

SC REVENUE ADVISORY BULLETIN 02-4

- SUBJECT:** Sales Tax Holiday  
(Sales and Use Tax)
- EFFECTIVE DATE:** Beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday
- SUPERSEDES:** All previous advisory opinions and any oral directives in conflict herewith.
- REFERENCES:** S. C. Code Ann. Section 12-36-2120(56) (Supp. 2001)
- AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)  
S. C. Code Ann. Section 1-23-10(4) (Supp. 2001)  
SC Revenue Procedure #99-4
- SCOPE:** The purpose of a Revenue Advisory Bulletin is to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of tax law to a specific set of facts or a general category of taxpayers. A Revenue Advisory Bulletin does not have the force or effect of law, and is not binding on the public. It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

**LAW**

Code Section 12-36-2120(56) exempts from the sales and use tax:

- (a) sales taking place during a period beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday of:
  - (i) clothing;
  - (ii) clothing accessories including, but not limited to, hats, scarves, hosiery, and handbags;
  - (iii) footwear;
  - (iv) school supplies including, but not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators;
  - (v) computers, printers and printer supplies, and computer software.

(b) The exemption allowed by this item does not apply to:

- (i) sales of jewelry, cosmetics, eyewear, wallets, watches;
- (ii) sales of furniture;
- (iii) a sale of an item placed on layaway or similar deferred payment and delivery plan however described;
- (iv) rental of clothing or footwear;
- (v) a sale or lease of an item for use in a trade or business.

(c) Before July tenth of each year, the department shall publish and make available to the public and retailers a list of those articles qualifying for the exemption allowed by this item.

**EXAMPLES OF EXEMPT AND NON-EXEMPT ITEMSEXAMPLES OF EXEMPT AND NON-EXEMPT ITEMS**

Pursuant to Code Section 12-36-2120(56) cited above, the department publishes the following list as examples of items it believes to be exempt and non-exempt:

**Exempt items (Provided the item (1) is not used in a trade or business or (2) is not placed on layaway or similar deferred payment and delivery plan or (3) is not clothing or footwear that is rented) include:**

Adult diapers  
Aerobic clothing  
Antique clothing  
Aprons  
Athletic or sport uniforms or clothing (but not equipment such as mitts, helmets and pads)  
Baby bibs  
Baby clothes  
Baby diapers (cloth or disposable)  
Baby shoes  
Bandannas  
Barrettes  
Bathing caps  
Bathing suits  
Bathing trunks  
Beach capes and coats  
Belt buckles  
Belts/suspenders  
Blouses  
Bobby pins  
Bonnets  
Boots (climbing, hiking, riding, ski, waders, fishing, cowboy)  
Bow ties  
Bras  
Bridal gowns and veils (must be sold; rentals are taxable)

Capri pants  
Caps  
Coats, capes and wraps  
Computers (computer parts, such as computer monitors, keyboards and scanners, when not sold in conjunction with a central processing unit (CPU) and accessories are taxable)<sup>1</sup>  
Computer hardware service contracts sold in conjunction with computers  
Computer software service contracts sold in conjunction with computer software  
Computer software service contracts when the true object of the contract is to obtain computer software updates during the contract period  
Computer software  
Corsets  
Corset laces  
Costumes (must be sold; rentals are taxable)  
Coveralls  
Daily planners or organizers when used by school children as a school supply  
Dress shields  
Dresses  
Earmuffs  
Elastic ponytail holders  
Fishing boots  
Formal clothing (must be sold; rentals are taxable)  
Furs  
Galoshes  
Garters/garter belts  
Girdles  
Gloves (batting, bicycle, dress, garden, golf, ski, tennis)  
Gowns  
Graduation caps and gowns (must be sold; rentals are taxable)  
Gym suits  
Hair bows  
Hair clips  
Handbags  
Hand muffs  
Handkerchiefs  
Hats  
Headbands  
Hosiery  
Hunting vests  
Ice skates (rentals are taxable)  
In-line skates (rentals are taxable)

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<sup>1</sup>Since sales tax is a "transaction tax," and since the law did not exempt computer parts (only computers), then the sale of a computer monitor, keyboard, or scanner by itself would not be exempt during the sales tax holiday. If a monitor, keyboard or scanner is purchased as part of a package which included the computer processing unit (CPU), then that is one transaction to purchase a computer and the sale of the packaged unit (CPU, monitor, keyboard, scanner) would be exempt.

Jackets  
Jeans  
Jogging suits  
Jumpers  
Leg warmers  
Leotards and tights  
Lingerie  
Mittens  
Overshoes  
Pantyhose  
Nightgowns  
Pajamas  
Pants  
Pantsuits  
Personal Digital Assistants (hand-held computers used as daily planners)  
Ponchos  
Printers (replacement parts are taxable)  
Printer supplies (replaceable ink cartridges used in printers are exempt from tax as "printer supplies")  
Prom dress (must be sold; rentals are taxable)  
Purses  
Raincoats  
Rainwear  
Riding pants  
Robes  
Roller skates (provided the skates are permanently attached to the boots) (rentals are taxable)  
Sandals  
Scarves  
School supplies<sup>2</sup> including, but not limited to, pens, pencils, paper, binders, notebooks, books<sup>3</sup>, blue books<sup>4</sup>, bookbags, lunchboxes, musical instruments<sup>5</sup> and calculators (school office and

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<sup>2</sup>It is the opinion of the department that "school supplies" are items used in the classroom or at home with respect to school assignments and include, but are not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators.

Items such as refrigerators, linens, toiletries, bicycles and food purchased by college students are not school supplies and not exempt from the tax.

Attached as **Exhibit "A"** is a statement that a retailer may use to determine if a customer is purchasing an item as a school supply. The form should be attached to the bill of sales for record keeping purposes. Please note that this statement is not required and is merely provided by the department to assist retailers during the sales tax holiday.

<sup>3</sup>Code Section 12-36-2120(2)(a) already exempts from the tax books used as part of a course of study in elementary schools, high schools and institutions of higher learning. The exemption for books during the "sales tax holiday" applies to other books (e.g. dictionaries, thesauruses, encyclopedias, and books used for science projects, book reports, extra credit, and other reading requirements) used for school purposes.

<sup>4</sup>"Blue books" are blank notebooks with blue covers which are typically used to write college examinations.

<sup>5</sup>Musical instruments are exempt as school supplies if used in the classroom or at home with respect to school assignments.

janitorial supplies are taxable)

School uniforms

Scout uniforms

Shawls and wraps

Shirts

Shoes (ballet, baseball, bicycle, boat, boots, bowling (taxed if rented), cleated, cross trainers, flip-flops, football, golf, jazz/dance, soccer, track, in-line skates, ice skates, running, etc.) (rentals are taxable)

Shorts

Shoulder pads for dresses, jackets, etc. (but not athletic or sport protective pads)

Ski boots (snow) (rentals are taxable)

Ski masks

Skirts

Ski suits (snow)

Skin diving suits

Sleepwear

Slippers

Slips

Sneakers

Socks

Sport clothing and uniforms (but not equipment such as mitts, helmets, and pads)

Sport jacket

Stockings

Suits

Support hosiery

Suspenders

Sweaters

Sweatbands

Sweat pants

Sweat shirts

Sweat suits

Ties/neckwear

Tights

T-shirts

Tuxedo (must be sold; rentals are taxable)

Umbrellas

Underwear

Waders

Wet and dry suits

Note: Fabric, thread, yarn, buttons, snaps, hooks, zippers and like items which become a physical component part of clothing listed above are exempt from tax.

**The following items are not exempt:**

Any clothing or footwear that is rented

Any item (whether sold or leased) used in a trade or business

Any item placed on layaway or similar deferred payment and delivery plan

Backpacks for hiking and camping (bookbags for school are exempt)  
Briefcases  
Change purse  
Clocks (alarms clocks, wall clocks, etc.)  
Clothing that is rented  
Computer parts (such as computer monitors, keyboards and scanners when not sold in conjunction with a central processing unit (CPU)) and accessories other than printers and printer supplies (computers, computer software, printers, and printer supplies are exempt)<sup>6</sup>  
Cookware  
Cosmetics  
Costume rentals (rentals are taxable; must be sold to be exempt)  
Crib blankets  
Daily planners or organizers (whether or not such include a calculator) when not used by school children as a school supply  
Employee uniforms  
Eyewear  
Footwear that is rented  
Formal clothing that is rented  
Furniture  
Gift wrapping paper  
Glasses  
Goggles  
Golf clubs  
Greeting cards  
Hardware (hand tools, power tools, etc.)  
Helmets (sport, motorcycle, bicycle, etc.)  
Health food supplements  
Hobby equipment, supplies and toys  
Housewares  
Jewelry  
Key cases  
Linens (sheets, blankets, etc.)  
Mitts (baseball fielder's, hockey, etc.) (batting, bicycle, dress, garden, golf, ski, tennis, work gloves are exempt)  
Music tapes, records and compact discs  
Paper products that are not school supplies (greeting cards, gift wrapping paper, etc.)  
Personal flotation devices  
Printer replacement parts (printers are exempt)  
Protective masks and goggles (athletic, sport, or occupational)  
Roller skates not permanently attached to the boot  
Safety clothing for use in a trade or business  
Safety glasses and goggles  
Safety shoes for use in a trade or business  
School office and janitorial supplies  
Sewing accessories

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<sup>6</sup>See footnote #1.

Shin guards and padding  
Shoulder pads (football, hockey, etc.)  
Sporting equipment (baseball mitts, golf clubs, helmets, hockey mitts, life jackets and vests,  
masks, pads, swim fins, swimming masks and goggles)  
Stereo equipment  
Sunglasses  
Toys  
Vitamins  
Wallets  
Watch bands  
Watches  
Wigs

If you have any questions, you may call the Department of Revenue at (803) 898-5788 or e-mail  
the Department at **salestax@sctax.org**.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Elizabeth Carpentier  
Elizabeth Carpentier, Director

June 17, 2002  
Columbia, South Carolina

**EXHIBIT "A"**

**School Supplies - Information and Purchaser's Statement**

It is the opinion of the department that "school supplies" are items used in the classroom or at home with respect to school assignments and include, but are not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators.

Items such as refrigerators, linens, toiletries, bicycles and food purchased by college students are not school supplies and not exempt from the tax.

The **following** is a statement that a retailer may use to determine if a customer is purchasing an item as a school supply. The form should be attached to the bill of sale for record keeping purposes. Please note that this statement is not required and is merely provided by the department to assist retailers during the sales tax holiday.

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I state that the below-listed item will be used as a school supply and therefore is exempt from the sales tax. I further understand that if it is later determined that it is not used as a school supply and the tax is due, I will reimburse the retailer for the tax.

\_\_\_\_\_  
Item purchased

\_\_\_\_\_  
Signature of purchaser

August\_\_\_\_, \_\_\_\_