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SC INFORMATION LETTER #91-23

TO: Vicki Ringer
Public Information Director

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

DATE: August 15, 1991

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

REFERENCE: S. C. Code Ann. Section 12-36-930 (Supp. 1990)
SC Information Letter #90-32

AUTHORITY: S. C. Code Ann. Section 12-4-320 (Enacted June 1991)
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.

For South Carolina sales tax purposes, sales of motor vehicles, trailers, semitrailers and pole trailers that are to be registered and licensed to nonresidents are taxed at the lesser of the (1) sales tax which would be imposed on the sale in the purchaser's state of residence or (2) tax that would be imposed under Chapter 36 of the South Carolina Code of Laws. No sales tax is due in South Carolina, however, if a nonresident purchaser cannot receive a credit in his resident state for sales tax paid to South Carolina.

The attached charts provide information on other states' sales and use tax rates, measure of tax and reciprocity agreements. This information has been updated through August 1991. One chart is to be used in computing South Carolina sales tax due on sales of motor vehicles to nonresidents. The other chart is to be used in computing South Carolina sales tax due on sales of trailers, semitrailers and pole trailers to nonresidents.

This information letter rescinds South Carolina Information Letter #90-32.

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	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>State</u> <u>Rate(%)</u>	<u>Measure</u> <u>of Tax</u> *	<u>State</u>	<u>State</u> <u>Rate(%)</u>	<u>Measure</u> <u>of Tax</u> *
Alabama	2.0	S-T	Missouri	4.225	S-T
Arizona	5.0	S-T	Nebraska	5.0	S-T
(1) California	6.0	S	(3) New Jersey	7.0	S-T
Colorado	3.0	S-T	New York	4.0	S-T
Connecticut	8.0	S-T	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
Idaho	5.0	S-T	Tennessee	5.5	S-T
Illinois	6.25	S-T	(4) Texas	6.0	S-T
Kansas	4.25	S-T	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) Effective July 15, 1991, the California state sales and use tax rates are increased to 6%.
- (2) Sales of semitrailers are taxed at the rate of 3%. All other trailers are taxed at 6%.
- (3) Retroactive to July 1, 1990, New Jersey exempts from sales and use tax the sales of certain heavy trucks. For details contact the New Jersey Department of Taxation at 1-800-323-4400.
- (4) The Texas state sales tax rate is 6.25%, however, the sales tax rate imposed on sales of licensed vehicles is 6%.

(Revised 8/91)

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	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>State</u> <u>Rate(%)</u>	<u>Measure</u> <u>of Tax *</u>	<u>State</u>	<u>State</u> <u>Rate(%)</u>	<u>Measure</u> <u>of Tax *</u>
Alabama	2.0	S-T	Missouri	4.225	S-T
Arizona	5.0	S-T	Nebraska	5.0	S-T
(1) California	6.0	S	New Jersey	7.0	S-T
Colorado	3.0	S-T	New York	4.0	S-T
Connecticut	8.0	S-T	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	(2) Texas	6.0	S-T
Kansas	4.25	S-T	Utah	5.0	S-T
Louisiana	4.0	S-T	(3) Vermont	5.0	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) Effective July 15, 1991, the California state sales and use tax rates are increased to 6%.
- (2) The Texas state sales tax rate is 6.25%, however, the sales tax rate imposed on sales of licensed vehicles is 6%.
- (3) Effective from July 1, 1991 through June 30, 1993, the Vermont motor vehicle purchase and use tax rate is increased from 4% to 5%. 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 8/91)