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SC INFORMATION LETTER #90-10

TO: Vicki Jinnette
Public Information Director

FROM: John P. McCormack, Manager
Tax Policy and Appeals Department

DATE: April 25, 1990

SUBJECT: Accommodations Tax

REFERENCE: S.C. Code Ann. Section 12-35-710(1) (As Amended April 10, 1990)

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.

Code Section 12-35-710(1) imposes the 2% accommodations tax on the gross proceeds derived from the rental or charges for rooms, campground spaces, lodgings, or accommodations furnished to transients. This tax is in addition to the 5% sales tax on such rentals or charges, and is distributed to the counties and municipalities to provide additional services and to promote tourism.

Previously, the only items excluded from the 2% tax were "meals and other special items in promotional tourist packages [and] the rental of meeting rooms" (See SC Revenue Ruling #88-2).

Effective May 1, 1990, Code Section 12-35-710(1) was amended to "apply only to revenues derived from the rate charged for the rental of sleeping accommodations and ...not...to any additional guest charges". The amendment defines the term "additional guest charges" to include:

- (a) room service;

- (b) amenities;
- (c) entertainment;
- (d) special items in promotional tourist packages;
- (e) laundering and dry cleaning services;
- (f) in-room movies;
- (g) telephone charges;
- (h) rentals of meeting rooms; and
- (i) other guest services.

The Commission, in the near future, will issue a revenue ruling which will define the above items and set forth billing and bookkeeping requirements for hotels, innkeepers, etc..

NOTE: The amendment to Code Section 12-35-710 only excludes the listed items from the 2% accommodations tax, and not the 5% sales tax; therefore, hotels must continue to remit the 5% sales tax on such services.