
State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #98-18

SUBJECT: Credit for Taxes Paid in Other States
(Use Tax)

DATE: August 14, 1998

SUPERSEDES: SC Information Letter #95-9

REFERENCE: S.C. Code Ann. Section 12-36-1310 (Supp. 1997)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (Supp. 1997)
SC Revenue Procedure #97-8

SCOPE: An Information Letter is a document issued for the purpose of disseminating general information or information concerning an administrative pronouncement.

Information Letters issued to disseminate general information have no precedential value and do not represent the official position of the Department. Information Letters designated as administrative pronouncements represent the official advisory opinion of the Department.

South Carolina allows a credit against the use tax due in South Carolina for the state and local sales or use tax due and paid in another state on purchases of tangible personal property, providing the state in which the property was purchased allows a substantially similar tax credit.

Code Section 12-36-1310(C) provides for the credit and reads:

When a taxpayer is liable for the use tax imposed by this section on tangible personal property purchased in another state, upon which a sales or use tax was due and paid in the other state, the amount of the sales or use tax due and paid in the other state is allowed as a credit against the use tax due this State, upon proof of payment of the sales or use tax. The provisions of this section do not apply if the state in which the property was purchased does not allow substantially similar tax credits for tangible personal property purchased in this State. If the amount of the sales or use tax paid in the other state is less than the amount of use tax imposed by this article, the user shall pay the difference to the [Department].

Therefore, South Carolina will allow a credit against the use tax due in this State for the state and local sales or use tax due and paid in another state on purchases of tangible personal property in other states in accordance with the below chart.

CREDIT ALLOWED FOR TAXES PAID IN OTHER STATES

South Carolina will allow a credit against the use tax due in this State for state and local sales or use tax due and paid on purchases of tangible personal property in the following states, subject to the exceptions noted.

Alabama	Kentucky (4)	North Dakota
Arizona	Louisiana	Ohio
Arkansas (1)	Maine	Oklahoma (1)
California	Maryland (1)	Pennsylvania
Colorado	Massachusetts	Rhode Island
Connecticut	Michigan	South Dakota (3)
District of Columbia (1)	Minnesota	Tennessee
Florida	Mississippi (2)	Texas
Georgia	Missouri	Utah
Hawaii	Nebraska	Vermont
Idaho	Nevada	Virginia (5)
Illinois	New Jersey	Washington
Indiana (1)	New Mexico (1)	West Virginia (1)
Iowa	New York	Wisconsin
Kansas	North Carolina (3)	Wyoming

NOTE: Alaska, Delaware, Montana, New Hampshire and Oregon have no sales or use tax.

EXPLANATION

(1)Arkansas, District of Columbia, Maryland, New Mexico, Oklahoma, and West Virginia do not allow a credit for tax paid on the purchase of motor vehicles, trailers, semitrailers and pole trailers. Indiana does not allow a credit for vehicles, watercraft or aircraft. Accordingly, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on such purchases.

(2)Mississippi does not allow a credit for tax paid on the purchase of “automobiles, trucks, truck-tractors and semitrailers imported and first used in Mississippi”. Accordingly, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on such purchases.

- (3) North Carolina and South Dakota impose a type of excise tax, unlike South Carolina's sales tax, on the registration of motor vehicles, trailers, semitrailers and pole trailers. Accordingly, South Carolina will not allow a credit against the use tax for excise tax paid on such purchases.
- (4) Kentucky does not allow a credit for machinery brought in for a construction project. Therefore, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on such purchases.
- (5) Virginia generally allows a credit for tax paid on the purchase of tangible personal property. However, Virginia law provides that with respect to the motor vehicle sales and use tax “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”. Accordingly, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on the purchase of motor vehicles, trailers, semitrailers and pole trailers.