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

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SC REVENUE RULING #96-7

**SUBJECT:** Federal Employee Travel  
(Sales Tax on Accommodations)

**EFFECTIVE DATE:** Applies to all periods open under the statute.

**SUPERSEDES:** All previous documents and any oral directives in conflict herewith.

**REFERENCE:** S. C. Code Ann. Section 12-36-910 (Supp. 1995)  
S. C. Code Ann. Section 12-36-920 (Supp. 1995)  
S. C. Code Ann. Section 12-36-2120(1) and (2) (Supp. 1995)  
SC Revenue Ruling #88-8  
SC Information Letter #94-6

**AUTHORITY:** S.C. Code Ann. Section 12-4-320 (Supp. 1995)  
SC Revenue Procedure #94-1

**SCOPE:** A Revenue Ruling is the Department of Revenue's official advisory opinion of how laws administered by the Department are to be applied to a specific issue or a specific set of facts, and is provided as guidance for all persons or a particular group. It is valid and remains in effect until superseded or modified by a change in the statute or regulations or a subsequent court decision, Revenue Ruling or Revenue Procedure.

Numerous questions have arisen concerning the applicability of the 7% sales tax on accommodations imposed on the rental of hotel or motel rooms to federal employees on official government business. The purpose of this revenue ruling is to restate the Department's longstanding policy on this matter as set forth in South Carolina Revenue Ruling #88-8 and South Carolina Information Letter #94-6.

**TRANSACTIONS EXEMPT FROM TAX**

Charges for hotel and motel accommodations to a federal employee on official government business are exempt from sales tax pursuant to Code Section 12-36-2120 if the accommodations are purchased directly by the federal government.

Based upon the analysis contained in SC Revenue Ruling #88-8 and SC Information Letter #94-6, the 7% sales tax on accommodations is not applicable when:

1. The federal government is billed directly by the retailer;

2. The federal employee pays by government check; or,

3. The federal employee pays by government credit card **and** the federal government is billed directly by the credit card company. As explained in SC Information Letter #94-6, accommodations purchased with the following cards are handled in this manner and are exempt from South Carolina sales tax:

- a. American Express Card issued with account numbers beginning with "3783-9."
- b. I.M.P.A.C. (International Merchant Purchase Authorization Card) Visa Card issued by the Rocky Mountain Bankcard System, Inc., with account numbers beginning with "4716."

### **TRANSACTIONS SUBJECT TO TAX**

Charges for hotel and motel accommodations to a federal employee on official government business are subject to the sales tax if the accommodations are purchased by the federal employee, even if the employee is reimbursed for the charges. This includes transactions in which:

1. The federal employee pays by personal check; or,
2. The federal employee pays by credit card, is billed directly by the credit card company, and is reimbursed by the federal government. For example, purchases made by an American Express card that begins with "3783-7" or "3783-8" are not exempt.

NOTE: The presentation by a federal employee of a tax exemption certificate issued by the federal government is not sufficient to exempt the transaction from the tax. In order to be tax exempt, a transaction involving a tax exemption certificate must also meet one of the requirements in the above category entitled "Transactions Exempt From Tax."

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Burnet R. Maybank III  
Burnet R. Maybank, III, Director

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Columbia, South Carolina  
June 12, 1996