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SC INFORMATION LETTER #90-32

TO: Vicki Jinnette Ringer
Public Information Director

FROM: Deana West, Tax Analyst
Tax Policy and Appeals Department

DATE: August 15, 1990

SUBJECT: Sale of Motor Vehicles, Trailers, Semitrailers and Pole Trailers to
Nonresidents
(Sales Tax)

REFERENCE: S. C. Code Ann. Section 12-36-930 (Recodified 1990)
SC Information Letter #90-26

AUTHORITY: S. C. Code Ann. Section 12-3-140 (1976)
SC Revenue Procedure #87-3

SCOPE: An Information Letter is a temporary document issued for the purpose of disseminating general tax information and to respond to technical questions from within the Commission which are not related to a specific set of facts.

Sales of motor vehicles, and trailers, semitrailers and pole trailers of a type to be registered and licensed to residents of another state are to be taxed at the lesser of the sales tax which would be imposed on the sale in the purchaser's state of residence or the tax that would be imposed under Article 9 of Chapter 36. However, no tax is due if a nonresident will not receive credit in his state of residence for sales tax paid to South Carolina.

Effective July 1, 1990, Virginia has amended Code Section 58.1-2424 relating to credits against motor vehicle sales and use tax. The amended law states "no credit shall be granted for any tax paid to another state if that state exempts from the tax vehicles sold to residents of a state which does not give credit for the tax."

As a result of Virginia's amendment, South Carolina will no longer impose sales tax on residents of Virginia purchasing motor vehicles and trailers, semitrailers and pole trailers of a type to be registered and licensed.

In addition, the following states have had sales tax rate changes:

<u>State</u>	<u>Old Rate</u>	<u>New Rate</u>	<u>Effective Date</u>
Missouri	4.425%	4.225%	July 1, 1990
North Dakota	6.0%	5.0%	December 6, 1989
Texas	6.0%	6.25%	July 1, 1990
Utah	5.09%	5%	January 1, 1990

The attached charts reflect the changes discussed above and revise the charts issued in SC Information Letter #90-26.

SALES OF TRAILERS, SEMITRAILERS AND POLE TRAILERS TO NONRESIDENTS
(Code Section 12-36-930)

Sales of trailers, semitrailers and pole trailers, of a type to be registered and licensed, to residents of the following states are not subject to the South Carolina sales tax.

Alaska	Iowa	Nevada	Oregon
Arkansas	Kentucky	New Hampshire	South Dakota
Delaware	Maryland	New Mexico	Vermont
District of Columbia	Minnesota	North Carolina	(1) Virginia
Indiana	Montana	Oklahoma	West Virginia

Sales of trailers, semitrailers and pole trailers, of a type to be registered and licensed, to residents of the following states are subject to the South Carolina sales tax. The maximum tax on the sale of trailers or semitrailers pulled by a truck tractor is the lesser of 5% x (S-T) or \$300.00. The maximum tax on the sale of pole trailers and trailers or semitrailers pulled by a vehicle other than a truck tractor is 5% x (S-T).

<u>State</u>	<u>Rate(%)</u>	<u>Measure of Tax *</u>	<u>State</u>	<u>Rate(%)</u>	<u>Measure of Tax *</u>
Alabama	2.0	S-T	(1) Missouri	4.225	S-T
Arizona	5.0	S-T	Nebraska	5.0	S-T
California	5.0	S	New Jersey	7.0	S-T
Colorado	3.0	S-T	New York	4.0	S-T
Connecticut	8.0	S-T	(1) North Dakota	5.0	S-T
Florida	6.0	S-T	Ohio	5.0	S-T
Georgia	4.0	S-T	Pennsylvania	6.0	S-T
Hawaii	4.0	S-T	Rhode Island	7.0	S-T
Idaho	5.0	S-T	Tennessee	5.5	S-T
Illinois	6.25	S-T	(1) Texas	6.25	S-T
Kansas	4.25	S-T	(1) Utah	5.0	S-T
Louisiana	4.0	S-T	Washington	6.5	S-T
Maine	5.0	S	Wisconsin	5.0	S-T
Massachusetts	5.0	S-T	Wyoming	3.0	S-T
Michigan	4.0	S	(2) Mississippi	6.0/3.0	S-T

* S = Sales Price T = Trade-in Allowance

- (1) See Information Letter #90-32 for an explanation of state law changes and effective dates.
- (2) After July 1, 1988, sales of semitrailers are taxed at the rate of 3%. All other trailers are taxed at 6%.

(Revised 8/90)

SALES OF MOTOR VEHICLES TO NONRESIDENTS
(Code Section 12-36-930)

Sales of motor vehicles, as defined in Code Section 56-1-10, to residents of the following states are not subject to the South Carolina Sales Tax.

Alaska	Iowa	Montana	Oklahoma
Arkansas	Kentucky	Nevada	Oregon
Delaware	Maryland	New Hampshire	South Dakota
District of Columbia	Minnesota	New Mexico	(1) Virginia
Indiana	Mississippi	North Carolina	West Virginia

Sales of motor vehicles, as defined in Code Section 56-1-10, to residents of the following states are subject to the South Carolina sales tax. The maximum tax on the sale of a motor vehicle is the lesser of 5% x (S-T) or \$300.00.

<u>State</u>	<u>Rate(%)</u>	<u>Measure of Tax *</u>	<u>State</u>	<u>Rate(%)</u>	<u>Measure of Tax *</u>
Alabama	2.0	S-T	(1) Missouri	4.225	S-T
Arizona	5.0	S-T	Nebraska	5.0	S-T
California	5.0	S	New Jersey	7.0	S-T
Colorado	3.0	S-T	New York	4.0	S-T
Connecticut	8.0	S-T	(1) North Dakota	5.0	S-T
Florida	6.0	S-T	Ohio	5.0	S-T
Georgia	4.0	S-T	Pennsylvania	6.0	S-T
Hawaii	4.0	S-T	Rhode Island	7.0	S-T
Idaho	5.0	S-T	Tennessee	5.5	S-T
Illinois	6.25	S-T	(1) Texas	6.25	S-T
Kansas	4.25	S-T	(1) Utah	5.0	S-T
Louisiana	4.0	S-T	(2) Vermont	4.0	S-T
Maine	5.0	S-T	Washington	6.5	S-T
Massachusetts	5.0	S-T	Wisconsin	5.0	S-T
Michigan	4.0	S	Wyoming	3.0	S-T

* S = Sales Price T = Trade-in Allowance

- (1) See SC Information Letter #90-32 for an explanation of state law changes and effective dates.
- (2) Sales tax applies to passenger cars and passenger vans only. The tax does not apply to school buses, mo-peds, motorcycles, small trucks, motor trucks, tractors or any other motor vehicle primarily designed to transport property.

(Revised 8/90)