



# Sales and Use Tax Tips

**Updated May 2024**

# University's Exemption Status

In accordance with [Internal Revenue Code \(IRC\) Section 115](#) and IRS determination, Clemson University is **exempt from federal income tax but NOT state sales tax.**

See the University's IRS Determination Letter [here](#).

# Sales Tax

- **Imposed on the seller** of goods and certain services in South Carolina.
- Liability lies with the **supplier** for charging the University sales tax and paying it to the State.
- The statewide sales & use tax rate is six percent (6%), but counties may impose an additional one percent (1%) local sales tax.
  - See county rates [here](#).
- Generally, all retail sales are subject to the sales tax.
- Any supplier that has nexus with South Carolina, including remote sellers, is required to remit sales tax on retail sales.

# Use Tax

- **Imposed on the purchaser** of goods and certain services in South Carolina.
- Liability lies with the **University** to accrue and remit use tax to the State, not the supplier.
- Generally accrued on purchases from non-SC suppliers that do not meet criteria for nexus.
- Complementary to sales tax; On taxable sales, when sales tax isn't charged, use tax is accrued.

# Sales and Use Tax Exemptions

- Clemson University **is not** exempt from sales and use tax.
- However, some specific items/commodities are tax exempt.
  - View South Carolina exemption list [here](#).
- Installation labor stated as a separate line item **is not** taxable.
- Unprepared food is exempt from state sales tax but not local taxes.

# Research & Development (R&D) Tax Exemption

- Machines used 50% or more for **direct** use in research and development may be exempt from sales tax.
- Information for the qualifying equipment should be recorded on the [Research and Development Sales/Use Tax Exemption](#) form.
  - Form should be completed and signed by the project PI.
  - Attach to the purchase order (PO) in buyWays and retain a physical copy for your records.
- Please contact Accounting Services for further clarification.

# Maintenance, Warranty & Software Exemptions

- Warranty or maintenance contracts purchased with equipment is taxable, unless the equipment is tax exempt.
- Motor vehicle extended service and warranties are not taxable.
- Renewals of existing agreements (maintenance, warranty or software updates and licenses) are subject to tax based on the original purchase.
- Please contact Accounting Services for further clarification.

# Maintenance, Warranty & Software Exemptions

Purchase Item	Description	Taxable
Maintenance Contract for Equipment or Item	Purchased with equipment/tangible property, even if listed as a separate line item.	Yes
Maintenance Contract for Equipment or Item	Purchased at a later day or not purchased in conjunction with the product.	No
Maintenance Contract for Software	Purchased or delivered tangible property (disk, flash drive, etc.)	Yes
Maintenance Contract for Software	Purchased with software that was delivered electronically.	No
Software	Purchased or delivered tangible property (disk, flash drive, etc.) Database access to online information services (legal services, credit reporting, etc.)	Yes
Software	Delivered electronically	No
Software	Software accessed through the internet, the cloud, or on a supplier's server. Companies that provide customers access or use of software are referred to as Application Service Providers (ASP).	Yes
Software	Internet websites which provide the customer with data processing. Transactional processing where the software uses operations or interactions of procedures to process the customer's information.	No
Warranty	Purchased with tangible property, even if listed as a separate line item.	Yes
Warranty	Purchased at a later date, or not purchased in conjunction with the product.	No



# Concur Tax Entry

- P-card purchases should have tax correctly marked.
- If the purchase is taxable, choose the county of purchase or delivery.
- If no county selected, use tax is automatically applied, unless there is an exemption.

The screenshot shows the 'Allocate' form in Concur. The form includes the following fields and options:

- Expense Type \***: Office Supplies (dropdown menu)
- Transaction Date \***: 04/22/2024 (calendar icon)
- Vendor \***: Staples
- Payment Type \***: Employee Paid (dropdown menu)
- Is the vendor located in South Carolina? \***: No / Unknown (dropdown menu)
- Was Sales Tax applied on receipt/invoice? \***: No (dropdown menu)
- None Selected**: A red-bordered dropdown menu option for 'None Selected' is highlighted, with a red 'X' icon and a note: 'If taxable select delivery County, if not, select Non-Tax/R&D'.
- Amount \***: (empty text input field)
- Currency \***: US, Dollar (USD) (dropdown menu)
- Comment**: (empty text area, 0/500 characters)

# Freight and Tax

- Freight **can be taxable** if the shipping terms are **“FOB Clemson”** or **“FOB Destination”**.
  - The purchaser of the goods takes title of the goods at their destination, which is Clemson.
- Freight is **not taxable** if the shipping terms are **“FOB Shipping Point”** or **“FOB Point of Origin”**.
  - Title is not taken at Clemson, but at the vendor’s loading dock. Freight charges billed directly by freight or transportation companies are not subject to sales or use tax.

# Contact Us

General BuyWays questions:

[cubuyways@clemson.edu](mailto:cubuyways@clemson.edu)  
[Frequently Asked Questions](#)

Supplier Registration questions:

[supplier@clemson.edu](mailto:supplier@clemson.edu)

Purchase Order/Invoice questions:

[disbursements@clemson.edu](mailto:disbursements@clemson.edu)

Sales and Use Tax questions:

[desirec@clemson.edu](mailto:desirec@clemson.edu)