



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214

SUBJECT: Guidelines Concerning Discount Pricing of Beer, Wine, or Liquor

DATE: December 3, 2015

INTRODUCTION

The purpose of this document is to provide general guidelines concerning discount pricing of beer, wine, or liquor for persons holding biennial permits or licenses to sell beer, wine, or liquor for on-premises consumption.

LAW

Code Section 61-4-160 concerns discount pricing of beer and wine for on-premises consumption, and reads:

No person who holds a biennial permit to sell beer or wine for on-premises consumption may advertise, sell, or dispense these beverages for free, at a price less than one-half of the price regularly charged, or on a two or more for the price of one basis. Beer or wine may be sold at a price less than the price regularly charged from four o'clock p.m. until eight o'clock p.m. only. The prohibition against dispensing the beverages for free does not apply to dispensing to a customer on an individual basis, to a fraternal organization in the course of its fund-raising activities, to a person attending a private function on premises for which a biennial permit has been issued, or to a customer attending a function sponsored by the person who holds a biennial permit. However, no more than two functions may be sponsored each year, and must be authorized by the department. A person who violates this section is guilty of a misdemeanor and, upon conviction, must be fined not less than one hundred dollars or imprisoned not less than three months, in the discretion of the court.

A person found guilty of a violation of Section 61-6-4550 and this section may not be sentenced under both sections for the same offense.

Code Section 61-6-4550 concerns discount pricing of liquor-by-the drink, and reads:

No person who holds a biennial license to sell alcoholic liquors for on-premises consumption may advertise, sell, or dispense these beverages for free, at a price less than one-half of the price regularly charged, or on a two or more for the price of one basis. Alcoholic liquors may be sold at a price less than the price regularly charged from four o'clock p.m. until eight

o'clock p.m. only. The prohibition against dispensing the beverages for free does not apply to dispensing to a customer on an individual basis, to a fraternal organization in the course of its fund-raising activities, to a person attending a private function on premises for which a biennial license has been issued, or to a customer attending a function sponsored by the person who holds a biennial license. However, no more than two functions may be sponsored each year, and must be authorized by the department. A person who violates this section is guilty of a misdemeanor and, upon conviction, must be fined not less than one hundred dollars or imprisoned not less than three months, in the discretion of the court.

GENERAL GUIDELINES

FREE BEER, WINE OR LIQUOR – ON-PREMISES LOCATIONS WITH BIENNIAL PERMITS AND LICENSES

A location with a biennial license to sell beer, wine, or liquor for on-premises consumption (an on-premises beer and wine permit or a liquor by the drink license) may not advertise or dispense beer, wine, or liquor for free except under the following circumstances:

- Beer, wine and liquor may be dispensed for free to a customer on an individual basis.
- Beer, wine and liquor may be dispensed for free to a fraternal organization in the course of the fraternal organization's fundraising activity.
- Beer, wine and liquor may be dispensed for free to a customer attending one of only two private functions sponsored by the permittee (beer and wine) or licensee (liquor) and authorized by the Department of Revenue during the year.

Beer, wine and liquor may not be dispensed for free under any other circumstance by persons who hold a biennial on-premises beer and wine permit or liquor by the drink license. This does not apply to someone who holds a special event permit (beer and wine) or license (liquor). A special event permit and/or license is not a biennial permit or license, and the amount charged per drink at the special event is the regularly charged price per drink.

Note: Where an entry or admissions fee is charged and no additional charge is required from the customer for beer, wine, or liquor, the beer, wine, or liquor is considered to have been sold (part of the entry or admissions fee is for the cost of the beer, wine or liquor)

and, therefore, is not considered as being dispensed for free.¹ However, as explained below, the discount pricing provisions of sections 61-4-160 and 61-6-4550 still apply.

A single serving of beer, wine or liquor may only be sold by a person holding a biennial on-premises beer and wine permit or liquor by the drink license at a price that is less than the price regularly charged from 4:00 pm until 8:00 pm; however, during the time period from 4:00 pm until 8:00 pm the discounted price at which the beer, wine, or liquor is sold may not be less than one-half of the price regularly charged. In other words, the lowest price a person holding an on-premises beer and wine permit or liquor by the drink license may sell a single serving of beer, wine, or liquor between the hours of 4:00 pm and 8:00 pm is 50% of the price regularly charged. However, under no circumstances may beer, wine, or liquor be sold on a two or more for the price of one basis.

QUESTIONS AND ANSWERS

1. May a location with an on-premises beer and wine permit and/or liquor by the drink license holding a New Year's Eve party (or similar party) charge an entry or admissions fee and provide unlimited beer, wine, and/or liquor to the persons who paid the entry or admissions fee?

No. Sections 61-4-160 and 61-6-4550 prohibit the sale of beer, wine, and liquor at a price that is less than one-half of the price regularly charged and from dispensing beer, wine, and liquor for free. The sale of unlimited beer, wine, and/or liquor for an entry or admissions fee constitutes the sale at a price that is less than one-half of the price regularly charged or the dispensing of beer, wine, and/or liquor for free.

For example, the location regularly charges \$3.00 per well drink. On New Year's Eve, the location plans to charge an admissions fee of \$30.00 per person, which includes a meal, unlimited well drinks, and entertainment. The meal costs \$20.00 per person and the entertainment costs \$5.00 person. A customer has two well drinks, which would normally total \$6.00, but only paid \$5.00 for the two drinks. Therefore, the location sold those two drinks for \$2.50 each, which is less than the regularly charged price of \$3.00. This location is not in compliance with section 61-6-4550.

As another example, the location regularly charges \$1.00 per beer. On New Year's Eve, the location plans to charge an admissions fee of \$30.00 per person, which includes a

¹ For purposes of the laws regulating beer, wine and alcoholic liquor, a sale is considered to take place if there is a per drink charge, an admissions fee is charged to enter a place or event where these beverages are provided, a donation is accepted with respect to the event where these beverages are provided, tickets are sold with respect to the event where these beverages are provided, such beverages are provided as part of a meal for which consideration, direct or indirect, is accepted or required, or any consideration is accepted or required with respect to the event where these beverages are provided. See also [S.C. Revenue Ruling #12-3](#).

meal, unlimited beer, and entertainment. The meal costs \$20.00 per person and the entertainment costs \$10.00 person. A customer has one beer, which would normally cost \$1.00, but does not pay anything in addition to the \$30.00 admissions fee. Therefore, the location dispensed the beer to the customer for free. This location is not in compliance with section 61-4-160.

2. May a location with an on-premises beer and wine permit or liquor by the drink license holding a New Year's Eve party (or similar party) sell a meal, three² alcoholic drinks, and entertainment for a single price or admissions fee?

Yes, provided the permittee's or licensee's books and records can document the cost of the meal portion, the alcoholic drink portions, and the entertainment portion of the single price or admissions fee, and the portion representing the cost of the alcoholic drink is the price regularly charged by the location or is a discounted price that is not less than one-half of the price regularly charged for drinks served from 4:00 pm until 8:00 pm.

For example, the location regularly charges \$3.00 per well drink. On New Year's Eve, the location plans to charge an admissions fee of \$30.00 per person, which includes a meal, up to three well drinks, and entertainment. The meal costs \$16.00 per person, the drinks cost a total of \$9.00 per person, and the entertainment costs \$5.00 person. This location would be in compliance with section 61-6-4550.

3. May a location with an on-premises beer and wine permit or liquor by the drink license sell beer, wine, or liquor on a two or more for the price of one basis?

No. Sections 61-4-160 and 61-6-4550 specifically prohibit the sale of beer, wine, or liquor on a two or more for the price of basis at a location with an on-premises beer and wine permit or liquor by the drink license.

4. May a location with an on-premises beer and wine permit or liquor by the drink license sell beer, wine, or liquor at a discount?

Yes. A location with an on-premises beer and wine permit or liquor by the drink license may sell beer, wine, or liquor at a discount, but only under the following two conditions:

- a) Beer, wine, and liquor may only be sold at a discount between the hours of 4:00 pm and 8:00 pm; and
- b) The discount may not exceed 50% of the price regularly charged.

Therefore, if a location regularly charges \$1.00 for a beer, the location may sell beer to customers for as low as \$0.50 per drink between the hours of 4:00 pm and 8:00 pm.

² The number three is just used for purposes of this example and does not mean that more or less than three drinks can be incorporated into the admissions fee.

For example, if a customer usually enjoys two beers with his meal, a location that regularly charges \$1.00 per beer may sell the customer two beers for \$0.50 per beer, but only between the hours of 4:00 pm and 8:00 pm. The location is prohibited from selling beer for less than \$0.50 per drink at any time and is prohibited from selling beer for less than \$1.00 (the price regularly charged) prior to 4:00 pm and after 8:00 pm. Furthermore, the location cannot sell the first beer for \$1.00 and give the second beer to the customer for free.