____ Building Permit Number: _____
(If no number, enter "NA") (If known)

Project Location: _____

Expected Project Completion Date: _____

A COPY OF THE CONTRACT FOR WHICH AN EXEMPTION CERTIFICATE IS BEING REQUESTED MUST BE SUBMITTED WITH THIS APPLICATION. ALSO, IF YOU ARE APPLYING FOR AN EXEMPTION CERTIFICATE FOR A CONTRACT EXECUTED **AFTER** THE IMPOSITION DATE OF THE LOCAL TAX, A COPY OF THE WRITTEN BID OR PROPOSAL UPON WHICH THE CONTRACT WAS AWARDED MUST ALSO BE SUBMITTED.

When signing this form, it is important that the information contained in your report be correct and complete. To wilfully furnish a false or fraudulent statement to the Department is a crime.

Signing for Construction Co.

Title (Corp. Officer, Gen. Ptr., Owner)

Print Name

Date Signed

PURPOSE OF FORM

This form is to be used by construction contractors to apply for an exemption certificate for making purchases of **building materials** free of the local tax rate.

This exemption certificate will only be issued for those construction contracts which are entered into, or for which a written bid is submitted, before the effective date of the local tax and is needed only if the contractor will be taking delivery of **building materials** in a county which has imposed the local tax or if the contractor is to buy **building materials** and the materials are to be stored, used or consumed by the contractor in a county which has imposed the local tax.

THIS SPECIAL EXEMPTION CERTIFICATE DOES NOT EXEMPT PURCHASES OF BUILDING MATERIALS FROM THE SIX PERCENT (6%) STATE TAX.

AN EXEMPTION CERTIFICATE ISSUED TO A PRIME CONTRACTOR MAY NOT BE USED BY A SUBCONTRACTOR NOR MAY A PRIME CONTRACTOR USE A SUBCONTRACTOR'S EXEMPTION CERTIFICATE. EACH CONTRACTOR MUST OBTAIN HIS OR HER OWN CERTIFICATE FOR EACH CONSTRUCTION CONTRACT.

DEFINITION OF THE TERM "BUILDING MATERIALS"

The term "building materials" refers to tangible personal property which becomes a part of real property (e.g. lumber, bricks, nails, steel, wiring, etc.). Therefore, the term does **not** refer to such items as machinery, tools, fuel, supplies, etc. which do not become a part of real property.

INSTRUCTIONS

If your company is a corporation, the statement on the front of this form must be signed by a corporate officer or an employee of the corporation authorized to sign. If a partnership, the statement must be signed by a general partner; and, if a sole proprietorship, the statement must be signed by the owner.

If you have any questions concerning this application form or questions concerning construction contractors and the local tax, you may write to the above address or call (803) 896-1350.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.

ST-10-G
***Application for Exemption for Federal
Government Contract***

This form is to be used by persons under a written contract with the federal government in applying for an exemption certificate for making purchases free of the sales and use tax for federal government contracts.

1350



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
APPLICATION FOR EXEMPTION FOR FEDERAL GOVERNMENT CONTRACT
Mail to: SC Department of Revenue, License and Registration,
Columbia, SC 29214-0140
SC Code Section 12-36-2120 (29)

ST-10-G
(Rev. 8/18/08)
5085

Name of Contractor : _____
(Who has a written contract with federal government.)

Office Location of Contractor: _____

Mailing Address of Contractor: _____

Telephone Number : () _____ FEI Number or SSN: _____

Please provide Project information.

Project Name: _____

Project Number: _____ Building Permit or Other Identifying Number: _____
(If no number, enter "NA".) (If known.)

Project Location: _____

Expected Project Completion Date: _____

A COPY OF THE CONTRACT FOR WHICH AN EXEMPTION CERTIFICATE IS BEING REQUESTED MUST BE SUBMITTED WITH THIS APPLICATION.

Please read the following statement and sign where indicated.

When signing this form, it is important that the information contained in your report be correct and complete. To wilfully furnish a false or fraudulent statement to the Department is a crime.

Signing for Construction Co.

Title (Corp. Officer, Gen. Ptr., Owner)

Print Name

Date Signed

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.

50851021

PURPOSE OF FORM

Code Section 12-36-2120(29) exempts from sales and use tax the following: tangible personal property purchased by persons under a written contract with the federal government when the contract necessitating the purchase provides that title and possession of the property is to transfer from the contractor to the federal government at the time of purchase or after the time of purchase. This exemption also applies to purchases of tangible personal property which becomes part of real or personal property owned by the federal government or, as provided in the written contract, is to transfer to the federal government. This exemption does not apply to purchases of tangible personal property used or consumed by the purchaser;

This form is to be used by persons under a written contract with the federal government to apply for an exemption certificate for making purchases free of the state and local sales and use taxes for federal government contracts.

NOTE TO CONTRACTORS

As a general rule, an exemption certificate issued to a prime contractor may not be used by a subcontractor. Each contractor, as a result, who has a contract with the federal government, must obtain his own certificate for each contract.

However, if a sub-contractor has a written contract with the general contractor (who has a written contract with the federal government) that specifically appoints the sub-contractor as its agent for the general contractor's project, then such purchases are not subject to sales or use tax only if certain conditions are met. For additional information regarding federal government construction contracts, see SC Revenue Ruling #04-9 on our website (www.sctax.org).

INSTRUCTIONS

If your company is a corporation, the statement on the front of this form must be signed by a corporate officer or an employee of the corporation authorized to sign. If a partnership, the statement must be signed by a general partner; and, if a sole proprietorship, the statement must be signed by the owner.

If you have any questions concerning this application form or other questions concerning construction contractors and federal government contracts, you may write to the address on the front of the form or call (803) 896-1350.

ST-14

Claim for Refund

This is an optional form to be used for filing refund claims.

1350



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

CLAIM FOR REFUND For Sales Tax and Related Sales Taxes

ST-14
(Rev. 8/31/10)
5017

Mail to: SC Department of Revenue, Sales Office Audit, Columbia, SC 29214-0109

(See Instructions and Taxpayer's Bill of Rights on reverse side.)

Sales Tax Refund Amount Requested

To be completed by taxpayer

Type of Tax:

Amount Requested:

_____	_____
_____	_____
_____	_____

Section I: Taxpayer Identification

License or Registration No. _____ SSN or FEIN _____ SID# _____

Taxpayer Name _____

Attention To _____

Mailing Address _____

E-mail Address: _____

City _____ County _____ State _____ ZIP _____

Period(s) Covered _____ Telephone: (Business) _____ (Home) _____

Section II: Reason for Refund

State all your reasons for claiming this refund and **attach supporting documentation**. (Add additional sheets if necessary.) _____

Taxpayer's Signature _____ Date _____

Corporation's Name (if applicable) _____

By _____ Signature _____ Title _____ Date _____

Print Name _____

For Office Use Only

ORDER FOR REFUND

Refund Amount Granted

Tax Type	Tax Amount	Interest	Refund Amount
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

In accordance with the provisions of Section 12-54-25 and 12-54-85 of Chapter 54 of Title 12; Section 12-60-47 of Chapter 60 of Title 12 of the Code of Laws of South Carolina, 1976, as amended, a refund is hereby ordered for the following reasons:

BY _____ TITLE _____ DATE ORDERED _____

APPROVED BY _____ TITLE _____ DATE _____

50171024

ST-178
***Nonresident Military Tax Exemption
Certificate***

This form is used by auto dealers to show proof that a motor vehicle was sold to a nonresident member of the armed forces and is entitled to an exemption from the sales tax.

A current leave and earning statement (LES) may be substituted for this form.
Both forms must be dated 10 days prior to or after the date of purchase.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**NONRESIDENT MILITARY TAX EXEMPTION
CERTIFICATE**

ST-178
(Rev. 9/4/08)
5023

READ THE INSTRUCTIONS BEFORE COMPLETING THIS CERTIFICATE.

**SALES OF MOTOR VEHICLES OR MOTORCYCLES TO A MEMBER OF THE ARMED FORCES
OF THE UNITED STATES**

Name of Purchaser _____ Rank _____

Address of Purchaser _____
(Street) (City) (State) (Zip)

Name of Seller _____

Address of Seller _____
(Street) (City) (State) (Zip)

Seller's Retail License Number _____

Date of Sale _____
(Month) (Day) (Year)

Description of Motor Vehicle/Motorcycle:

Make _____ Model _____

Serial Number _____

Sales Price \$ _____ Trade-In \$ _____ Net Amt. Paid \$ _____

**TO BE COMPLETED BY A COMMISSIONED OFFICER OF THE ARMED FORCES
OF A HIGHER RANK THAN THE PURCHASER:**

This is to certify that I have examined the service records of _____
(Service Member - Purchaser)
and find that he/she is a member of the Armed Forces of the United States on active duty, assigned to _____
_____, located within South Carolina by reason of military orders, and his/her legal residence
(Military Unit)
according to his/her service record is:

(Street) (City) (State) (Zip)

(Signature) (Military Unit) (Location)

(Name) (Rank) (Date)

LAW

Section 12-36-2120 (25) exempts motor vehicles (excluding trucks) or motorcycles, which are required to be licensed to be used on the highways, sold to a resident of another state, but who is located in South Carolina by reason of orders of the United States Armed Forces. This exemption is allowed only if, within ten days of the sale, the vendor is furnished a statement, from a commissioned officer of the Armed Forces of a higher rank than the purchaser, certifying that the buyer is a member of the Armed Forces on active duty, and a resident of another state or it the buyer furnishes a leave and earnings statement from the appropriate department of the armed services which designates the state of residence of the buyer.

INSTRUCTIONS

1. THE ACCEPTANCE OF THIS CERTIFICATE/STATEMENT BY THE DEPARTMENT WILL DEPEND ON ITS COMPLETENESS, ACCURACY, PROPER SIGNATURE AND SUPPORTING INFORMATION.
2. The exemption cited above applies to **motor vehicles** and **motorcycles only**. It does **NOT** apply to sales of trucks, nonpassenger (cargo) vans, trailers, etc.
3. The purchaser **must** be domiciled in or a resident of a state other than South Carolina and located in the State by reason of orders of the Armed Forces of the United States. Military personnel of other countries on temporary duty in the United States **DO NOT** qualify for this exemption.
4. The certification must be made by a commissioned officer of the Armed Forces of the United States of a higher rank than the purchaser.
5. In lieu of executing this certificate effective August 31, 1994, this exemption also applies if the buyer furnishes a **leave** and **earnings statement** from the appropriate department of the armed services which designates the state of residence of the buyer. The statement should be kept on file in the same manner that this certificate is maintained. Dealers should request the buyer to provide their most recently issued leave and earnings statement.

ST-387
***Application for Sales Tax Exemption for
Exempt Organizations***

This form is used by certain exempt organizations (e.g. Girl Scouts, PTOs, etc.) to apply for a certificate (ST-9) to purchase items for resale tax-free and to sell items tax-free.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**APPLICATION FOR SALES TAX EXEMPTION UNDER CODE SECTION
12-36-2120(41) "EXEMPT ORGANIZATIONS"**
Mail to: SC Department of Revenue, License and Registration,
Columbia, South Carolina 29214-0140

ST-387
(Rev. 7/21/08)
5061

Certain nonprofit organizations in South Carolina are exempt from sales and use tax on items sold by the organizations for charitable purposes. The exemption applies only to items purchased for resale and does not apply to items purchased by an organization for its own use.

Office Use Only
SID# _____

Name of Organization: _____

Location Address (Street Address): _____

City _____ State _____ County _____ Zip _____

Mailing Address: (Street or PO Box) _____

City _____ State _____ County _____ Zip _____

Phone Number: _____ FEI Number: _____

Please check the appropriate box:

Type of ownership: ☐ Corporation ☐ Unincorporated Association ☐ Other _____

1. Has your organization applied for, and been granted, an exemption from the property tax?
☐ YES (Attach copy of property tax exempt letter.) ☐ NO

2. If you answered NO to Question #1, please check the appropriate line:
_____ Applied for property tax exemption and was denied.
_____ Organization owns property in S.C., but never applied for property tax exemption.
_____ Organization owns no property in S.C.

3. Does your organization have a letter from the I.R.S. granting an exemption from federal income tax?
☐ YES (Attach copy) ☐ NO

4. Briefly, explain the purpose of your organization. _____

5. Briefly, describe the items your organization purchases, or will purchase, FOR RESALE. _____

6. Briefly, explain how net proceed from such sales are, or will be, used. _____

7. What other retail sales does your organization make other than those described on line 5? _____

8. What is your South Carolina retail license number? _____

9. What is your liquor license number? _____

When signing this form, it is important that the information contained in your report be correct and complete. To wilfully furnish a false or fraudulent statement to the Department is a crime.

.....
SIGNATURE

.....
TITLE

.....
DATE

IMPORTANT NOTICE

If your organization is granted an exemption under S.C. Code Section 12-36-2120(41), then your organization may buy and sell items tax-free, only if:

1. **Your organization purchases the items for resale;**
2. **The net proceeds from the sales of such items are used exclusively for the exempt purposes of your organization; and**
3. **No benefit inures to any individual.**

PURCHASES OF ITEMS FOR USE BY YOUR ORGANIZATION (i.e., FURNITURE, EQUIPMENT, AND SUPPLIES) MAY **NOT** BE PURCHASED TAX-FREE.

PURPOSE OF FORM AND INSTRUCTIONS

PURPOSE: This form is **required** for those organizations wishing to obtain an exemption from the sales tax under S.C. Code Section 12-36-2120(41).

INSTRUCTIONS:

- A. This form must be completed in its entirety for your organization to be considered for the above exemption.
- B. Please attach a copy of the following documents to this form:

NOTE: Failure to attach this information will cause a delay in processing your application.

1. **Internal Revenue Service exemption letter.**
2. **Organization's charter and bylaws.**
3. **Most recent income statement and balance sheet.**
4. **Any other documents or statements deemed appropriate and/or necessary.**

ST-388
Sales, Use and Accommodations Tax
Return

This return is used by those taxpayers reporting the state sales and use taxes
and the 2% tax on accommodations.

Local taxes are reported on Form ST-389 which you then attach to this form.

Most taxpayers file the ST-388 monthly. The return is due by the 20th day of the
month following the month for which a return pertains. For example, the return
for June 2011 is due by July 20, 2011.

1350



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

STATE SALES, USE, AND ACCOMMODATIONS TAX RETURN

Mail To: SC Department of Revenue, Sales Tax, Columbia, SC 29214-0101



ST-388

(Rev. 10/13/10)
5062

If the business is closed permanently, please complete the form C-278 and return the license. **This is a scannable form, which MUST be completed in black ink only.**

☐ Check if address change and make corrections below.

If the area below is blank, fill in name, address, SSN or Federal Identification No.

FEIN

SID NO.

RETAIL LICENSE OR USE TAX REGISTRATION

FOR FIELD USE ONLY

Period Ended

File Return On or By

COMPLETE THE WORKSHEET ON THE REVERSE SIDE FIRST.

14-4701/14-4702

14-3701/14-3702

34-2707

		14-4701/14-4702	14-3701/14-3702	34-2707
		FOR OFFICE USE ONLY	FOR OFFICE USE ONLY	FOR OFFICE USE ONLY
1.	All Gross Proceeds of Sales/Rental, Use Tax and Withdrawals for Own Use (From line 3 of worksheets)			
		Column A Sales/Use 6% (Tax Rate)	Column B Sales/Use 5% (Tax Rate)	Column C Accommodations 2% (Tax Rate)
1A.	Gross Proceeds of Sales/Rental, Use Tax and Withdrawals for Own Use (From lines 6 and 12 of worksheets)			
1B.	Gross Proceeds of Sales from the Rental of Transient Accommodations (From line 16 of worksheets)			
2.	Total Amount of Deductions (From lines 8, 14 and 18 of worksheets)			
3.	Net Taxable Sales (Line 1A or 1B minus line 2)			
4.	Tax Due (Line 3 x Tax Rate)	6%	5%	2%
5.	Taxpayer's Discount (See instructions for timely filed returns only.)			
6.	Balance Due (Subtract line 5 from line 4 for each column.)			
	7. Penalty (See Instr.)			
	7A. Interest (See Instr.)			
7B.	Total Penalty and Interest (Add lines 7 and 7A for each column.)			
8.	Amount Due (Add lines 6 and 7B for each column.)			
8A.	Total Sales, Use and Accommodations Due (Add line 8 of columns A, B and C.)			
9.	Tax Due ST-389 (From Column D, line 5, page 7 of 8 of form ST-389)			
10.	Total Amount Due (Add lines 8A and 9 of Column B.)			

50621036

SALES AND USE TAX - Worksheet #1

1. **Gross Proceeds of Sales, Accommodations, Rentals and Withdrawals for Own Use** (Total of All Sales) 1. _____
2. **Out-of-State Purchases Subject to Use Tax** 2. _____
3. **Total** (Add lines 1 and 2. Enter total here and on line 1, Column A, on front of return.) 3. _____

If local tax is applicable, enter total on line 1 of ST-389 worksheet.

Note: Sales of unprepared foods are exempt of the State sales and use tax rate. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. Sales that are subject to a local tax must be entered on Form ST-389 (local sales tax worksheet).

6% SALES AND USE TAX - Worksheet #2

This section is used for reporting the total of all sales and purchases subject to the State sales tax rate of 6%. Sales and purchases generally reported in this section include charges for meals, gift items, and additional guest charges (such as room service, amenities, telephone charges, etc.). However, sales of accommodations are excluded from this worksheet section. Total sales of accommodations (subject to State tax rate of 7%) are reported on Worksheet #3 (for 5% tax reporting) and Worksheet #4 (for 2% tax reporting) to determine the total State sales tax due.

4. **Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use** (Sales subject to 6% tax rate requirements) 4. _____
5. **Out-of-State Purchases Subject to Use Tax** 5. _____
6. **Total Gross Proceeds at 6%** (Add lines 4 and 5. Enter total here and on line 1A, Column A on front of return.) 6. _____
7. **Sales and Use Tax Allowable Deductions** (Itemize by Type of Deduction and Amount of Deduction)

Type of Deduction

Amount of Deduction

- a. **Sales Exempt During "Sales Tax Holiday"** ▶\$ _____
- b. **Sales over \$100.00 delivered onto Catawba Reservation** \$ _____
- _____ \$ _____
- _____ \$ _____
- _____ \$ _____

8. **Total Amount of Deductions** (Enter total amount of deductions here and on line 2, Column A on front of return.) 8. < _____ >
9. **Net Sales and Purchases** (Line 6 minus line 8 should agree with line 3, Column A on front of ST-388.) 9. _____

IMPORTANT: This return becomes **DELINQUENT** if it is postmarked after the 20th day (return with payment due on or before the 20th) following the close of the period. Sign and date the return.

For questions regarding this form, call (803) 896-1420.

Internet/E-mail Address:

I hereby certify that I have examined this return and to the best of my knowledge and belief it is a true and accurate return.

Taxpayer's Signature	Owner, Partner or Title	Daytime Phone Number	Date
----------------------	-------------------------	----------------------	------

5% SALES AND USE TAX - Worksheet #3

This section is used for reporting total charges for rooms, lodging and accommodations subject to the State sales tax rate of 7%. The gross proceeds from charges for accommodations must be entered on line 10 of worksheet #3 (subject to 5% tax rate) and line 16 of worksheet #4 (subject to 2% tax rate) to properly report sales subject to 7% state sales tax rate.

10. Gross Proceeds of Sales/Accommodations Rentals and Withdrawals for Own Use 10. _____
(Sales subject to 5% Sales Tax and Accommodations Tax requirements.)

11. Out-of-State Purchases Subject to Use Tax 11. _____

12. Total Gross Proceeds (Add lines 10 and 11. Enter total here and on line 1A, Column B on front of return.) 12. _____

13. Sales and Use Tax Allowable Deductions (Itemize by Type of Deduction and Amount of Deduction)

Type of Deduction	Amount of Deduction
a. Sales Exempt During "Sales Tax Holiday"	\$ _____
b. Sales over \$100.00 delivered onto Catawba Reservation	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

14. Total Amount of Deductions (Enter total amount of deductions here and on line 2, Column B on front of return.) 14. **<** _____ **>**

15. Net Sales and Purchases (Line 12 minus line 14 should agree with line 3, Column B on front of ST-388.) 15. _____

2% ACCOMMODATIONS TAX - Worksheet #4

16. Gross Proceeds of Sales from the Rental of Transient Accommodations 16. _____
(Enter total sales of accommodations here and on line 1B, Column C, on front of return.)

17. Sales and Use Tax Allowable Deductions (Itemize by Type and Amount of Deduction)

Type of Deduction	Amount of Deduction
_____	\$ _____
_____	\$ _____
_____	\$ _____

18. Total Amount of Deductions 18. **<** _____ **>**
(Enter total amount of deductions here and on line 2, Column C on front of return.)

19. Net Sales of Transient Accommodations 19. _____
(Line 16 minus line 18 should agree with line 3 of Column C on front of ST-388.)

ST-389

Schedule for Local Taxes

Form ST-389 is used by those taxpayers who report the $\frac{1}{2}\%$ or 1% local taxes. The form is used to report the local tax by county and municipality. Each county and municipality is identified by a four digit code, which is required to be shown on this form.

Form ST-389 is attached to and submitted with Forms ST-3, ST-388, ST-403, ST-455, or ST-501.



For Tax Periods 3-1-11 and after

STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

SCHEDULE FOR LOCAL TAXES

(Attach to form ST-3, ST-388, ST-403, ST-455 and ST-501 when filed.)

ST-389

(Rev. 12/1/10)

5063

For Tax Periods
3-1-11 and after

Retail License or Use Tax

Registration Number _____

Business Name _____

Period ended _____

Page _____

of _____

NOTE: DO NOT TAKE CREDITS OR REPORT NEGATIVE AMOUNTS ON THIS FORM.

To apply for refunds, see ST-14.

Name of County or Jurisdiction	Code	Net Taxable Amount	Local Tax	Discount	Net Amount After Discount
1. CAPITAL PROJECT TAX	34-2726	(A)	(B)	(C)	(D)
AIKEN	1002	x 1% =	-	=	
ALLENDALE	1003	x 1% =	-	=	
CHESTER	1012	x 1% =	-	=	
FLORENCE	1021	x 1% =	-	=	
GREENWOOD	1024	x 1% =	-	=	
HORRY	1026	x 1% =	-	=	
LANCASTER	1029	x 1% =	-	=	
NEWBERRY	1036	x 1% =	-	=	
ORANGEBURG	1038	x 1% =	-	=	
SUMTER	1043	x 1% =	-	=	
YORK	1046	x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	

All pages of ST-389 must be submitted.

page 1 of 8

ST-389 WORKSHEET (If applicable)

The ST-389 is used to report various types of local taxes. Most of the local sales and use taxes reported on the ST-389 provide the same exemptions. However, some local taxes provide different exemptions from other local taxes. Before claiming a deduction on the ST-389 worksheet, you must report your gross sales (taxable and nontaxable) on line 1 of the ST-389 worksheet. Review carefully the exemptions applicable to the particular local tax or tribal tax since the exemptions may differ from the state tax exemptions or differ from another local tax exemption.

For instance, the sales of unprepared foods are exempt of the State sales and use tax rate. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. Sales of unprepared foods that qualify for local sales and use tax exemption which also qualified for state sales and use tax exemption should be shown as a deduction on line 2 of the ST-389 worksheet for local taxes. To obtain information about local tax exemptions, visit our website www.sctax.org to obtain a current copy of the Department's Policy Document which discusses the types of local taxes imposed and exemptions allowed under each local tax.

Note: When your sales, purchases and withdrawals are made or delivered into a locality with more than one local tax type, the total net taxable amount on line 1, page 7 of 8 of form ST-389 will not agree with line 4 of ST-389 worksheet. If this circumstance occurs, you should complete a separate ST-389 Worksheet for each local tax type and complete the appropriate local tax section on the ST-389 form.

- 1. Total - Gross Proceeds of Sales/Rentals, Use Tax and Withdrawals of Inventory for Own Use:** As reported on state sales and use tax return worksheet (Line 3 of ST-3, ST-388, ST-455 or lines 3 and 7 of ST-403 and ST-501.)

1. _____

2. Local Tax Allowable Deductions

Column A Type of Deduction	Column B Amount of Deduction
<u>a. Catawba Sales less than \$100.00</u>	\$ _____
<u>b. Sales Not Subject to Local Tax</u>	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

- 3. Total Amount of Deductions:** Enter the Total Allowable Deductions from Column B.

3. _____

- 4. Net Sales and Purchases:** (Line 1 minus line 3.)
Should agree with ST-389, Page 7, line 1, Column A.

4. _____

Note: This form does not address the local taxes on sales that are collected directly by the counties or municipalities (sales of accommodations or prepared meals.) It only addresses the general local taxes collected by the Department of Revenue on behalf of the counties, school districts, and the Catawba Indian tribal government.

CAPITAL PROJECT, CATAWBA TRIBAL, EDUCATION CAPITAL IMPROVEMENT, SCHOOL DISTRICT, TOURISM DEVELOPMENT AND TRANSPORTATION TAX NUMERICAL CODES

As a result of specific legislation, certain counties and jurisdictions now impose additional sales and use taxes, which are identified as Capital Project, Catawba Tribal, Education Capital Improvement, School District, Tourism Development, or Transportation Tax. These taxes are required to be reported based upon the county or jurisdiction in which the sale consummates. (Usually this is where the business is located, but it can be the place of delivery or physical presence by acceptance of the goods sold, if different from the business location.) For your convenience, the counties and jurisdictions that currently impose these additional taxes are listed on this form with their assigned four digit processing code.

All pages of ST-389 must be submitted.

page 2 of 8

50632058

For Tax Periods 3-1-11 and after

**NOTE: DO NOT TAKE CREDITS OR REPORT NEGATIVE AMOUNTS ON THIS FORM.
To apply for refunds, see ST-14.**

Retail License or Use Tax
Registration Number _____

Business Name _____

Period ended _____ Page _____ of _____

Name of County or Jurisdiction	Code	Net Taxable Amount	Local Tax	Discount	Net Amount After Discount
--------------------------------------	------	-----------------------	--------------	----------	------------------------------

2. SCHOOL DISTRICT / EDUCATION CAPITAL IMPROVEMENT TAX

34-2730

	(A)	(B)	(C)	(D)
CHARLESTON	5101 _____ x 1% =	_____ -	_____ =	_____
CHEROKEE	5111 _____ x 1% =	_____ -	_____ =	_____
CHESTERFIELD	5131 _____ x 1% =	_____ -	_____ =	_____
CLARENDON	5140 _____ x 1% =	_____ -	_____ =	_____
DARLINGTON	5161 _____ x 1% =	_____ -	_____ =	_____
DILLON	5170 _____ x 1% =	_____ -	_____ =	_____
HORRY	5261 _____ x 1% =	_____ -	_____ =	_____
JASPER	5271 _____ x 1% =	_____ -	_____ =	_____
LEE	5311 _____ x 1% =	_____ -	_____ =	_____
LEXINGTON	5320 _____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____ x 1% =	_____ -	_____ =	_____

All pages of ST-389 must be submitted.

ST-389, page 3 of 8

50633056

NOTE: DO NOT TAKE CREDITS OR REPORT NEGATIVE AMOUNTS ON THIS FORM.
To apply for refunds, see ST-14.

Retail License or Use Tax
Registration Number _____

Business Name _____

Period ended _____ Page _____ of _____

Name of County or Jurisdiction	Code	Net Taxable Amount	Local Tax	Discount	Net Amount After Discount
--------------------------------------	------	-----------------------	--------------	----------	------------------------------

3. TRANSPORTATION TAX 34-2728

		(A)	(B)	(C)	(D)
BEAUFORT	1007	x 1% =	-	=	
BERKELEY	1008	x 1% =	-	=	
CHARLESTON	1010	x .005 =	-	=	
DORCHESTER	1018	x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	

4. CATAWBA TRIBAL TAX 34-3766 **Only complete this section if you are making sales on the reservation.**

		(A)	(B)	(C)	(D)
LANCASTER	1029	x 8% =	-	=	
YORK	1046	x 7% =	-	=	

5. RESERVED	(A)	(B)	(C)	(D)
		-	=	

DO NOT COMPLETE SECTION #5.

All pages of ST-389 must be submitted.

ST-389, page 4 of 8

50634054

NOTE: DO NOT TAKE CREDITS OR REPORT NEGATIVE AMOUNTS ON THIS FORM.
To apply for refunds, see ST-14.

Period ended _____ Page _____ of _____

Name of County or Jurisdiction	Code	Net Taxable Amount	Local Tax	Discount	Net Amount After Discount
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[illegible]

All pages of ST-389 must be submitted.

ST-389, page 5 of 8

LOCAL OPTION NUMERICAL CODES FOR COUNTY/MUNICIPALITY (Rev. 8/20/10)

The four digit code(s) listed below are to be used when filing this form. Each code reflects the location at which the sale was consummated. (Usually this is where the business is located, but it can be the place of delivery or physical presence by acceptance of the goods sold, if different from the business location.)

Local Option Tax is applicable only to the counties listed below. Only names of incorporated towns are included in this listing. Other counties may be added at a later date by referendum. A complete updated list of all counties with local taxes can be found on our website www.sctax.org under Sales and Use > Publications/Notices.

If the sale is consummated in a municipality you must use the city code, not the general county code.

Name	Code	Name	Code	Name	Code	Name	Code
Abbeville County	1001	North Charleston	2656	Florence County	1021	Marlboro County	1035
Abbeville (City)*	2005	Ravenel	2745	Florence (City)*	2286	Bennettsville	2062
Calhoun Falls	2100	Rockville	2783	Coward	2175	Blenheim	2072
Donalds	2212	Seabrook Island	2812	Johnsonville	2446	Clio	2154
Due West	2216	Sullivans Island	2867	Lake City	2470	McColl	2576
Honea Path	2425	Summerville	2875	Olanta	2670	Tatum	2895
Lowndesville	2538	Cherokee County	1011	Pamplico	2689	McCormick County	1033
Ware Shoals	2944	Blacksburg	2068	Quinby	2735	McCormick (City)*	2582
Allendale County	1003	Gaffney	2330	Scranton	2810	Parksville	2692
Allendale (Town)*	2015	Chester County	1012	Timmonsville	2897	Plum Branch	2722
Fairfax	2280	Chester (City)*	2139	Hampton County	1025	Pickens County	1039
Sycamore	2889	Fort Lawn	2304	Hampton (Town)*	2380	Pickens (City)*	2716
Ulmers	2910	Great Falls	2354	Brunson	2082	Central	2118
Bamberg County	1005	Lowrys	2542	Estill	2265	Clemson	2148
Bamberg (Town)*	2052	Richburg	2755	Furman	2320	Easley	2230
Denmark	2204	Chesterfield County	1013	Gifford	2336	Liberty	2510
Ehrhardt	2245	Chesterfield (Town)*	2142	Luray	2546	Norris	2644
Govan	2346	Cheraw	2133	Scotia	2807	Six Mile	2828
Olar	2674	Jefferson	2444	Varnville	2932	Richland County	1040
Barnwell County	1006	McBee	2570	Yemassee	2985	Arcadia Lakes	2030
Barnwell (City)*	2054	Mount Croghan	2606	Jasper County	1027	Blythewood	2075
Blackville	2070	Pageland	2686	Hardeeville	2384	Columbia	2160
Elko	2255	Patrick	2695	Ridgeland	2765	Eastover	2235
Hilda	2408	Ruby	2790	Kershaw County	1028	Forest Acres	2298
Kline	2466	Clarendon County	1014	Bethune	2064	Irmo	2434
Snelling	2835	Manning	2585	Camden	2103	Saluda County	1041
Williston	2970	Paxville	2698	Elgin	2250	Saluda (Town)*	2801
Berkeley County	1008	Summerton	2871	Lancaster County	1029	Batesburg	2057
Charleston (City)*	2129	Turbeville	2905	Lancaster (City)*	2482	Monetta	2602
Bonneau	2076	Colleton County	1015	Heath Spring	2396	Ridge Spring	2760
Goose Creek	2342	Cottageville	2172	Kershaw	2460	Ward	2942
Hanahan	2382	Edisto Beach	2243	Laurens County	1030	Sumter County	1043
Jamestown	2442	Lodge	2530	Laurens (City)*	2498	Sumter (City)*	2880
Moncks Corner	2600	Smoaks	2831	Clinton	2151	Mayesville	2594
St. Stephens	2858	Walterboro	2940	Cross Hill	2181	Pinewood	2720
Summerville	2876	Williams	2965	Fountain Inn	2316	Williamsburg County	1045
Calhoun County	1009	Darlington County	1016	Gray Court	2350	Andrews	2026
Cameron	2106	Darlington (City)*	2200	Ware Shoals	2946	Greeleyville	2358
St. Matthews	2855	Hartsville	2392	Waterloo	2947	Hemingway	2400
Charleston County	1010	Lamar	2478	Lee County	1031	Kingstree	2463
Charleston (City)*	2130	Society Hill	2837	Bishopville	2066	Lane	2490
Awendaw	2038	Dillon County	1017	Lynchburg	2554	Stuckey	2864
Folly Beach	2292	Dillon (City)*	2208	Marion County	1034		
Hollywood	2420	Lake View	2474	Marion (City)*	2588		
Isle of Palms	2436	Latta	2494	Mullins	2612		
James Island	2441	Edgefield County	1019	Nichols	2636		
Kiawah Island	2462	Edgefield (Town)*	2240	Sellers	2813		
Lincolnville	2514	Johnston	2448				
McClellanville	2573	North Augusta	2653				
Meggett	2597	Trenton	2901				
Mt. Pleasant	2609	Fairfield County	1020				
		Jenkinsville	2445				
		Ridgeway	2775				
		Winnsboro	2972				

All pages of ST-389 must be submitted.

Special Notice

***If your sales or purchases are delivered within a city or town, you must use the CITY or TOWN code to properly identify the specific city.**

NOTE: DO NOT TAKE CREDITS OR REPORT NEGATIVE AMOUNTS ON THIS FORM.
To apply for refunds, see ST-14.

Retail License or Use Tax
Registration Number _____

Business Name _____

Period ended _____

Page _____ of _____

Name of County or Jurisdiction	Code	Net Taxable Amount	Local Tax	Discount	Net Amount After Discount
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7. TOURISM DEVELOPMENT TAX

34-2740 (A)

(B)

(C)

(D)

MYRTLE BEACH	2615	x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	
		x 1% =	-	=	

SUMMARY: Complete all pages of the ST-389 first, then enter totals here.

- Add Column A from pages 1, 3, 4, 5, 7
and all ST389-A's. 1 ▶ _____
- Add Column B from pages 1, 3, 4, 5, 7 and all ST389-A's..... 2 _____
- Add Column D from pages 1, 3, 4, 5, 7 and all ST389-A's 3 ▶ _____
- Penalty _____ Interest _____ OFFICE USE ONLY: _____ 4 ▶ _____
(Add Local Tax Penalty and Interest)
- Total (Add lines 3 and 4) 5 _____
Enter amount on line 9 of ST-3, ST-388, ST-455 or line 17 of ST-403 and ST-501.

NOTE: Other counties may adopt local taxes at a later date.

For answers to questions pertaining to completing this form, please call (803) 898-5788.

Mail to: Department of Revenue, Sales Tax, Columbia, SC 29214-0101

All pages of ST-389 must be submitted.

page 7 of 8

50637057

Collection of Catawba Tribal Sales Tax

The Catawba Tribal Sales Tax is set aside in a tribal trust fund for the benefit of the tribe and its members. The reservation is located in parts of York and Lancaster counties. The chart shown below illustrates the type of tax imposed and tax rate to be collected from various points of delivery.

New Sales Tax Rate for Catawba Tribal Tax Effective May 1, 2009

Tax Chart of Applicable Tax Type and Rates on Sales to Catawba Reservation

Explanation of Applicable Deliveries	Tax Type	Tax Rate by County	
		York	Lancaster
Retailers located on the reservation and making a sale (delivery) on the reservation	Tribal Tax	**7%	**8%
Retailers located within the state and off the reservation making a sale (delivery) on the reservation greater than \$100.00.	Tribal Tax	** 7%	**8%
*Retailers located within the state and off the reservation making a sale (delivery) on the reservation of \$100.00 or less.	State Tax Only	*6%	*6%
*Retailers located outside the state (registered with DOR) making a sale (delivery) on the reservation	State Tax Only	*6%	*6%

*Local taxes would not be applicable in these circumstances only.

****Note: The tribal sales tax rates within the Reservation may change in the future.** For additional information concerning the tribal sales tax see SC Revenue Ruling #98-18.

Collection of Tourism Development Tax

The Municipal Council of the City of Myrtle Beach has implemented a 1% Local Option Tourism Development Fee (referred to as Tourism Development Sales and Use Tax). This tourism development tax is imposed specifically for tourism advertisement and promotion directed at non-South Carolina residents.

This tax is collected by retailers located in or making sales into the City of Myrtle Beach. Retailers reporting the tourism development tax must report the tax by the municipality of delivery (as preprinted in Section 7 on Form ST-389). The tax does not apply to items subject to a maximum tax or the gross proceeds of sales of unprepared food that may lawfully be purchased with United States Department of Agriculture food coupons.

All pages of ST-389 must be submitted.

page 8 of 8

50638055

ST-389A

Local Option Addendum

This form is used by those taxpayers who have multiple local taxes to report.

The form is used to report the local taxes by county and municipality. Each county and municipality is identified by a four digit code, which is required to be shown on this form.

Business Name

Period ended _____ Page _____ of _____

DO NOT TAKE CREDITS OR REPORT NEGATIVE AMOUNTS ON THIS FORM. To apply for refunds, see ST-14.



*If more space is needed, copy this form and change page numbers above.



List **one** entry **per** line.

6. LOCAL OPTION TAX

34-2721

(A)

(B)

(C)

(D)

[illegible]

LOCAL OPTION NUMERICAL CODES FOR COUNTY/MUNICIPALITY

The four digit code(s) listed below are to be used when filing this form. Each code reflects the location at which the sale was consummated. (Usually this is where the business is located, but it can be the place of delivery or physical presence by acceptance of the goods sold, if different from the business location.)

Local Option Tax is applicable only to the counties listed below. Only names of incorporated towns are included in this listing. Other counties may be added at a later date by referendum. A complete updated list of all counties with local taxes can be found on our website www.sctax.org under Sales and Use > Publications.

If the sale is consummated in a municipality you must use the city code, not the general county code.

Name	Code	Name	Code	Name	Code	Name	Code
Abbeville County	1001	North Charleston	2656	Florence County	1021	Marlboro County	1035
Abbeville (City)*	2005	Ravenel	2745	Florence (City)*	2286	Bennettsville	2062
Calhoun Falls	2100	Rockville	2783	Coward	2175	Blenheim	2072
Donalds	2212	Seabrook Island	2812	Johnsonville	2446	Clio	2154
Due West	2216	Sullivans Island	2867	Lake City	2470	McColl	2576
Honea Path	2425	Summerville	2875	Olanta	2670	Tatum	2895
Lowndesville	2538	Cherokee County	1011	Pamplico	2689	McCormick County	1033
Ware Shoals	2944	Blacksburg	2068	Quinby	2735	McCormick (City)*	2582
Allendale County	1003	Gaffney	2330	Scranton	2810	Parksville	2692
Allendale (Town)*	2015	Chester County	1012	Timmonsville	2897	Plum Branch	2722
Fairfax	2280	Chester (City)*	2139	Hampton County	1025	Pickens County	1039
Sycamore	2889	Fort Lawn	2304	Hampton (Town)*	2380	Pickens (City)*	2716
Ulmers	2910	Great Falls	2354	Brunson	2082	Central	2118
Bamberg County	1005	Lowrys	2542	Estill	2265	Clemson	2148
Bamberg (Town)*	2052	Richburg	2755	Furman	2320	Easley	2230
Denmark	2204	Chesterfield County	1013	Gifford	2336	Liberty	2510
Ehrhardt	2245	Chesterfield (Town)*	2142	Luray	2546	Norris	2644
Govan	2346	Cheraw	2133	Scotia	2807	Six Mile	2828
Olar	2674	Jefferson	2444	Varnville	2932	Richland County	1040
Barnwell County	1006	McBee	2570	Yemassee	2985	Arcadia Lakes	2030
Barnwell (City)*	2054	Mount Croghan	2606	Jasper County	1027	Blythewood	2075
Blackville	2070	Pageland	2686	Hardeeville	2384	Columbia	2160
Elko	2255	Patrick	2695	Ridgeland	2765	Eastover	2235
Hilda	2408	Ruby	2790	Kershaw County	1028	Forest Acres	2298
Kline	2466	Clarendon County	1014	Bethune	2064	Irmo	2434
Snelling	2835	Manning	2585	Camden	2103	Saluda County	1041
Williston	2970	Paxville	2698	Elgin	2250	Saluda (Town)*	2801
Berkeley County	1008	Summerton	2871	Lancaster County	1029	Batesburg	2057
Charleston (City)*	2129	Turbeville	2905	Lancaster (City)*	2482	Monetta	2602
Bonneau	2076	Colleton County	1015	Heath Spring	2396	Ridge Spring	2760
Goose Creek	2342	Cottageville	2172	Kershaw	2460	Ward	2942
Hanahan	2382	Edisto Beach	2243	Laurens County	1030	Sumter County	1043
Jamestown	2442	Lodge	2530	Laurens (City)*	2498	Sumter (City)*	2880
Moncks Corner	2600	Smoaks	2831	Clinton	2151	Mayesville	2594
St. Stephens	2858	Walterboro	2940	Cross Hill	2181	Pinewood	2720
Summerville	2876	Williams	2965	Fountain Inn	2316	Williamsburg County	1045
Calhoun County	1009	Darlington County	1016	Gray Court	2350	Andrews	2026
Cameron	2106	Darlington (City)*	2200	Ware Shoals	2946	Greeleyville	2358
St. Matthews	2855	Hartsville	2392	Waterloo	2947	Hemingway	2400
Charleston County	1010	Lamar	2478	Lee County	1031	Kingstree	2463
Charleston (City)*	2130	Society Hill	2837	Bishopville	2066	Lane	2490
Awendaw	2038	Dillon County	1017	Lynchburg	2554	Stuckey	2864
Folly Beach	2292	Dillon (City)*	2208	Marion County	1034		
Hollywood	2420	Lake View	2474	Marion (City)*	2588		
Isle of Palms	2436	Latta	2494	Mullins	2612		
James Island	2441	Edgefield County	1019	Nichols	2636		
Kiawah Island	2462	Edgefield (Town)*	2240	Sellers	2813		
Lincolnville	2514	Johnston	2448				
McClellanville	2573	North Augusta	2653				
Meggett	2597	Trenton	2901				
Mt. Pleasant	2609	Fairfield County	1020				
		Jenkinsville	2445				
		Ridgeway	2775				
		Winnsboro	2972				

Special Notice

*If your sales or purchases are delivered within a city or town, you must use the CITY or TOWN code to properly identify the specific city.

ST-405

Certificate to Limit to \$300 the Maximum Sales/Use Tax on Sales of Self-Propelled Light Construction Equipment

Self-propelled light construction equipment used for construction purposes is subject to a \$300 maximum sales tax cap. This form is to be completed by the purchaser and given to the seller as proof that the purchase was for an allowable purpose in the event the seller is questioned on the sale.


**CERTIFICATE TO LIMIT TO THREE HUNDRED DOLLARS
(\$300.00) THE MAXIMUM SALES/USE TAX ON SALES OF
SELF PROPELLED LIGHT CONSTRUCTION EQUIPMENT**
ST-405

 (Rev. 9/16/08)
5096

Purchaser's Statement:

As purchaser, I certify that the equipment being purchased is used for construction purposes (i.e. building or making additions to real property). I understand that if equipment is purchased for any other use such as maintenance or repair (i.e. road repair, mowing, golf course maintenance or in a landfill), the \$300.00 maximum tax does not apply. Furthermore, I understand that by extending this certificate that I am assuming liability for the sales or use tax due. If this equipment is used for other than construction purposes, the full rate of the tax applies.

 Name of Purchaser _____
(Please Print)

 Address _____
(Street) (City) (State) (ZIP)

Kind of Business Engaged in by Purchaser _____

Name of Seller _____

 Seller's Retail License Number _____
(000-00000-0)

Date of Sale _____ Invoice Number _____

Amount of Sale \$ _____

Description of Self Propelled Light Construction Equipment and Compatible Attachments Purchased:

For what purpose will the equipment be used: _____

Net Engine Horsepower _____ (may not exceed 160 net engine horsepower)

 Signed _____
Signature of Purchaser (Owner, Partner or Corp. Officer)

(Title)

(Date)

Article 21, Chapter 36, of Title 12 of the 1976 Code.

Pursuant to Code Section 12-36-2110(A)(7), the maximum sales or use tax imposed is \$300 of each self propelled light construction equipment with compatible attachments limited to a maximum of one hundred sixty net engine horsepower.

ST-455
***State Sales, Use, Maximum Tax and
Special Filers Tax Return***

This form is used by those taxpayers reporting the state sales and use tax of 6% and 5%.

This form is normally used by businesses that have Maximum Tax sales (\$300 cap or who receive a 1% exemption certificate from the state sales tax)

Local taxes are reported on Form ST-389 which you then attach to this form.

Just as with the ST-3, most taxpayers file the ST-455 monthly. The return is due by the 20th day of the month following the month for which a return pertains. For example, the return for April 2011 is due by May 20, 2011.

1350



**STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
STATE SALES, USE, MAXIMUM TAX AND SPECIAL FILERS TAX RETURN**

Mail To: SC Department of Revenue, Sales Tax, Columbia, SC 29214-0101



ST-455
(Rev. 9/24/10)
5162

If the business is closed permanently, please complete the form C-278 and return the license. **This is a scannable form, which MUST be completed in black ink only.**

☐ Check if address change and make corrections below.

If the area below is blank, fill in name, address, SSN or Federal Identification No.

FEIN

SID NO.

RETAIL LICENSE OR USE TAX REGISTRATION

FOR FIELD USE ONLY

Period Ended

File Return On or By

COMPLETE THE WORKSHEET ON THE REVERSE SIDE FIRST.

14-4701/14-4702

14-3701/14-3702

		14-4701/14-4702	14-3701/14-3702
		FOR OFFICE USE ONLY	FOR OFFICE USE ONLY
1.	All Gross Proceeds of Sales/Rental, Use Tax and Withdrawals for Own Use (From line 3 of worksheets)		
		Column A Sales/Use 6%(Tax Rate)	Column B Sales/Use 5% (Tax Rate)
1A.	Total Gross Proceeds of Sales/Rental, Use Tax and Withdrawals for Own Use (From line 6 and 12 of worksheets)		
2.	Total Amount of Deductions (From line 8 and 14 of worksheets)		
3.	Net Taxable Sales (Line 1A minus line 2 for each column)		
4.	Tax Due (Line 3 x Tax Rate)	6%	5%
5.	Taxpayer's Discount (See instructions for timely filed returns only.)		
6.	Balance Due (Subtract line 5 from line 4 for each column.)		
	7. Penalty (See Instr.)		
	7A. Interest (See Instr.)		
7B.	Total Penalty and Interest (Add lines 7 and 7A for each column.)		
8.	Amount Due (Add lines 6 and 7B for each column.)		

8A.	Total Sales and Use Tax Due (Add line 8 of Columns A and B.)	8A.	
9.	Tax Due From ST-389 (From Column D, line 5, page 7 of 8 of form ST-389)	9.	
10.	Total Amount Due (Add line 8A and 9)	10.	

51621027

COLUMN A - SALES AND USE TAX

WORKSHEET #1 - GROSS PROCEEDS AND PURCHASES

- | | |
|--|----------|
| 1. Gross Proceeds of Sales, Rentals and Withdrawals for Own Use
(Total of All Sales) | 1. _____ |
| 2. Out-of-State Purchases Subject to Use Tax | 2. _____ |
| 3. Total (Add lines 1 and 2. Enter total here and on line 1, Column A, on front of return.)
If local tax is applicable, enter the total on line 1 of ST-389 worksheet. | 3. _____ |

Note: Sales of unprepared foods are exempt of the State sales and use tax rate. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. Sales that are subject to a local tax must be entered on Form ST-389 (local sales tax worksheet).

WORKSHEET #2 - 6% SALES AND USE TAX

- | | |
|--|----------|
| 4. Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use
(Enter Sales subject to 6% tax rate requirements.) | 4. _____ |
| 5. Out-of-State Purchases Subject to Use Tax | 5. _____ |
| 6. Total Gross Proceeds at 6% (Add lines 4 and 5. Enter total here and on line 1A, Column A on front of return.) | 6. _____ |
7. **Sales and Use Tax Allowable Deductions** (Itemize by Type of Deduction and Amount of Deduction)

Type of Deduction	Amount of Deduction
a. Sales Exempt During "Sales Tax Holiday"	▶ \$ _____
b. Sales over \$100.00 delivered onto Catawba Reservation	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

- | | |
|--|--------------|
| 8. Total Amount of Deductions (Enter total here and on line 2 of Column A on front of return.) | 8. < _____ > |
| 9. Net Sales and Purchases (Line 6 minus line 8 should agree with line 3, Column A on front of ST-455.) | 9. _____ |

IMPORTANT: This return becomes **DELINQUENT** if it is postmarked after the 20th day (return with payment due on or before the 20th) following the close of the period. Sign and date the return.

For questions regarding this form, call (803) 896-1420.

Internet/E-mail Address: _____

I hereby certify that I have examined this return and to the best of my knowledge and belief it is a true and accurate return.

Taxpayer's Signature	Owner, Partner or Title	Daytime Phone Number	Date
----------------------	-------------------------	----------------------	------

COLUMN B - SALES AND USE TAX

WORKSHEET #3 - 5% SALES AND USE TAX

10. Gross Proceeds of Sales/Rentals and Withdrawals for Own Use (Enter sales subject to 5% tax rate requirements.) 10. _____

11. Out-of-State Purchases Subject to Use Tax 11. _____

12. Total Gross Proceeds at 5% (Add lines 10 and 11. Enter total here and on line 1A, Column B on front of return.) 12. _____

13. Sales and Use Tax Allowable Deductions (Itemize by Type of Deduction and Amount of Deduction)

Type of Deduction	Amount of Deduction
a. Sales over \$100.00 delivered onto Catawba Reservation _____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

14. Total Amount of Deductions (Enter total here and on line 2 of Column B on front of return.) 14. \leq _____ \geq

15. Net Sales and Purchases (Line 12 minus line 14 should agree with line 3, Column B on front of ST-455.) 15. _____

UT-3
Individual Purchase Use Tax Return

This form is used by individuals who are not required to file a sales tax return but who have use tax to report on purchases made from out-of-state.

1350



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

SC USE TAX WORKSHEET

UT-3W
(Rev. 8/20/10)
3276

The State sales and use tax rate is 6%. 5% is to be used to fund public education and 1% is to be used for the purpose of reducing property taxes.

Column A Date of Purchase	Column B Name of Store/ Company/ Vendor	Column C Total Price of Purchases <small>(includes shipping & handling, warranty costs and sales or use tax due and paid on the purchase.)</small>	Column D Sales or Use Tax Due and Paid to another state or local jurisdiction	Column E Amount Taxable <small>(subtract Column D from Column C) Items Purchased After May 31, 2007 (State Rate 6%)</small>
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
		\$	\$	\$
Line 1		Total of Column C: \$	Total of Column D: \$	Total of Column E: \$
Line 2	Enter your County's state and local sales and use tax rate. SC statewide tax rate is 6%. The local tax rate is in addition to the state tax rate. Note: Sales of unprepared foods are exempt of the State sales and use tax rate; however, local taxes still apply to sales of unprepared food unless the local tax law specifically exempts such sales.			%
Line 3	Multiply Line 1 of Column E by the rate on Line 2 of Column E.			\$
Line 4	Enter here the applicable amount of tax due and paid other state and local jurisdictions from Line 1, Total of Column D.			\$
Line 5	SC Use Tax Due. Subtract Line 4 from Line 3. Enter here and on your Use Tax Payment Return, or Individual Income Tax Return, or when filing online at www.sctax.org Round to the nearest dollar and make check or money order payable to: SC Department of Revenue.			\$

..... detach here

1350



SC DEPARTMENT OF REVENUE
USE TAX PAYMENT RETURN

UT-3
(Rev. 8/20/10)
3276

Mail To:
South Carolina Department of Revenue, Sales Tax, Columbia, SC 29214-0110

Your Social Security Number

County

MONTH (MM):

TAX YEAR (YY):

Municipality Name

(Enter from Line 5,
Column E of
the Worksheet here)
14-4712

Name and Street Address

.00

Office Use Only

When signing this form, it is important that the information contained in your report be correct and complete. To willfully furnish a false or fraudulent statement to the Department is a misdemeanor.

Taxpayer's Signature _____ Date _____

32761033

SC8822
Change of Address/Business
(Formerly Form ST-395)

This form is used to provide information relative to change of business location.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**CHANGE OF NAME / ADDRESS / BUSINESS
LOCATION**

SC8822
(Rev. 6/20/08)
3314

Please complete this form to notify the South Carolina Department of Revenue of a change of name / address and/or business location for an individual or business. Please print or type all information.

Check applicable box:

☐ **Individual** - Complete Part I ☐ **Business** - Complete Part II ☐ **Both** - Complete Part I and II

Part I - Individual Change of Name / Address

Effective Date _____

1. Name _____ Social Security Number _____
2. Spouse's Name _____ Social Security Number _____
3. Prior Name _____

(Complete Line 3 if you or your spouse changed last name due to marriage, divorce, etc.)

4a. Old Address _____ 4b. Spouse's Old Address (if different from 4a.) _____

5. New Address _____ 6. New Telephone Number (include Area Code)
() _____

7. County _____

Signature _____ Spouse's Signature _____

Part II - Business Change of Name / Address / Location

SID # _____

**Important - A change of ownership will require the business to register for new accounts.
Account numbers must be listed before address changes can be made.**

1. Address Change Applies To: ☐ Corporate Account # _____
☐ Sales* Account # _____
☐ Withholding Account # _____
☐ Other Account # _____

Effective Date: _____

*A change to Sales Tax may require the return of your retail license (See Instructions on Reverse).

2. Federal Identification Number _____ (If required by Internal Revenue Service)

3. New Business Name _____

4. Prior Business Name _____

5. Owner/Partner/Corporate Name (if different from 4) _____

Lines 6 and 7 should reflect the physical/street address of the business - no PO boxes.

6. New Business Address

Address _____

County _____

City, State, Zip _____

7. Previous Business Address

Address _____

County _____

City, State, Zip _____

8. New Mailing Address

Address _____

City, State, Zip _____

9. Previous Mailing Address

Address _____

City, State, Zip _____

10. Telephone Number (after Date of Change) _____ - _____ - _____

Telephone Number effective for all taxes? ☐ Yes ☐ No If not, provide other telephone numbers and specify applicable taxes. _____

(Continued on Back)

11. Business within Municipal Limits: ☐ Yes ☐ No If Yes, which City? _____

12. Description of Business Activity: _____

13. Location of Records (after Date of Change) for:

Sales	Withholding	Corporate
_____	_____	_____
_____	_____	_____
_____	_____	_____

14. Names of Business Owners/Partners/Officers - Social Security Number(s) Required for Owners/Partners:

Name	Social Security Number	Address	% Owned
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Signature of Owner/Partner/Officer: _____ Date: _____

GENERAL INSTRUCTIONS

Part I - Individual:

- (1) Department records will be updated to reflect the change of address as soon as possible after receipt of this form. If you wish this change to be effective on a specific date, indicate the date.
- (2) Provide complete name and Social Security Number. This will enable the Department of Revenue to locate your records.
- (3) Complete prior name on Line #3 in the case of a legal name change (enclose a copy of name change document), marriage or divorce. Indicate the full name used previously.
- (4) Signatures are required from each person affected by the change of address.

MAIL TO: SC DEPARTMENT OF REVENUE, INCOME TAX, COLUMBIA, S.C. 29214-0015

Part II - Business:

- (1) A change of ownership requires the new owner to register for all new tax accounts. Tax accounts cannot be transferred from one owner to another. The new owner will be required to complete a Business Tax Application, Form SCTC-111.
- (2) The following location changes will require the issuance of a new Sales Tax Retail License:
 - A change in location from one county to another within South Carolina;
 - A change from an out-of-state location to a location within South Carolina; or
 - A change from a location within South Carolina to an out-of-state location.These changes require the return of your current license; a new license will be issued with the corrected information. Attach the current license to this form.
- (3) **Provide the current South Carolina Account numbers for each account to which the change applies. Attach a separate sheet if needed.**
- (4) Provide the Federal Identification Number (FEIN) and full name of the business as registered with the Department of Revenue. Any corporate name provided should be the same name registered with the South Carolina Secretary of State.
- (5) Lines 6 and 7 should reflect the actual physical address of the business. Do not use a post office box. The county for the location is required.
- (6) Line 12 should list a specific description of the business activity.
- (7) Line 13 should reflect the location of the books/records of the business. Provide the name of the person responsible for the care of the book/records.
- (8) Update the current owners/partners/officers of the business on Line 14.
- (9) The signature of an owner/partner/officer (or authorized representative) is required.

MAIL TO: SC DEPARTMENT OF REVENUE, ATTN: LICENSE & REGISTRATION, COLUMBIA, S.C. 29214-0140

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.

Frequently Asked Sales Tax Questions



General

1. **Are delivery charges by whatever name (e.g., freight, shipping, transportation, shipping and handling, etc.) subject to the sales and use tax? Who is responsible for delivery charges?**

When a retailer sells tangible personal property at retail and charges the customer a delivery charge for delivery via the retailers own trucks, then the delivery charge is considered part of the tax base upon which the tax is calculated and subject to the sales and use tax.

When a retailer sells tangible personal property at retail and charges the customer a delivery charge for delivery via a common carrier and the delivery terms are F.O.B Destination, then the delivery charge is considered part of the tax base upon which the tax is calculated and subject to the sales and use tax.

When a retailer sells tangible personal property at retail and charges the customer a delivery charge for delivery via a common carrier and the delivery terms are F.O.B Shipping Point, then the delivery charge is not considered part of the tax base upon which the tax is calculated and is not subject to the sales and use tax.

When a retailer sells tangible personal property at retail and charges the customer a delivery charge for delivery via a common carrier and the delivery terms are not specified, then the delivery charge is considered part of the tax base upon which the tax is calculated and subject to the sales and use tax..

Note: If the retailer sells tangible personal property at retail and the sale qualifies for an exemption, then the entire tax base upon which the tax is calculated (including any delivery charges associated with the exempt sale) is exempt.

2. **If Company A (located in California) makes a sale to Company B (located in New Jersey) but ships the merchandise to Company C (located in South Carolina); who is responsible for the South Carolina tax?**

This is a third party drop shipment scenario. Company A is considered to be making a nontaxable sale for resale to Company B. Company C is liable for the South Carolina use tax unless it has a receipt (invoice) showing payment of the South Carolina tax to company B.

3. **I am a retailer and don't have the money to pay the sales tax due, what should I do?**

First of all, it is important that you file your return on time and remit the tax due with the return. However, if you are unable to remit the tax due with the return, it is important that you file your return on time. Separate penalties are imposed for failure to file a return on time and failure to remit taxes on time. By filing your return on time, you can avoid the failure to file penalties. The Department will then assess you for the tax due, plus penalties and interest. However, the sooner you remit the tax due the less penalties and interest you will owe.

4. Can you take a credit for overpayment of tax on the next months return?

No. In order to recover the overpayment, the retailer will need to file a refund claim.

5. If I am leasing a car, can I pay all of the sales tax up front or do I have to pay it monthly?

There is an option available for payment of the sales tax up front.

6. If I lease a car and then decide to buy the car, why do I have to pay taxes again? This is double taxation.

The sales tax is a transaction tax; this is not double taxation. The lease of the car is one taxable transaction. The sale of the car is a second taxable transaction.

7. Are churches exempt from sales tax?

Churches are not exempt from sales tax on anything purchased for their own use. Churches may obtain an exemption for fundraising sales.

8. What is the tax rate?

The statewide South Carolina sales and use tax rate is 6%.

9. How do you complete the sales and use tax return?

Instructions are available for assistance in completion of the return. You also may call (803) 898-5788 in Columbia or call one of the five Taxpayer Service Centers listed in the State.

10. If my nonprofit organization holds an exemption certificate in another state, will South Carolina honor it and exempt me from South Carolina sales tax.

No. Nonprofit organizations are taxable on all items purchased for their own use. Certain qualifying organizations are exempt on items to be sold (such as at fundraisers). Application Form ST-387 must be completed.

11. If I present my exemption certificate can I stay in South Carolina hotels free of the tax?

South Carolina does not recognize other states' exemption certificates issued to nonprofit organizations for staying in hotels free of the tax.

12. What are deductions?

Deductions are those transactions considered nontaxable by law. These include sales for resale, out-of-state deliveries and trade-ins. A complete list of deductions is available from the Department of Revenue.

13. What is your fiscal year?

The South Carolina fiscal year is July 1 through June 30.

14. How can I take a credit on my return?

There is no provision for taking a credit on the return. Deductions should be increased by the appropriate amount to reflect any credit due for current period or an amended return should be submitted for previous periods.

15. How do I submit an amended return?

An amended return is submitted by marking a regular return with “amended” across the top and mailing it to the Department of Revenue.

Internet Sales & Purchases

1. Are sales by, or purchases from, a retailer via the Internet subject to the sales and use tax?

Sales by, and purchases from, a retailer via the Internet of tangible personal property or a taxable service are subject to the sales and use tax.

2. Are charges by an Internet Service Provider to access the Internet subject to the sales and use tax?

No. As a result of federal legislation, charges to access the Internet are not subject to the sales and use tax.

3. Are charges by the operator of a website of the Internet to access that individual website subject to the sales and use tax?

Yes. For example, if a sports website charges a South Carolina resident \$10 per month to access the sports website or to access a “premium” section of the sports website, then the \$10 per month is subject to the sales and use tax.

4. If I am located in South Carolina and sell products from my home via the Internet, do I need a retail license? I don't have a store front and customers do not come to my home to purchase the products. I receive the orders via the Internet (customer makes order, calculates tax based upon the state the product is shipped to.) and I forward my orders to my suppliers and request that they deliver the products to my customers. My suppliers will bill me for the products after they are delivered.

Yes. You are engaged in the business of selling tangible personal property at retail in South Carolina and must obtain and retail license and remit the sales tax on all orders shipped to a South Carolina address.

Use Tax – Out-of-State Purchases

1. What is the use tax?

The use tax is a tax that applies to purchases of tangible personal property from out-of-state retailers for use, storage or consumption in South Carolina, and includes purchases from retailers made via the Internet (retailers' websites and retailers' sales on auction sites), through out-of-state catalog companies, or when visiting another state.

2. What is the rate for the use tax?

The tax rate for the use tax is the same as the sales tax. This rate is determined by where the tangible personal property will be used, stored or consumed, regardless of where the sale actually takes place. Therefore, the tax rate for the use tax will be the 6% state rate plus the applicable local use tax rate for the location where the tangible personal property will be used, stored or consumed.

Note: Information concerning local sales and use tax rates can be found on the Department's website (www.sctax.org).

3. What is the difference between the sales tax and the use tax?

The sales tax is imposed on all retailers within South Carolina and applies to all retail sales of tangible personal property within the state. Retailers making sales of tangible personal property in South Carolina are required to remit the sales tax to the Department of Revenue.

The use tax is imposed upon the consumer of tangible personal property that is purchased at retail for use, storage, or consumption in South Carolina. The use tax applies to purchases from out-of-state retailers. The use tax has been around since 1951 – the same year the sales tax law was adopted in South Carolina.

Both the sales tax and the use tax also apply to leases or rentals at retail of tangible personal property (e.g., tuxedos, office equipment, etc.). It is important to note that either the South Carolina sales tax or the South Carolina use tax applies to a single transaction, but not both.

4. Why would an out-of-state retailer charge a purchaser the South Carolina sales tax or use tax?

An out-of-state retailer must obtain a retail license and remit either the South Carolina sales tax or use tax on retail sales shipped into South Carolina if the out-of-state retailer has a physical presence in South Carolina.

Examples of physical presence include, but are not limited to, maintaining (temporarily or permanently) an office, warehouse, store, other place of business, or property of any kind in the state or having (temporarily or permanently) an agent, representative (including delivery personnel and independent contractors acting on behalf of the retailer), salesman, or employee operating within the state.

An out-of-state retailer that is not required to obtain a retail license and remit the South Carolina sales or use tax may, however, voluntarily obtain the retail license and collect and remit the tax to South Carolina.

5. **If an out-of-state retailer who has obtained a retail license charges the purchaser for the South Carolina sales or use tax on tangible personal property delivered into South Carolina, is the purchaser still liable for the use tax?**

If the purchaser has a receipt showing the South Carolina (state and local) sales tax or use tax has been paid to a licensed out-of-state retailer, then the purchaser is no longer liable for the South Carolina use tax.

6. **If a South Carolina purchaser buys merchandise via an Internet or mail-order catalog retailer that has not obtained a South Carolina retail license and therefore does not charge the purchaser for the South Carolina sales or use tax on tangible personal property delivered into South Carolina, is the purchaser liable for the use tax?**

Yes.

7. **If a South Carolina purchaser travels to another state and purchases tangible personal property from a retailer in the other state for use, storage or consumption in South Carolina, does the South Carolina purchaser still owe the South Carolina use tax on the purchase if the other state's sales tax was paid to the retailer at the time of purchase?**

The South Carolina purchaser would only owe the use tax on the difference between the sales tax paid in the other state and the use tax due in South Carolina. In other words, if the state and local sales or use tax due and paid in another state is equal to or greater than the state and local use tax due in South Carolina, then no use tax is due in South Carolina.

Example #1: If a South Carolina purchaser paid \$15.00 sales tax in the other state and the total state and local use tax due in South Carolina was \$18.00, then the South Carolina purchaser would be allowed a credit for the \$15.00 and would only owe a South Carolina use tax of \$3.00.

Example #2: If a South Carolina purchaser paid \$21.00 sales tax in the other state and the total state and local use tax due in South Carolina was \$18.00, then the South Carolina purchaser would be allowed a credit for the \$21.00 and no use tax would be due in South Carolina since the \$21.00 paid exceeds the \$18.00 due in South Carolina. However, the purchaser is not entitled to a refund of the difference between the \$21.00 paid in the other state and the \$18.00 due in South Carolina.

Note: Each transaction must stand on its own. In other words, an "excess" paid to another state on one purchase transaction, as shown in Example #2, cannot be used to offset any South Carolina use tax that may be due on another purchase transaction.

8. If a sale by a South Carolina retailer is exempt from the South Carolina sales tax, is the purchase of the same product from an out-of-state retailer exempt from the South Carolina use tax?

Yes. For example, prescription medicine purchased from a South Carolina pharmacy upon presentation of the prescription written by the physician is exempt from the South Carolina sales tax. The same purchase from an out-of-state mail-order pharmacy is exempt from the South Carolina use tax.

9. How can a person report and pay the use tax to the SC Department of Revenue?

The South Carolina use tax is reported and remitted as follows:

If the purchaser is an individual, then this purchaser may:

- a) report and remit the use tax on the South Carolina Individual Income Tax Return (Form SC 1040 or Form SC 1040A).
- b) report and remit the use tax on a Form UT-3 use tax return. This return can be filed after the purchase or may be filed for a specific period (month, calendar quarter, etc.)
- c) report and remit the use tax on a vehicle, airplane or boat purchased from an out-of-state retailer (1) by filing a Form ST-236 with the Department of Revenue or (2) at the time a vehicle, airplane or boat is registered, titled or licensed with the Department of Motor Vehicles, the Department of Aeronautics or the Department of Natural Resources. (Note: Motor vehicles, motorcycles, boats, motors and airplanes purchased from a non-retailer are subject to a separate tax called the “casual excise tax” at the time registered, titled or licensed with one of these agencies. A taxpayer may also report and remit this tax by filing a Form ST-236 with the Department of Revenue.) For information on the “casual excise tax,” see Code Sections 12-36-1710 through 12-36-1740.

If the purchaser is a business or nonprofit organization that is purchasing the tangible personal property for its own use (and not for resale), then this purchaser may:

- a) report and remit the use tax on its sales and use tax return if the purchaser is a licensed South Carolina retailer. The use tax is reported on Line #2 (“Out-of-State Purchases Subject to Use Tax”) of the Worksheet on the SC sales and use tax return (Forms ST-3, ST-3EZ, ST-388, and ST-403, plus local tax addendum ST-389).

Note: Certain nonprofit organizations that sell tangible personal property are not required to be licensed as retailers since their sales are exempt from the sales tax under Code Section 12-36-2120(41). These nonprofit organizations should report the use tax as discussed below in item “b” through item “d.”

- b) obtain a purchaser’s certificate of registration and report and remit the use tax on its use tax return if the purchaser is not a licensed South Carolina retailer but is a business or nonprofit organization that regularly purchases tangible personal property

for its use from an out-of-state retailer. The use tax is reported on Line #2 ("Out-of-State Purchases Subject to Use Tax") of the Worksheet on the SC sales and use tax return (Forms ST-3, ST-3EZ, ST-388, and ST-403, plus local tax addendum ST-389).

Note: Persons needing to obtain a purchaser's certificate of registration in order to file tax returns and remit the use tax on a periodic basis may do so by completing Form SCTC -111 or by contacting the Department's License and Registration Section at (803) 896-1350.

c) report and remit the use tax on a Form UT-3 use tax return if the purchaser is a business or nonprofit organization that is not a licensed South Carolina retailer and does not regularly purchases tangible personal property for its own use from an out-of-state retailer.

d) report and remit the use tax on a vehicle, airplane or boat purchased from an out-of-state retailer (1) by filing a Form ST-236 with the Department of Revenue or (2) at the time a vehicle, airplane or boat is registered, titled or licensed with the Department of Motor Vehicles, the Department of Aeronautics or the Department of Natural Resources. (Note: Motor vehicles, motorcycles, boats, motors and airplanes purchased from a non-retailer are subject to a separate tax called the "casual excise tax" at the time registered, titled or licensed with one of these agencies. A taxpayer may also report and remit this tax by filing a Form ST-236 with the Department of Revenue.) For information on the "casual excise tax," see Code Sections 12-36-1710 through 12-36-1740.

10. Do other states charge a use tax?

Yes. Every state that imposes a sales tax also imposes a use tax.

11. Why did the out-of-state seller tell me if I picked up the merchandise, rather than have it delivered, that I wouldn't have to pay the tax?

Most likely, the out-of state seller was indicating that if you picked up the merchandise in the other state that you would pay the other state's tax at that time. If so, you would not owe the South Carolina use tax as long as the state and local tax paid in the other state was equal to or greater than the use tax that would be due in South Carolina.

12. Why am I just now getting a notice from Department of Revenue when I purchased the items 3-5 yrs ago?

The Department receives information from various sources (other state tax departments, US Customs, etc.) concerning purchases by South Carolina residents. This information is not relayed to the Department at the time of purchase but usually several years later as a result of audits conducted of the seller by the other state or information forwarded to the Department by others.

The Department does not control when it receives this information; however, the Department does make an effort to issue these notices as soon as possible after the information is received by the Department.

13. Who provides the Department with information about residents making purchases out of state?

This information is provided to the Department by other state tax departments, US Customs, regional and national tax associations, and other sources.

14. My friend buys merchandise all the time from out-of-state sellers and doesn't pay the tax, why doesn't he get a bill for tax?

Assuming your friend does not pay the tax to the out-of-state seller, your friend is liable for the use tax and should remit that tax to the Department. While the Department receives information from sources that allows it to assess residents the use tax with respect to out-of-state purchases, this information does not include information on all out-of state purchases.

15. My accountant never told me about the use tax, so why should I have to pay penalty?

If your accountant also assists you with your individual income tax return, he should ask you about out-of-state purchases upon which the use tax may be due since the individual income tax return contains a line for remitting any use tax due.

However, if you fail to remit the use tax for any reason, the law imposes penalties and interest for failure to pay the use tax as well as all other taxes administered and collected by the Department.

16. Why am I charged a penalty when no one told me I had to pay the use tax when I purchased the merchandise? I thought the seller had to collect the use tax? Why do I have to pay penalty & interest when I didn't know I owed the tax?

If you fail to remit the use tax for any reason, the law imposes penalties and interest for failure to pay the use tax as well as all other taxes administered and collected by the Department. While some sellers are required to remit the use tax on behalf of their customers (the requirements depends on the sellers presence, if any, in South Carolina), the purchaser is ultimately responsible for remitting the use tax if the seller does not remit the use tax.

17. If a South Carolina retailer purchases items from out of state that the retailer does not intend to resell, does the South Carolina retailer owe the use tax on these purchases?

Yes. Since these item are being purchased for use by the retailer and not for resale, then these purchases are subject to the use tax and the South Carolina retailer should remit the use tax on the line provided on the sales and use tax return filed by the retailer for the month these items were purchased.

Churches and Other Nonprofit Organizations

- 1. Are sales of tangible personal property (e.g., computers, office equipment, tables, chairs, religious publications) and taxable services (e.g., electricity, drycleaning) to a church or other nonprofit organization for their own use or consumption subject to the sales and use tax?**

Yes. Sales to churches and other nonprofit organization are subject to the sales and use tax unless specifically exempt under the sales and use tax law.

- 2. Are sales of tangible personal property (e.g., clothing) to a church or other nonprofit organization for the purpose of providing the tangible personal property free of charge to individuals in need subject to the sales and use tax?**

Yes. Sales of tangible personal property (e.g., clothing) to a church or other nonprofit organization for the purpose of providing the tangible personal property free of charge to individuals in need are subject to the sales and use tax?

- 3. May churches and other nonprofit organization purchase building materials and furnishings tax free?**

No. Sales to churches and other nonprofit organization of tangible personal property for their own use are subject to the sales and use tax unless specifically exempt under the sales and use tax law.

- 4. Our church has a 501(c)(3) exemption from the Internal Revenue Service. Doesn't this exempt our church from the sales and use tax?**

No. The 501(c)(3) exemption from the Internal Revenue Service relates to incomes taxes only. In order for a sale to or a sale by a church to be exempt, the exemption must be specifically provided for in the sales and use tax law.

- 5. Are sales of accommodations to a church or other nonprofit organization subject to the sales and use tax?**

Yes.

- 6. If a church operates a camp facility and rents cabins to individuals and groups when the camp facility is not used for summer camps or retreats, is the charge for renting the accommodations subject to the sales tax on accommodations?**

No.

7. If a nonprofit organization other than a church operates a camp facility and rents cabins to individuals and groups when the camp facility is not used for summer camps or retreats, is the charge for renting the accommodations subject to the sales tax on accommodations?

Yes, if the nonprofit organization does not qualify for the exemption for sales by certain nonprofit organization and the rentals are for less than 90 consecutive days.

No, if the nonprofit organization does qualify for the exemption for sales by certain nonprofit organization or the rentals are for 90 or more consecutive days.

8. Are sales of tangible personal property (including accommodations) by a church or other nonprofit organization subject to the sales and use tax?

Sales of tangible personal property by a church are exempt from the sales and use tax. The church may purchase tax free any tangible personal property it intends to resell and may sell tax free any such tangible personal property.

Sales of tangible personal property by certain other nonprofit organizations that are exempt from property taxes are exempt from the sales and use tax. The following nonprofit organizations exempt from property taxes (the property tax exemption is listed next to the type of nonprofit organization) come within the sales and use tax exemption for "sales by" the nonprofit organization:

- (1) public libraries and churches (Code Section 12-37-220(A)(3));
- (2) charitable trusts and foundations used exclusively for charitable and public purposes (Code Section 12-37-220(A)(4));
- (3) The American Legion, the Veterans of Foreign Wars, the Spanish American War Veterans, the Disabled American Veterans, and Fleet Reserve Association or any similar Veterans Organization chartered by the Congress of the United States (Code Section 12-37-220(B)(5));
- (4) The Young Women's Christian Association, Young Men's Christian Association and the Salvation Army (Code Section 12-37-220(B)(6));
- (5) The Boy's and Girl's Scouts of America (Code Section 12-37-220(B)(7));
- (6) The Palmetto Junior Homemakers Association, the New Homemakers of South Carolina, the South Carolina Association of Future Farmers of America and the New Farmers of South Carolina (Code Section 12-37-220(B)(8));
- (7) Any fraternal society, corporation or association (Code Section 12-37-220(B)(12));
- (8) Any religious, charitable, eleemosynary, educational, or literary society, corporation, or other association (Code Section 12-37-220(B)(16));
- (9) Volunteer Fire Departments and Rescue Squads (Code Section 12-37-220(B)(19));
- (10) All community owned recreation facilities opened to the general public and operated on a nonprofit basis (Code Section 12-37-220(B)(22)); and,
- (11) nonprofit or eleemosynary community theatre companies, symphony orchestras, county and community arts councils and commissions and other such companies, which is used exclusively for the promotion of the arts (Code Section 12-37-220(B)(24)).

An organization whose sales or purchases are exempt as a result of this exemption is also exempt from the retail license tax.

This exemption only applies to sales by organizations which meet three requirements:

- (1) The organization must be eligible for exemption from the property tax under one of the enumerated property tax code sections.
- (2) The net proceeds from the organization's sales must be used for exempt purposes.
- (3) No benefit from the sales may inure to any individual.

9. How can a nonprofit organization determine if the “sales by” the nonprofit organization are exempt from the sales and use tax?

To simplify the administration of the sales tax exemption for “sales by” certain nonprofit organizations and to assist nonprofit organizations in determining if they qualify for the sales tax exemption for “sales by” the nonprofit organizations, the nonprofit organization should complete and file Form ST-387– Application for Sales Tax Exemption under Code Section 12-36-2120(41), “Exempt Organizations.”

The law does not require an organization to obtain an exemption certificate in order to purchase items exempt under this exemption. However, the Department recommends that organizations apply for the exemption certificate. If an organization is issued a certificate, this will simplify for the organization the purchase from suppliers of items tax-free for resale.

Otherwise, suppliers may be reluctant to sell items tax-free (for resale) to an organization that does not have a retail license or does not have some other documentation showing that it qualifies for the exemption. The exemption certificate assures the supplier that the Department has reviewed the matter and determined that the organization qualifies for the exemption and that the supplier may sell items tax-free for resale to the organization.

I. An organization is considered to be “automatically” qualified for an exemption certificate if it is:

- A. Selling tangible personal property;
- B. Exempt from property tax under one of the property tax code sections listed in Code Section 12-36-2120(41); and,
- C. Exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) or (19). The statute does not require that an organization be exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) or (19); however, the purpose of this provision is to meet the requirement that the organization's net proceeds must be used for an exempt purpose and to insure that no benefit inures to any individual.

NOTE: To be considered as “automatically” qualified, an organization must meet all of the above requirements and file Form ST-387. **However, it should be noted that this “automatic” qualification has been established to simplify the issuance of a certificate. If it is determined that an organization does not meet the requirements of the statute or is not otherwise operating in an exempt manner, then the certificate will not be issued or will be revoked if previously issued.**

II. An organization is not qualified for an exemption certificate if it is:

- A. Only purchasing tangible personal property for its own use or consumption, and not for resale; or,
- B. Exempt from property tax, but under a code section not listed in Code Section 12-36-2120(41).

Note: Code Section 12-37-220 provides specific property tax exemptions for the State of South Carolina, its counties, municipalities, school districts, and other political authorities or subdivisions; private schools, colleges and other institutions of learning; nonprofit hospitals and nonprofit institutions which care for the infirmed, the handicapped, the aged, children or indigent persons; and nonprofit museums. The property tax exemptions for these organizations are not specifically listed in Code Section 12-36-2120(41).

However, some of these organizations may also qualify for a property tax exemption listed in Code Section 12-36-2120(41). For example, a private school may qualify for the property tax exemption under Code Section 12-37-220(B)(16)(a) established for certain religious, charitable, eleemosynary or educational organizations.

III. Organizations, other than those in categories I and II (above), may qualify for an exemption certificate, if the following criteria are met:

- A. The organization must be selling, or will sell, tangible personal property;
- B. The organization must be a type referred to in Code Section 12-36-2120 (41) [i.e., a church, veterans' organization, YMCA, Scouts, etc.]; and,
- C. Documents provided by the organization must conclusively demonstrate that the net proceeds of the organization are used, or will be used, exclusively for exempt purposes; and, that no benefit inures, or will inure, to any individual.

Farmers

1. Why do farmers have to pay sales tax?

Sales of tangible personal property or taxable services at retail to all persons, including farmers, are subject to the sales and use tax unless the sale is specifically exempted under the sales and use tax law.

2. Are sales of farm machinery to a farmer subject to the sales and use tax?

Sales of farm machinery meeting the requirements of the exemption in the sales and use tax law for farm machinery are exempt from the sales and use tax. If the sale of farm machinery does not meet the requirements of the exemption, the sale is taxable.

3. What farm equipment qualifies for exemption from the sales and use tax?

The sale of farm machinery that is used in planting, cultivating or harvesting farm crops for sale is exempt from the tax. The exemption also applies to replacement parts and attachments.

- Planting includes all necessary steps in the preparation of the soil prior to, and including, the planting and sowing of the seed.
- Cultivation includes the loosening of the soil around growing plants, control of moisture content in the soil, and weed and pest control.
- Harvesting begins with the gathering of the crop and ends when the crop is placed in a temporary or permanent storage area. However, it also includes the additional preparation for storage or sale of certain crops such as the curing of tobacco, grains and peanuts and the grading and packaging of peaches, cucumbers, tomatoes, etc.

The machinery exemption also applies to:

- machinery used in constructing terraces, drainage and irrigation ditches; dikes used to control the water level in cultivated fields; and land clearing prior to cultivation of the soil;
- machinery specially designed for irrigation purposes, including pumps, pipes, spigots, etc. when sold for use in the cultivation of farm crops;
- farm dairy tanks used in the production and preservation of milk on dairy farms;
- farm wagons used in planting, cultivating or harvesting farm crops; and
- pasteurizing machines, cooling machines, mechanical separators, homogenizing machines and bottling machines used by dairies in the production of milk for sale. Milking machines do not come within the exemption for farm machinery.

Various machines used in the production of poultry and poultry products are exempt from the tax. See Regulation 117-301.5 for more details.

The machinery exemption does not apply to:

- automobiles and trucks;
- machinery used in constructing fences and buildings and repairing machinery and equipment; and
- farm implements such as hoes, pitchforks and shovels.

4. Does the sale of a four-wheeler to a farmer qualify for the exemption for farm machinery?

No, unless it is used substantially by a farmer in “planting, cultivating, or harvesting” of farm crops for sale in their “original state of production or preparation for sale.”

The sale or purchase of a four-wheeler is **not** exempt if the four-wheeler will be used solely for a purpose other than the “planting, cultivating, or harvesting” of farm crops (i.e., hay, corn, peaches) for sale in their “original state of production or preparation for sale.” For example, the sale or purchase of a flatbed or stock trailer for use solely in (a) hauling tractors, harvesting equipment, or cattle; or (b) hauling farm crops (i.e., hay, corn, peaches) from a storage area to market or to a buyer is **not** exempt from the sales and use tax.

If a four-wheeler is used for both exempt and nonexempt purposes, then the sale or purchase of the four-wheeler is exempt from the sales and use tax if it is used substantially (not merely incidentally) in the “planting, cultivating, or harvesting” of farm crops (i.e., hay, corn, peaches) for sale in their “original state of production or preparation for sale.”

5. Does the sale of a lawn mower to a farmer qualify for the exemption for farm machinery?

No, unless the lawn mower is an “industrial” mower used by a farmer in the business of growing grass sod for sale and the mower is used for that purpose. A lawn mower used for the farmer’s residential lawn would not qualify for the exemption.

6. Does this exemption apply to equipment for my personal garden where I grow vegetables for my family?

No.

7. As a retailer of various items, including farm supplies and machinery, I am being asked by some farmers not to charge sales tax on an item they are purchasing. What should I do?

Sales to farmers are subject to the sales and use tax unless the sale falls within one of the exemptions established by the General Assembly for farmers.

The General Assembly has authorized the Department to create an exemption certificate specifically for farmers to use in purchasing items the General Assembly has exempts from the sales and use tax. The exemption certificate, Form ST-8F, can be found in the forms section of the Department’s website (www.sctax.org).

A farmer can provide you this form to purchase one of the listed items tax free. This shifts the liability for the tax to the farmer so that if the farmer uses an item for a non-exempt purpose, the farmer is liable for the tax plus any applicable penalties and interest.

Government

1. Are sales to the government subject to the sales and use tax?

Sales to the federal government of tangible personal property or taxable services are not subject to the sales and use tax.

Sales to the State, counties, municipalities, and other local political subdivisions (e.g. schools, sheriff offices, municipal housing authorities, welfare agencies) of tangible personal property or taxable services are subject to the sales and use tax, unless such sales are otherwise exempt.

2. Are sales by the government subject to the sales and use tax?

Sales by the federal government of tangible personal property or taxable services are not subject to the sales and use tax. Sales by the State, counties, municipalities and other political subdivisions of the State (e.g. schools, sheriff offices, municipal housing authorities, and welfare agencies) of tangible personal property or taxable services are subject to the sales tax, unless such are otherwise exempt.

3. Are sales by a state agency to another state agency, a county, a municipality or another political subdivision subject to the sales and use tax?

Sales by a state agency to another state agency, a county, a municipality or another political subdivision are subject to the sales and use tax, unless (1) the consideration for the transfer only reimburses the transferring agency for its cost and expenses in conveying the property and the transferring agency has paid tax on the initial purchase of the tangible personal property or (2) the sale is exempt under the sales and use tax law (e.g., textbooks).

4. I have a contract with the federal government to supply and install equipment. I know sales to the federal government are exempt. What must I do to prevent charging them South Carolina sales tax or my paying South Carolina tax?

To exempt the sales to the federal government, report all sales (including the exempt sales to the federal government) on the worksheet on your return, report and deduct the applicable exclusions and exemptions on the worksheet (including the sales to the federal government), calculate the "net taxable sales" (all sales + all withdrawals for use + all out-of-state purchases subject to the use tax - applicable deductions which will include the exempt sales) and remit the tax based upon your net taxable sales.

Note: Your records should document that the sale was to the federal government. In addition, while not required, you may want to ask the federal government to complete and provide you a Form ST-8 Exemption Certificate, which can be found on the Department's website (www.sctax.org).

Numbers to call

All phone numbers are in the 803 area code

SALES/USE AND ACCOMMODATIONS TAX	
Accommodations Tax	898-5788
Extensions	898-5788
Failure to File	898-5788
Form ST 236 Or Refunds	898-5788
General Questions	898-5788
Local Option Sales Tax	898-5788
Rental Surcharge	898-5788
Technical Questions on Sales, Use, Local Option, Accommodation & Miscellaneous Tax Questions	898-5744

ELECTRONIC SERVICES	
E-Sales Information & Assistance	896-1715 #1
Electronic Fund Transfers (EFT)- all business taxes except sales	(800) 476-0311 #4
Electronic Data Interchange (EDI)	1-800-476-0311
Business Tax TeleFile (Registration & Filing)	898-5918
Business Tax TeleFile (Sales Tax Help Line)	898-5788
Business Tax TeleFile Help Line	896-1715 #2
Business Tax TeleFile E-mail	telefile@sctax.org

OTHER HELPFUL TELEPHONE ASSISTANCE	
Alcoholic Beverage License (Beer, Wine & Alcoholic Liquors)	898-5864
Business Personal Property Tax	898-5222
Business Taxpayer Registration (Retail Licenses)	896-1350
Copies of Previously Filed Forms	896-1166
Taxpayer Advocate	898-5444

Internet Address.....www.sctax.org

TAXPAYER SERVICE CENTERS



Charleston Service Center:	One South Park Circle Suite 100 Charleston, S.C. 29407 Phone: 843-852-3600 Fax: 843-556-1780
Columbia Service Center: (Downtown/Main Office)	301 Gervais Street P.O. Box 125 Columbia, S.C. 29214 Phone: 803-898-5000 Fax: 803-898-5822
Columbia Service Center: (Market Pointe Location)	300 B Outlet Pointe Boulevard P.O. Box 21587 Columbia, SC 29210 Phone: 803-898-5200 Fax: 803-896-1129
Florence Service Center:	1452 West Evans Street P.O. Box 5418 Florence, S.C. 29502 Phone: 843-661-4850 Fax: 843-662-4876
Greenville Service Center:	545 North Pleasantburg Drive Suite 300 Greenville, SC 29607 Phone: 864-241-1200 Fax: 864-232-5008
Myrtle Beach Service Center:	1330 Howard Parkway Myrtle Beach, S.C. 29577 Phone: 843-839-2960 Fax: 843-839-2964
Rock Hill Service Center:	Business and Technology Center 454 South Anderson Road Suite 202 P.O. Box 12099 Rock Hill, S.C. 29731 Phone: 803-324-7641 Fax: 803-324-8289

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