

SC INFORMATION LETTER #12-2

**SUBJECT:** Local Sales and Use Tax Charts, Catawba Tribal Sales and Use Tax Chart and Exemption Information (Sales and Use Tax)

**EFFECTIVE DATE:** April 1, 2012

**SUPERSEDES:** SC Information Letter #12-1 and all previous documents and any oral directives in conflict herewith.

**AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)  
S. C. Code Ann. Section 1-23-10(4) (Supp. 2010)  
SC Revenue Procedure #09-3

**SCOPE:** An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. Citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes. Municipal councils, or the citizens of a municipality, may impose a sales and use tax<sup>1</sup> for tourism development if the municipality is located in a county where revenue from state accommodations tax is at least fourteen million dollars in a fiscal year.<sup>2</sup> While most of these local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences. Attached are three charts that should provide guidance concerning the various types of local sales and use taxes collected by the Department of Revenue and the types of exemptions allowed under each tax.

Please note that these charts only address the general local sales and use taxes collected by the Department of Revenue on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties or municipalities.

**Note: This information letter is being issued to reflect that Newberry county has “re-imposed” its 1% Capital Projects Tax. The 1% Capital Projects Tax imposed in Newberry county expires on March 31, 2012 and the new Capital Projects Tax will become effective the next day on April 1, 2012. In addition, the new 1% Capital Projects Tax in Newberry county exempts sales of unprepared food effective April 1, 2012.**

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<sup>1</sup> This municipal sales and use tax is actually a fee (Local Option Tourism Development Fee) imposed under Article 9 of Chapter 10 of Title 4. For purposes of simplicity, this fee will be referred to as a sales and use tax in this information letter.

<sup>2</sup> As of the date of this information letter, only Horry County meets this criterion.

### CHART 1: COUNTY SALES AND USE TAXES<sup>3</sup>

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |  |   |   |  |  |        |
|---|--|---|--|---|---|--|--|--------|
| COUNTY  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR<br>MAXIMUM<br>TAX ITEMS | 12-36-1710<br>EXEMPTION<br>FOR CASUAL<br>EXCISE ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR<br>CERTAIN<br>FOOD<br>SALES | “GRANDFATHER<br>CLAUSE”<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS | NOTE   |
| <i>Abbeville</i>  | Local Option<br>5/1/92                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Aiken</i>  | Capital Projects<br>4/1/06                         | Yes   | Yes  | No  | Yes   | No   | Yes  | 1 & 12 |
| <i>Allendale</i>  | Local Option<br>5/1/92                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 5  |
|   | Capital Projects<br>5/1/09                         | Yes   | Yes  | No  | Yes   | No   | Yes  |        |
| <i>Bamberg</i>  | Local Option<br>5/1/92                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Barnwell</i>   | Local Option<br>5/1/99                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Beaufort</i>   | Transportation<br>5/1/07                           | Yes   | Yes  | No  | Yes   | No   | Yes  | 1 & 6  |
| <i>Berkeley</i>   | Local Option<br>5/1/97                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 18 |
|   | Transportation<br>5/1/09                           | Yes   | Yes  | No  | Yes   | No   | Yes  |        |
| <i>Calhoun</i>  | Local Option<br>5/1/05                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Charleston</i>   | Local Option<br>7/1/91                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 8  |
|   | Transportation<br>5/1/05                           | Yes   | Yes  | No  | Yes   | No   | Yes  |        |
|   | Ed. Capital Imp.<br>3/1/11                         | Yes   | Yes  | No  | Yes   | Yes  | Yes  |        |
| <i>Cherokee</i>   | Cherokee School<br>7/1/96                          | Yes   | Yes  | No  | Yes   | Yes  | Yes  | 1 & 19 |
|   | Local Option<br>5/1/09                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Chester</i>  | Local Option<br>5/1/94                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 3  |
|   | Capital Projects<br>5/1/09                         | Yes   | Yes  | No  | Yes   | No   | Yes  |        |

<sup>3</sup> “County Sales and Use Taxes” listed in this chart (Chart 1) are imposed county-wide, whether imposed by the county or one or more school districts.

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |  |   |   |  |  |        |
|---|--|---|--|---|---|--|--|--------|
| COUNTY  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR<br>MAXIMUM<br>TAX ITEMS | 12-36-1710<br>EXEMPTION<br>FOR CASUAL<br>EXCISE ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR<br>CERTAIN<br>FOOD<br>SALES       | "GRANDFATHER<br>CLAUSE"<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS | NOTE   |
| <i>Chesterfield</i>                                       | Local Option<br>5/1/97                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 4  |
|   | Chesterfield<br>School<br>9-1-00                   | Yes   | Yes  | No  | Yes   | Yes  | Yes  |        |
| <i>Clarendon</i>  | Local Option<br>5/1/97                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 11 |
|   | Clarendon<br>Schools<br>6/1/04                     | Yes   | Yes  | No  | Yes   | Yes - until<br>6/30/05<br>No - effective<br>7/1/05 | Yes  |        |
| <i>Colleton</i>   | Local Option<br>7/1/91                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Darlington</i>   | Local Option<br>5/1/97                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 10 |
|   | Darlington<br>School<br>2/1/04                     | Yes   | Yes  | No  | Yes   | Yes  | Yes  |        |
| <i>Dillon</i>   | Local Option<br>5/1/96                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 7  |
|   | School District<br>10/1/08                         | Yes   | Yes  | No  | Yes   | Yes  | Yes  |        |
| <i>Dorchester</i>   | Transportation<br>5/1/05                           | Yes   | Yes  | No  | Yes   | No   | Yes  | 1      |
| <i>Edgefield</i>  | Local Option<br>5/1/92                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Fairfield</i>  | Local Option<br>5/1/06                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  |        |
| <i>Florence</i>   | Local Option<br>5/1/94                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 16 |
|   | Capital Projects<br>5/1/07                         | Yes   | Yes  | No  | Yes   | No   | Yes  |        |
| <i>Greenwood</i>  | Capital Projects<br>5/1/07                         | Yes   | Yes  | No  | Yes   | No   | Yes  | 1      |
| <i>Hampton</i>  | Local Option<br>7/1/91                             | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 9  |
| <i>Horry</i>  | Capital Projects<br>5/1/07                         | Yes   | Yes  | No  | Yes   | No   | Yes  | 1 & 17 |
|   | Ed. Capital Imp.<br>3/1/09                         | Yes   | Yes  | No  | Yes   | Yes  | Yes  |        |

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |  |   |   |  |  |               |
|---|--|---|--|---|---|--|--|---------------|
| COUNTY  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE   | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR<br>MAXIMUM<br>TAX ITEMS | 12-36-1710<br>EXEMPTION<br>FOR CASUAL<br>EXCISE ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR<br>CERTAIN<br>FOOD<br>SALES | "GRANDFATHER<br>CLAUSE"<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS | NOTE          |
| <i>Jasper</i>   | Local Option<br>7/1/91<br>Jasper School<br>12/1/02   | Yes<br>Yes                                      | Yes<br>Yes   | Yes<br>No   | Yes<br>Yes                                  | No<br>Yes                                    | Yes<br>Yes   | 1 & 2         |
| <i>Kershaw</i>  | Local Option<br>5/1/97                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>Lancaster</i>  | Local Option<br>5/1/92<br>Capital Projects<br>5/1/09 | Yes<br>Yes                                      | Yes<br>Yes   | Yes<br>No   | Yes<br>Yes                                  | No<br>No                                     | Yes<br>Yes   | 1 & 20        |
| <i>Laurens</i>  | Local Option<br>5/1/99                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>Lee</i>  | Local Option<br>5/1/96                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  | 1 & 15        |
| <i>Lexington</i>  | Lexington<br>Schools<br>3/1/05                       | Yes   | Yes  | No  | Yes   | Yes  | Yes  | 1             |
| <i>Marion</i>   | Local Option<br>7/1/91                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>Marlboro</i>   | Local Option<br>5/1/92                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>McCormick</i>  | Local Option<br>7/1/91                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>Newberry</i>   | Capital Projects<br>4/1/12                           | Yes   | Yes  | No  | Yes   | Yes  | Yes  | 1, 12 &<br>23 |
| <i>Orangeburg</i>   | Capital<br>Projects<br>4/1/06                        | Yes   | Yes  | No  | Yes   | No   | Yes  | 1 & 12        |
| <i>Pickens</i>  | Local Option<br>5/1/95                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>Richland</i>   | Local Option<br>5/1/05                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>Saluda</i>   | Local Option<br>5/1/92                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |
| <i>Sumter</i>   | Local Option<br>5/1/96<br>Capital Projects<br>5/1/09 | Yes<br>Yes                                      | Yes<br>Yes   | Yes<br>No   | Yes<br>Yes                                  | No<br>No                                     | Yes<br>Yes   | 1 & 21        |
| <i>Williamsburg</i>                                       | Local Option<br>5/1/97                               | Yes   | Yes  | Yes   | Yes   | No   | Yes  |               |

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |  |   |   |  |  |               |
|---|--|---|--|---|---|--|--|---------------|
| COUNTY  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR<br>MAXIMUM<br>TAX ITEMS | 12-36-1710<br>EXEMPTION<br>FOR CASUAL<br>EXCISE ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR<br>CERTAIN<br>FOOD<br>SALES | "GRANDFATHER<br>CLAUSE"<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS | NOTE          |
| York  | Capital Projects<br>1/1/12                         | Yes   | Yes  | No  | Yes   | Yes  | Yes  | 1, 12 &<br>22 |

## CHART 2: CATAWBA INDIAN RESERVATION TRIBAL TAX<sup>4</sup>

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |  |   |   |  |  |        |
|---|--|---|--|---|---|--|--|--------|
| RESERVATION LOCATED IN YORK AND LANCASTER COUNTIES        | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR<br>MAXIMUM<br>TAX ITEMS | 12-36-1710<br>EXEMPTION<br>FOR CASUAL<br>EXCISE ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR<br>CERTAIN<br>FOOD<br>SALES | "GRANDFATHER<br>CLAUSE"<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS | NOTE   |
| Catawba Indian<br>Reservation                             | Tribal Tax<br>(See Notes #13<br>and #14)           | Yes   | See Note #14   | See Note #14  | Yes   | See Note #13                                 | See Note #14   | 13 &14 |

## CHART 3: MUNICIPAL SALES AND USE TAXES<sup>5</sup>

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |  |   |   |  |  |      |
|---|--|---|--|---|---|--|--|------|
| Municipality  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR<br>MAXIMUM<br>TAX ITEMS | 12-36-1710<br>EXEMPTION<br>FOR CASUAL<br>EXCISE ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR<br>CERTAIN<br>FOOD<br>SALES | "GRANDFATHER<br>CLAUSE"<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS | NOTE |
| Myrtle Beach  | Tourism<br>Development<br>8/1/09                   | Yes   | Yes  | No  | Yes   | Yes  | Yes  | 1    |

<sup>4</sup> Chart 2 concerns the Catawba Tribal Sales and Use Tax; however, see Notes #13 and #14 for information on the tax rates and the application of either the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation.

<sup>5</sup> Chart 3 concerns the Local Tourism Development Sales and Use Tax that may only be imposed by municipalities located in a county where revenue from state accommodations tax is at least fourteen million dollars in a fiscal year. As of the date of this information letter, only Horry County meets this criterion; therefore, only municipalities in Horry County may impose the Local Tourism Development Sales and Use Tax at this time.

## **LOCAL TAX RATES:**

Each local tax listed in the above charts is imposed at a rate of 1%, except for the Charleston county Transportation tax which is imposed at a rate of ½ of 1% (Chart #1) and the Catawba Tribal Sales and use tax (Chart #2). See Notes #13 and #14 for information on the tax rates and the application of either the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation.

## **TYPES OF LOCAL SALES AND USE 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.

**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. 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.

**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.

**Personal Property Tax Relief:** The personal property tax relief sales and use tax is authorized under Code Section 4-10-540. 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 in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year. **As of the date of this information letter, this tax is not being imposed.**

**Local Property Tax Credits:** The local option sales and use tax for local property tax credits is authorized under Code Section 4-10-720 et. seq. (Act 388 of 2006, Part III). 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 provide a credit against property tax imposed by a political subdivision for all classes of property subject to the property tax and is collected by the Department of Revenue on behalf of these counties. **As of the date of this information letter, this tax is not being imposed.**

**Education Capital Improvement Sales and Use Tax.** The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district for not more than 15 years. The tax is authorized under Code Section 4-10-410 et. seq. (Act No. 316 of 2008) and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum. This tax may only be imposed in counties which have collected at least \$7 million in state accommodations taxes in the most recent fiscal year for which data is available. Once the threshold is met, a county remains eligible to impose this tax. This tax may not be imposed in a county that is imposing or is scheduled to impose a local sales and use tax for public school capital improvements.

**School District Taxes.** 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. Currently, only 7 of the 20 school district taxes authorized by the General Assembly are being imposed.

As of the date of this information letter, these school district taxes are being imposed at a rate of 1%<sup>6</sup>:

| <u>County</u> | <u>Act Authorizing Tax</u>                  |
|---------------|---|
| Cherokee      | Act No. 588 of 1994                         |
| Chesterfield  | Act No. 441 of 2000                         |
| Clarendon     | Act No. 355 of 2004 and Act No. 195 of 2005 |
| Darlington    | Act No. 132 of 2003                         |
| Dillon        | Act No. 137 of 2007                         |
| Jasper        | Act No, 146 of 2001                         |
| Lexington     | Act No. 378 of 2004                         |

As of the date of this information letter, these school district taxes are **not** currently being imposed:

| <u>County</u> | <u>Act Authorizing Tax</u>       |
|---------------|----------------------------------|
| Allendale     | Act No. 371 of 2008              |
| Berkeley      | Act No. 178 of 1999              |
| Colleton      | Act No. 462 of 1998              |
| Dillon        | Act No. 197 of 2005 <sup>7</sup> |
| Edgefield     | Act No. 365 of 2004              |
| Horry         | Act No. 371 of 2004              |

<sup>6</sup> See the Chart #1 for the date each school district tax was first imposed.

<sup>7</sup> This school district tax was never imposed and the Act authorizing the tax was repealed by Act No. 137 of 2007.

|           |                                  |
|-----------|----------------------------------|
| Lee       | Act No. 426 of 2006 <sup>8</sup> |
| Marlboro  | Act No. 204 of 2005              |
| McCormick | Act No. 387 of 2004              |
| Newberry  | Act No. 151 of 2003              |
| Richland  | Act No. 326 of 2002              |
| Pickens   | Act No. 463 of 2002              |
| Union     | Act No. 497 of 1998              |

**Catawba Indian Tribal Tax:** The Catawba Indian Reservation is located in Lancaster and York counties where the combined sales and use tax rate in each county was 7% through April 30, 2009. Effective May 1, 2009, the combined sales and use tax rate for Lancaster County is 8% and York County remains 7%. Code Section 27-16-130(H) contains the specific sales and use tax provisions. The sales tax is administered and collected by the Department. See South Carolina Revenue Ruling #98-18 and see Notes #13 and #14 of this information letter.

**Tourism Development Tax:** The local tourism development sales and use tax is authorized under Code Section 4-10-910 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 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. As of this date, only Horry County meets this criterion; therefore, only municipalities in Horry County may impose this tax. This tax may be imposed by an ordinance adopted by a two-thirds majority of the municipal council or by approval by a majority of qualified electors voting in a referendum authorized by a majority of the municipal council. 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.

**REMITTANCE OF LOCAL SALES AND USE TAXES BY RETAILERS:**

For information on when a retailer is required to remit a local sales and use tax when delivering product to a purchaser in another county, see SC Revenue Ruling #09-9.<sup>9</sup>

**TYPES OF EXEMPTIONS:**

**State Exemptions - 12-36-2120:** Except for sales of unprepared food exempt from the 6% state sales and use tax under Code Section 12-36-2120(75), sales of tangible personal property exempt from the State sales and use tax are exempt from the local sales and use tax if marked “Yes” under this column.

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<sup>8</sup> The 1% Lee county School District Tax was imposed from October 1, 2006 to September 30, 2011.

<sup>9</sup> For a detailed discussion of this matter, see also SC Revenue Ruling #05-16. However, please note that SC Revenue Ruling #09-9 modifies SC Revenue Ruling #05-16 since at the time it was issued all local sales and use taxes were administered and collected on a county-wide basis. With the enactment of the Tourism Development Tax, the principles of SC Revenue Ruling #05-16 also apply to local sales and use taxes imposed on a municipal-wide or other basis, such as the Tourism Development Tax.



Note: Sales of unprepared food are only exempt from a local sales and use tax if the local sales and use tax law specifically exempts such sales. For information on the exemption for sales of unprepared food from local sales and use taxes, see the discussion below entitled “Exemption for Certain Food Sales.”

**Exemption for Maximum Tax Items- 12-36-2110:** Sales of items subject to a maximum tax under the State sales and use tax law [i.e. aircraft, motor vehicles, motorcycles, boats, trailers and semitrailers pulled by truck tractors, horse trailers, recreational vehicles (including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels), self-propelled light construction equipment, unassembled aircraft, manufactured homes, musical instruments and office equipment purchased by certain religious organizations and fire safety education trailers] are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Casual Excise Tax Items - 12-36-1710:** Sales of items subject to the casual excise tax under Code Section 12-36-1710 through Code Section 12-36-1740 (i.e. motor vehicles, motorcycles, boats, motors, and airplanes required to be registered, titled, or licensed) are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Food Stamp Purchases:** Sales of food purchased with foods stamps are exempt from the State sales and use tax; therefore, such sales are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Certain Food Sales:** Sales of certain foods are exempt from the local sales and use tax if marked “Yes” under this column. Sales of food which are eligible to be purchased with United States Department of Agriculture food stamps come under this exemption. This exemption applies to everyone, not just persons using food stamps.

Foods which may be purchased with food stamps and are exempt from these local sales and use taxes include:

- \* Any food intended to be eaten at home by people, including snacks, beverages and seasonings
- \* Seeds and plants intended to grow food (not birdseed or seeds to grow flowers)
- \* Cold items, which may include salads or sandwiches, intended to be eaten at home by people

Items which cannot be purchased with food stamps and are, therefore, subject to these local sales and use taxes are:

- \* Alcoholic beverages, such as beer, wine, or liquor
- \* Hot beverages ready-to-drink such as coffee
- \* Tobacco

- \* Hot foods ready to eat
- \* Foods designed to be heated in the store
- \* Hot and cold food to be eaten at a lunch counter, in a dining area or anywhere else in the store or in a nearby area such as a mall food court
- \* Vitamins and medicines (Note: Sales of certain medicines are exempt from the State sales and use tax, and therefore, are also exempt from all local sales and use taxes.)
- \* Pet food
- \* Any non-food items such as tissue, soap or other household goods

For more detailed information on this food exemption, see SC Regulation 117-337.

**“Grandfather Clause” Exemption for Certain Purchases By Construction Contractors:** All the local sales and use taxes discussed in this information letter exempt purchases of building materials for use under a construction contract if both of the following conditions are met:

- A. 1. the construction contract is executed before the imposition date; or
  - 2. a written bid is submitted before the imposition date culminating in a construction contract entered into before or after the imposition date; and
- B. a verified copy of the contract is mailed within 6 months of the imposition date to:  
 South Carolina Department of Revenue  
 Registration Unit  
 P. O. Box 125  
 Columbia, South Carolina 29214-0140

A "verified copy" is a copy accompanied by a statement, signed under penalties of perjury, that it is true and correct. If the contractor is a corporation, the statement is to be signed by an officer of the corporation or an employee authorized to sign. If the contractor is a partnership, the statement is to be signed by a general partner. If the contractor is a sole proprietorship, the owner is to sign.

**Special Exemption Certificate.** In order for a contractor to purchase building materials for a particular contract free of the local tax, the contractor must complete Form ST-10-C ("Application for Exemption from Local Option Tax") and submit it to the Department of Revenue. If the Department determines the contract in question meets the above requirements, the contractor will be issued a special exemption certificate (Form ST-35). The certificate may only be used to purchase building materials for the contract for which it is issued and may not be used to purchase anything other than building material. If the contractor uses this certificate to make purchases free of the local tax, upon which the tax should have been paid, then the contractor will be held liable for the tax. **Also, the certificate does not allow the contractor to make purchases of building materials free of the State tax.**

An exemption certificate (Form ST-35) issued by the Department of Revenue to a prime contractor under this exemption may not be used by a subcontractor nor may a prime contractor use a subcontractor's exemption certificate. Each contractor must obtain his own certificate for each construction contract.

**Note #1:** By not exempting items subject to the casual excise tax (“No” in the “Casual Excise Items” column), counties imposing this local sales and use tax will impose the local tax on sales and purchases of trailers that can be pulled by vehicles other than truck tractors, sales of pole trailers and sales of boat motors not attached to a boat at the time of sale, but will not impose the local sales and use tax on items subject to a maximum tax under the State sales and use tax law.

**Note #2:** Effective December 1, 2002, Jasper county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Jasper School Tax. Jasper County has imposed the 1% Local Option Tax since July 1, 1991 and imposed both the 1% Local Option Tax and 1% Capital Projects Tax for the period of May 1, 1999 through November 30, 2002.

**Note #3:** Since May 1, 1994, Chester County has imposed the 1% Local Option Tax. Effective May 1, 2009 Chester county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects. Chester County had previously imposed another 1% Capital Projects Tax for the period of May 1, 1999 through April 30, 2000.

**Note #4:** Since May 1, 1997, Chesterfield County has imposed the 1% Local Option Tax. Effective September 1, 2000, Chesterfield county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Chesterfield School Tax.

**Note #5:** Since May 1, 1992, Allendale County has imposed the 1% Local Option Tax. Allendale County previously imposed the 1% Capital Projects Tax for the period of May 1, 2001 through December 31, 2006. In November 2008, the citizens of Allendale county voted to impose a 1% Capital Projects Tax again; however, the vote was not timely certified and the imposition of the tax was scheduled to be postponed until May 1, 2010 unless the General Assembly enacted legislation to allow an earlier imposition date. On February 25, 2009, the Governor signed such legislation, House Bill 3232 of 2009, authorizing the imposition of the 1% Capital Projects Tax in Allendale County effective May 1, 2009.

**Note #6:** Beaufort County imposed a 1% Transportation Tax for the period of June 1, 1999 through November 30, 2000. In November 2006, the citizens of Beaufort county voted to impose a 1% Transportation Tax again; however, the vote was not timely certified and the imposition of the tax was scheduled to be postponed until May 1, 2008 unless the General Assembly enacted legislation to allow an earlier imposition date. On February 19, 2006, the Governor signed such legislation, Senate Bill 273 of 2006, authorizing the imposition of the 1% Transportation Tax in Beaufort County effective May 1, 2007.

**Note #7:** Since May 1, 1996, Dillon County has imposed the 1% Local Option Tax. Effective May 1, 2003 and ending September 30, 2008, Dillon county charged two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects Tax. Effective October 1, 2008, Dillon county charges two local sales and use taxes - the 1% Local Option Tax and a 1% School District Tax.

**Note #8:** Since July 1, 1991, Charleston County has imposed the 1% Local Option Tax. Effective May 1, 2005 and ending February 28, 2011, Charleston county charged two local sales and use taxes - the 1% Local Option Tax and a ½ of 1% Transportation Tax. (Prior to the enactment of this Transportation Tax, Charleston County was scheduled to impose another Transportation Tax at the rate of ½ of 1% in May of 2003; however, this tax was not imposed as a result of a South Carolina Supreme Court decision.) Effective March 1, 2011, Charleston county charges three local sales and use taxes - the 1% Local Option Tax, a ½ of 1% Transportation Tax, and the 1% Education Capital Improvement Tax.

**Note #9:** Since July 1, 1991, Hampton County has imposed the 1% Local Option Tax. Hampton County previously imposed a 1% Capital Projects Tax for the period of May 1, 2003 through December 31, 2009.

**Note #10:** Since May 1, 1997, Darlington County has imposed the 1% Local Option Tax. Effective February 1, 2004, Darlington county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Darlington School Tax.

**Note #11:** Since May 1, 1997, Clarendon County has imposed the 1% Local Option Tax. Effective June 1, 2004, Clarendon county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Clarendon Schools Tax. Sales of foods which are eligible to be purchased with United States Department of Agriculture food stamps, and which are exempt from the 1% Clarendon School Tax for the period of June 1, 2004 through June 30, 2005, are subject to the 1% Clarendon School Tax effective July 1, 2005 (Senate Bill 426 of 2005).

**Note #12:** The citizens of Aiken, Newberry, Orangeburg, and York counties have imposed Capital Projects taxes and have subsequently voted on one or more occasions to extend the Capital Projects taxes in their counties. In each case, the “re-imposed” Capital Projects tax began immediately upon the expiration of the “original” or “prior” Capital Projects tax. The effective date listed on the chart for each of these counties is the effective date of the most current Capital Projects tax.

However, as the result of approval of new referendums in November, 2010, Aiken and Orangeburg counties are again scheduled to re-impose a Capital Projects tax the day after the current tax expires. When each new Capital Projects tax is re-imposed, the Department will update this information letter to advise taxpayers of the date the new tax will become effective. For information on when the re-imposed 1% Capital Taxes became, or will become, effective in Newberry and York counties, see Note #22 and Note #23.

**Since the referendums for these new Capital Project Taxes were held after June 3, 2009, sales of unprepared food is exempt from the Capital Projects taxes in each of these counties on the date the new Capital Projects tax was or is re-imposed (York – 1/1/12; Newberry – 4/1/12; Aiken – To be determined; and Orangeburg – To be determined).**

**Note #13:** The application of either the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation are determined by the Catawba Indian Claims Settlement Act. The specific sales and use tax provisions can be found in Code Section 27-16-130(H).

The Catawba Tribal sales and use tax expires on November 28, 2012.

The following chart provides a summary of these provisions:

| <u>Delivery on the Reservation From:</u>  | <u>Type Tax Applicable</u>  | <u>Administered and Collected By:</u> |
|---|---|---------------------------------------|
| Location On the Reservation   | Tribal Sales Tax (Equal to Combined State and Local Rate*)                    | DOR                                   |
| Location Off the Reservation But in SC – Sales \$100 or less                        | State Sales Tax (Local taxes would not be applicable in these circumstances.) | DOR                                   |
| Location Off the Reservation But in SC – Sales Over \$100                           | Tribal Sales Tax (Equal to Combined State and Local Rate*)                    | DOR                                   |
| Location Off the Reservation and Outside the State – Seller Registered with DOR     | State Use Tax (Local taxes would not be applicable in these circumstances.)   | DOR                                   |
| Location Off the Reservation and Outside the State – Seller Not Registered with DOR | Tribal Use Tax (Equal to Combined State and Local Rate*)                      | Catawba Indian Tribe                  |

\* Lancaster County imposes a 1% local option sales and use tax and a 1% Capital Projects Tax. York county imposes a 1% Capital Projects sales and use tax. These local taxes are in addition to the State sales and use tax. Therefore, **effective January 1, 2012**, the tribal sales tax and the tribal use tax are imposed at the following rates:

For sales (deliveries) made on the Reservation within Lancaster County:

- 8% for general sales of tangible personal property
- 9% for sales of accommodations
- 2% for sales of unprepared foods

For sales (deliveries) made on the Reservation within York county:

- 7% for general sales of tangible personal property
- 8% for sales of accommodations
- 0% for sales of unprepared foods<sup>10</sup>

Please note that the rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in Lancaster county or York county in the future.

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<sup>10</sup> York county “re-imposed” its 1% Capital Projects Tax effective January 1, 2012. The prior 1% Capital Projects Tax imposed in York county expired on December 31, 2011 and the new Capital Projects Tax became effective the next day on January 1, 2012. In addition, the new 1% Capital Projects Tax in York county exempts sales of unprepared food effective January 1, 2012.

For additional information, see SC Revenue Ruling #98-18.

**Note #14:** Maximum Tax Items: For sales (deliveries) made on the Reservation of tangible personal property subject to the maximum tax provisions, the tribal sales and use tax rate is 5% in each county (since the state sales and use tax on maximum tax items is 5% and maximum tax items are exempt from all local sales and use taxes), but the tax may not exceed the maximum tax set forth in Code Section 12-36-2110.

Casual Excise Tax Items: Counties imposing a local sales and use tax that do not exempt casual excise tax items will impose the local tax on sales and purchases of (a) trailers that can be pulled by vehicles other than truck tractors, (b) sales of pole trailers and (c) sales of boat motors not attached to a boat at the time of sale. Therefore, for sales (deliveries) of these trailers and boat motors made on the Reservation within each county, the tribal sales and use tax rate is 7% (since only the local option tax in Lancaster County exempts these casual excise items).

“Grandfather Clause” Exemption for Certain Purchases By Construction Contractors: As a result of any increase in the tribal sales and use tax rate due to the imposition of a new local sales and use tax in either Lancaster county or York county, there is an exemption from the portion of the tribal sales and use tax represented by the new local sales and use tax for certain purchases by construction contractors. For more information about this partial exemption, see the discussion on pages 8 and 9 of this information letter concerning *“Grandfather Clause” Exemption for Certain Purchases By Construction Contractors* and the *Special Exemption Certificate*.

**Note #15:** Since May 1, 1996, Lee County has imposed the 1% Local Option Tax. Lee County previously imposed a 1% School District Tax for the period of October 1, 2006 through September 30, 2011.

**Note #16:** Since May 1, 1994, Florence County has imposed the 1% Local Option Tax. Effective May 1, 2007, Florence county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects Tax.

**Note #17:** Since May 1, 2007, Horry County has imposed a 1% Capital Projects Tax. Effective March 1, 2009, Horry County charges two local sales and use taxes - the 1% Capital Projects Tax and the 1% Education Capital Improvements Tax.

**Note #18:** Since May 1, 1997, Berkeley County has imposed the 1% Local Option Tax. Effective May 1, 2009, Berkeley county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Transportation Tax.

**Note #19:** Since July 1, 1996, Cherokee county has imposed the 1% School District Tax. Effective May 1, 2009, Cherokee county charges two local sales and use taxes - the 1% School District Tax and the 1% Local Option Tax.

**Note #20:** Since May 1, 1992, Lancaster County has imposed the 1% Local Option Tax. Effective May 1, 2009, Lancaster county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects Tax.

**Note #21:** Since May 1, 1996, Sumter County has imposed the 1% Local Option Tax. Effective May 1, 2009, Sumter county charges two local sales and use taxes - the 1% Local Option Tax and the 1% Capital Projects Tax.

**Note #22:** York county has “re-imposed” its 1% Capital Projects Tax. The prior 1% Capital Projects Tax imposed in York county expired on December 31, 2011 and the new Capital Projects Tax became effective the next day on January 1, 2012. In addition, since the referendum was held after June 3, 2009, the new 1% Capital Projects Tax in York county exempts sales of unprepared food effective January 1, 2012 (See Act 49 of 2009).

**Note #23:** Newberry county has “re-imposed” its 1% Capital Projects Tax. The 1% Capital Projects Tax imposed in Newberry county expires on March 31, 2012 and the new Capital Projects Tax will become effective the next day on April 1, 2012. In addition, since the referendum was held after June 3, 2009, the new 1% Capital Projects Tax in Newberry county exempts sales of unprepared food effective April 1, 2012 (See Act 49 of 2009).

**Please note that these charts only address the general local option taxes collected by the Department of Revenue on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties or municipalities.**