

ESSENTIAL INFORMATION FOR FORM ST-388 (Rev. 8/27/14)

Please read carefully and keep this information in a convenient place for future reference.

WHO MUST FILE

Any person liable for sales tax on accommodations is required to file form ST-388 to report any sales and use tax in this State. As a general rule, such person is required to obtain a retail license from the South Carolina Department of Revenue (Department). However, a person furnishing accommodations to transients for one week or less in any calendar quarter is not required to obtain a retail license, but must remit the tax annually by April 15th of the following calendar year. If you are licensed with the Department for purposes of filing a return to remit sales tax on accommodations, you must file a return even if there is no tax due for the period. Enter zero "0" on lines 1, 1A, 1B, and 3 of Column A, B and C only on the front of ST-388, if you do not have sales and/or purchases to report for the period. For information relating to a convenient and paperless method of filing certain returns via touchtone telephone (filing zero "0" returns), contact the Department by E-mail at telefile@dor.sc.gov or by telephone at (803) 896-1715.

WHEN TO FILE

Sales and Use Tax returns are due on or before the twentieth (20th) day of the month following the close of the period ended. Example:

Monthly filers: (Return must be received/postmarked by the 20th)

- January reporting period - no later than February 20.
- February reporting period - no later than March 20.
- March reporting period - no later than April 20, etc.
- December reporting period - no later than January 20 (of the next year).

Note: To request a change in your filing status (monthly, quarterly, annual or seasonal) a written request must be made to the South Carolina Department of Revenue. The request must be approved before a return and remittance can be made for the filing status being requested.

Quarterly Filers: (Return must be received/postmarked by the 20th)

- First Quarter (January, February, March) reporting period - no later than April 20.
- Second Quarter (April, May, June) reporting period - no later than July 20.
- Third Quarter (July, August, September) reporting period - no later than October 20.
- Fourth Quarter (October, November, and December) reporting period - no later than January 20 (of the next year).

Annual Filers: (Sales for the entire year)

December return must be received/postmarked no later than January 20 (of the next year).

Seasonal Filers: Seasonal filers are required to file returns only for those months scheduled to be reported. Returns must be received/postmarked no later than the 20th of the next month.

FILING STATE AND LOCAL OPTION SALES AND USE TAX FORMS

ST-388: State Sales, Use and Accommodation Tax Return: This form is to be used by any person in the business of furnishing accommodations, whether such person is the owner or a real estate agent, listing service, broker, online travel company, or similar entity handling the accommodations. It is used for reporting the State Sales and Use tax on sales and purchases of tangible property, upon sales of accommodations and additional guest charges and local taxes imposed on such sales as administered by the SC Department of Revenue.

A person liable for sales tax on accommodations is required to file form ST-388 to report any sales and use tax in this State. As a general rule, the person liable for the sales tax on accommodations is required to obtain a retail license from the South Carolina Department of Revenue (Department). However, a person furnishing accommodations to transients for one week or less in any calendar quarter is not required to obtain a retail license, but must remit the sales tax annually by April 15th of the following year.

ST-389: Schedule for local Taxes: You are required to file form ST-389 to report the appropriate local sales and use tax to a county or municipality based upon sales or deliveries within the county or municipality. You are required to file this form when:

- (1) Your business is located in a county that imposes the tax or
- (2) Your business delivers to a county or municipality with local tax regardless of whether your business is or is not located in a county that imposes a local tax

The various local taxes reportable on the ST-389 are indicated on specific pages of form ST-389. The ST-389 is not used to report local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties.

ST-389A: Local Option Addendum: Use this form if you need more space for reporting the local option tax located on page 6 of ST-389. You must enter the applicable county/municipality code listed on the reverse side when reporting the local option tax.

Form ST-3T: Accommodations Report by County or Municipality for Sales and Use Tax: This form is used for reporting accommodations tax by counties or municipalities when taxpayer owns or manages rental units in several counties or municipalities. A taxpayer who owns or manages rental units in more than one county or municipality is required to report separately the total gross proceeds from business done in each county or municipality. **The ST-3T must be submitted with the ST-388 even if you only have rental units in the county/municipality where your business is located.**

ST-8A: Resale Certificate: The resale certificate form is used by retailers (purchasers) to purchase tax-free at wholesale items that are to be resold. This certificate is extended by the purchaser to the seller who maintains the certificate on file as evidence that the sales transaction is not subject to the tax. It is not required that the form ST-8A be used as long as the certificate presented to the seller contains the purchaser's name, address, and retail sales tax license number. Also, it is not necessary that a certificate be extended each time a sale is made. A resale certificate should not be used by a retailer to purchase products for their own use.

ST-14: Claim For Refund: If you have overpaid your sales/use tax on your return, you should file a claim for refund in the form of a letter or by using the enclosed form ST-14, Claim for Refund, and file amended (corrected) figures for the periods requested. **Do not take a credit on the sales and use tax return for any overpayments.** The claim for refund should specify: the name, address, and telephone number of the taxpayer or contact person; the appropriate taxpayer identification number(s); the tax period or date for which the tax was paid; the nature and kind of tax paid; the amount which is claimed as erroneously paid; a statement of facts and documentation supporting the refund position; a statement outlining the reasons for the claim, including any law or other authority upon which you rely; and any other relevant information that the Department may reasonably require.

C-278: Account Closing Form: When closing or selling your business, you are required by law to return your sales and use tax license to the Department of Revenue indicating the date of closing. Complete Form C-278 when closing your business. You must file all returns and pay all taxes due. If you sell your business, the new owner will not be issued a new license until taxes due for that location have been paid. A change in ownership will require the new owner to complete a form SCDOR-111, Tax Registration Application, and remit the appropriate license tax. The SCDOR-111 is available on our website at www.dor.sc.gov.

SC8822: Change of Name/Address/Business Location: Any change of location requires that written notification be sent to the Department of Revenue by submitting form SC8822.

Change in Ownership: Any change in ownership will require a new owner to complete a Business Tax Application, Form SCDOR-111 and remit the appropriate license fee. The SCDOR-111 is available on our website at www.dor.sc.gov. However, if you would like to obtain a license online (via the internet), go to **SC Business One Stop, SC's Business Portal:** www.scbos.sc.gov

Filing an Amended Sales and Use Tax Return: Instructions for filing an amended State and Local Sales and Use Return for South Carolina are as follows:

- Check the "Amended Return" box on the top of your State sales and use tax return (e.g., ST-3, ST-388, ST-403 or ST-455). If there is no check box at the top of the return to indicate this is an amended return, be sure to write "Amended" at the top of the return. If your local sales and use tax return (e.g., ST-389) will change, write "AMENDED" across the top of the form.
- When filing an amended return, be sure to complete your return as if it were an original return. In other words, complete the amended return as if you were filing it for the first time. **DO NOT** complete the amended return with figures that represent the difference between the original amounts reported on the return and the amended amounts to be reported on a return.
- If using a copy of the original return, draw a line through any incorrect or wrong amounts as they appear on the original return reported and write down the correct amounts as they should have appeared on the return.
- If you filed an amended return on or by the due date of your original tax return, or if you filed an amended return after the due date of an originally filed return which was timely filed and paid, recalculating the taxpayer's discount may be necessary.
- If you underpaid your taxes when filing an amended return, verify your computations of the underpayment amount and send the additional tax due with applicable penalties and interest. Penalty and Interest calculations are available on our website, www.dor.sc.gov under the link P & I Calculator. If you overpaid your taxes, see Form ST-14 (Claim for Refund) for additional information.
- Sign and date the amended return.

All forms pertaining to sales and use tax may be found on our website or by calling (800) 768-3676 or (803) 898-5000.

STEP-BY-STEP INSTRUCTIONS FOR ST-388 (Rev. 8/27/14)

5241

Please read this section before completing your form.



**ST-3T
must be
submitted
with ST-388**

If you are using a blank form (non-preprinted) be sure to indicate the following information: Business Name, Address, Retail License Number or Purchaser's Certificate (Use Tax Registration), Federal Employer Identification Number or other identifying information (social security number) and period covered. Please draw a line through any incorrect information, enter corrections and check the box on your return if your address changed.

If you have a retail license or use tax registration you are **required to file a tax return even if there is NO TAX DUE** for the period.

IMPORTANT: Complete all lines indicated with a delta (Δ) beside it, even if the amount to be reported is zero. The sales tax worksheet instructions have been changed to use the word "item" when referring to entries on the sales tax worksheet and "line" when referring to entries on the front of the form.

WHEN FILING "NO SALES" RETURNS, you should enter zeroes on Lines 1, 1A, 1B, and 3 of Column A, B and C only on the front of ST-388.

COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE ST-388 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 10.

Sales and purchases subject to the State sales tax rate of 5%, 6%, or 7% (a combination of the 5% tax rate as shown in Column B and 2% tax rate as shown in Column C) must be separately reported on Form ST-388 under the appropriate worksheet(s) and column(s).

STEP 1

COMPLETING SALES AND USE TAX WORKSHEET #1

Items 1 through 3

Item 1: Gross Proceeds of Sales, Accommodations/Rentals and Withdrawals for Own Use

Enter the total amount of all sales (taxable and nontaxable), leases and/or rentals made by the business for the reporting period. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED. Be sure to include your accommodations proceeds.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees.

Item 2: Out-of-State Purchases Subject to Use Tax

Enter the total purchases of tangible personal property purchased from an out-of-state retailer for use, storage, or consumption in this state if an equal amount of sales tax or use tax was not paid at the time of purchase. If the tax rate in your county is greater than the tax rate paid out-of-state, contact SCDOR for additional information.

Item 3: All Gross Proceeds of Sales/Rental, Use Tax, Accommodations and Withdrawals for Own Use

Add Items 1 and 2. Enter total here and on Line 1 on the front of ST-388. If local tax is applicable, enter this amount on Item 1 of ST-389 worksheet.

STEP 2

COMPLETING THE 6% SALES AND USE TAX WORKSHEET #2

Items 4 through 9

This section is used for reporting all sales and purchases of tangible personal property (merchandise) subject to the state tax rate of 6%. Sales and purchases generally reported in this section include charges for meals, gift items, additional guest charges, etc. However, **total sales of accommodations are excluded from this worksheet section.** Total sales of accommodations (subject to the 7% State sales tax rate) must be recorded on Worksheet #3 (at 5% tax rate) and Worksheet #4 (at 2% tax rate) to determine the total state sales tax due on accommodations.

Item 4: Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use

Enter the total amount of all sales, leases and/or rentals of tangible personal property made by the business (taxable and nontaxable) for the reporting period subject state tax rate of 6%. Allowable deductions (nontaxable sales) are to be itemized on Item 7. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees.

Item 5: Out-of-State Purchases Subject to Use Tax

Enter total purchases of tangible personal property purchased from an out-of-state retailer for use, storage or consumption in this state (not otherwise excluded) if an equal or greater amount of sales tax or use tax was not paid in the other state at the time of purchase.

Item 6: Total Gross Proceeds of Sales/Rentals, Use and Withdrawals for Own Use at 6%.

Add Items 4 and 5. Enter total here and on Line 1A, Column A on the front of ST-388.

Item 7: Sales and Use Allowable Deductions

The state sales and use tax law provides several deductions (exemptions and exclusions) for sales and use tax purposes. There are full and partial deductions for the state sales and use tax. Before any deductions may be itemized (claimed) on your state sales and use tax return, the gross proceeds of sales must be reported on the state tax return (ST-388) worksheet (Items 1 and 2 of Worksheet #1 and Items 7 and 8 of this worksheet). To claim a deduction on the state tax return, it should be listed on the State return worksheet by the type of deduction and the dollar amount.

The list below is used to identify some of the type of deductions that may be shown on the return. Any amount claimed as a deduction on your return must be itemized on the worksheet.

Examples of Allowable Deductions: (Not all inclusive)

- Out-of-state sales
- Federal Government
- Sales for resale
- Sales Tax Holiday exempt sales
- Unprepared food eligible to be purchased w/ USDA food coupon
(local tax applies if not specifically exempted by the local tax)

Food purchased with food stamps
1% tax reduction for purchases made by individuals age 85 or older **(1% tax reduction does not apply to local tax calculations)**

Note: Sales that are exempt from the state sales and use tax rate are generally exempt from the local tax rate. However, it is important to note that certain amounts itemized as a state sales tax deduction (i.e., on Item 7) and subtracted on (i.e., Item 8) the state tax worksheet (reverse side of ST-388) may be subject to a local tax since the local tax may not specifically provide such an exemption. [For instance: 1% of the state sales tax and use rate for individuals age 85 and older is excluded from the state sales and use tax calculations. Therefore, an amount which is equivalent to 1% of gross proceeds of sales to such an individual is allowed as a deduction from gross proceeds of sales for state sales and use tax purposes. However, the total amount (gross proceeds of sale) of such a sale is subject to all applicable local sales and use taxes since the local taxes have no such exemption.] See ST-389 instruction for additional information if local taxes are applicable.

You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the South Carolina Sales and Use Tax Code of Laws by contacting the Department's Main Office, the Taxpayer Service Centers or visit our website: www.dor.sc.gov>Law and Policy**

Item 8: Total Amount of Deductions

Enter total here and on line 2, Column A on front of ST-388.

Item 9: Net Taxable Sales and Purchases

(Item 6 minus Item 8. Enter total here and on line 3, Column A on front of ST-388.)

STEP 3	COMPLETING THE 5% SALES AND USE TAX WORKSHEET #3
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Items 10 through 13

This section is used to report the total charges for rooms, lodging and accommodations subject to the State sales tax rate of 7%. The gross proceeds from charges for accommodations must be entered on Item 10 of Worksheet #3 (subject to 5% rate) and Item 14 of Worksheet #4 (subject to 2% rate) to properly report sales subject to the 7% State sales tax rate.

Item 10: Gross Proceeds of Sales, Accommodations/Rentals and Withdrawals of inventory for Own Use

Enter gross proceeds of sales (taxable and nontaxable), leases and/or rentals made by the business for the reporting period here and on Line 1A, Column B on the front of ST-388.. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

Item 11: Sales and Use Tax Allowable Deductions

To claim a deduction relating to sales, the sale transaction must be reported on Items 1 and 2 of Worksheet #1 and Item 10 of this worksheet. Enter the type of deduction (see list below) and the dollar amount of the sale. A partial list of exemptions and exclusions from sales and use tax are identified on instructions to Item 7 of Worksheet #2.

Examples of deductions for Accommodations Tax are listed below:

- Golf packages
- Meeting rooms (used by a person who is not a guest at the hotel)
- Some special promotion packages

Note: Remember that even though the transactions above are not subject to accommodations tax, they ARE subject to State Sales Tax and Local Sales Taxes.

- Transient accommodations furnished to the same person for a period of ninety (90) or more consecutive days.
- Accommodations billed directly to the Federal Government.

Note: You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the South Carolina Sales and Use Tax Code of Laws by contacting the Department's Main Office, the Taxpayer Service Centers or visit our website: www.dor.sc.gov**

Item 12: Total Amount of Deductions

Enter total here and on line 2, Column B on front of ST-388.

Item 13: Net Taxable Sales and Purchases

(Item 10 minus Item 12 should agree with Line 3, Column B on front of ST-388.) Enter total here.

STEP 4	COMPLETING THE 2% ACCOMMODATIONS TAX WORKSHEET #4
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Items 14 through 17

Item 14: Gross Proceeds of Sales from Rental of Transient Accommodations

Enter gross proceeds of sales from the rental of transient accommodations here and on Line 1B, Column C on the front of ST-388.

Item 15: Sales and Use Tax Allowable Deductions

Enter the type of transaction and the corresponding amount for the deduction.

Examples of deductions for Accommodations Tax are listed below:

- Golf packages
- Meeting rooms (used by a person who is not a guest at the hotel)
- Some special promotion packages

Note: Remember that even though the transactions above are not subject to accommodations tax, they ARE subject to State Sales Tax and Local Sales Taxes.

- Transient accommodations furnished to the same person for a period of ninety (90) or more consecutive days.
- Accommodations billed directly to the Federal Government.

Item 16: Total Amount of Deductions

Enter total here and on line 2, Column C on front of ST-388.

Item 17: Net Sales of Transient Accommodations

Item 14 minus Item 16 should agree with line 3, Column C on front of ST-388.

STEP 5**TRANSFERRING SALES TAX WORKSHEET INFORMATION TO THE FRONT OF ST-388****Lines 1 through 2****Line 1: Column A, All Gross Proceeds of Sales/Rental, Use Tax, Accommodations and Withdrawals for Own Use**

Enter the total amount of all sales (taxable and nontaxable), leases and/ or rentals made by the business for the reporting period subject to Sales Tax, Use Tax, and Accommodations Tax. Enter the total from Item 3 of your Worksheet #1. Do not include Sales Tax collected in this amount.

Line 1A: Column A, Total Gross Proceeds of Sales/Rentals and Withdrawals for Own Use

Enter the total amount of all sales (taxable and nontaxable) leases and/ or rentals made by the business for the reporting period subject to the 6% tax requirements (Total from Item 6 of Worksheet #2). Do not include charges for accommodations in this total.

Line 1A: Column B, Total Gross Proceeds of Sales/Rentals, Accommodations and Withdrawals for Own Use

Enter the total amount of all sales subject to 5% tax requirements and be sure to include charges for accommodations (Total from Item 10 of Worksheet #3).

Line 1B: Column C, Total Gross Proceeds of Sales from the Rental of Transient Accommodations

Enter the amount from Item 14 of Worksheet #4 (Reverse side of return).

Line 2: Column A, Total Amount of Deductions

Enter the total amount of deductions from sales worksheet (back of return) to the front of return as follows:

- Item 8 of Worksheet #2 (back of return) to Line 2 of Column A (front of return)
- Item 12 of Worksheet #3 (back of return) to Line 2 of Column B (front of return)
- Item 16 of Worksheet #4 (back of return) to Line 2 of Column C (front of return)

STEP 6**CALCULATION OF TAX ON FRONT OF ST-388****Lines 3 through 8A****Line 3: Net Taxable Sales and Purchases**

Line 1A of Column A and B minus Line 2, and Line 1B of Column C minus Line 2.

Line 4: Tax Due

Multiply Line 3 amount by the tax rate shown at the head of each column and enter results on Line 4 of correct column. (i.e., Column A equals 6%, B equals 5%, and C equals 2%.)

Line 5: Taxpayer's Discount

A taxpayer's discount may be claimed when the return is filed and the tax due is paid in full on or before the due date of the return. **No discount** is allowed if the return or payment is received after the due date. The discount is computed as follows:

If your combined tax liability (Line 4, Columns A, B and C of ST-388 and Line 2, Column B last page of ST-389) is less than \$100, the discount rate is 3% (.03) of line 4. If the total is \$100 or more, the discount rate is 2% (.02) of Line 4, Columns A, B, and C. Deduct this percentage (%) amount from Line 4, Columns A, B, and C.

Note: Discounts are not allowed to exceed \$3,000 per taxpayer (for all locations) during any one South Carolina fiscal year, which covers payments made from July 1 through June 30. This includes all returns which become due during this period (returns for June through May). The \$3,000 maximum includes the total discounts for Sales/Use, Accommodation Tax and Local Taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. When claiming the discount amount allowed on tax return, taxpayer must not claim a discount amount that exceeds the maximum amount allowed. Any discount amount claimed in excess of the maximum amount allowed will be assessed for the difference.

Line 6: Balance Due

Line 4 minus Line 5 of Column A, B and C.

If your tax return is late (filed and/or paid) complete Line 7 through 8. If not late, complete Line 8 of each column that applies.

Line 7: Penalty

Enter the total Penalty for each column, from calculations below or visit our website: www.dor.sc.gov>Penalty and Interest Calculator

PENALTY FOR FAILURE TO FILE A RETURN: Five percent (.05) of the amount of tax due (from Line 4 for each column on the front of the return) for each month or fraction of a month of delinquency, not to exceed twenty-five percent (.25) of the amount of tax due.

PENALTY FOR FAILURE TO PAY TAX DUE: The penalty is one-half of one percent (.005) of the amount of tax due (the total of Line 4 for each column on the front of the return) for each month or fraction of a month of delinquency, not to exceed a total of twenty-five percent (.25) of the amount of tax due. The penalty for failure to file and pay must be combined and entered as a total on Line 7.

Line 7A: Interest

Enter calculations of interest for each column. Visit our website, www.dor.sc.gov to use our online P and I Calculator.

Interest: Interest is assessed in accordance with Sections 6621 and 6622 of the Internal Revenue Code. Rates are based on the prime rate, subject to change quarterly and are compounded daily. The interest rate changes may be found on the Department's website (www.dor.sc.gov).

Line 7B: Penalty and Interest

Enter the total penalty and Interest (Line 7 and 7A) for each Column (A, B, and C)

Line 8: Amount Due

Enter the total of Line 6 and Line 7B for each Column (A or B or C)

Line 8A: Total Sales, Use and Accommodations Due

Enter the combined total of Line 8, Columns A, B, and C

STEP 7

ENTERING TAX FROM ST-389 TO ST-388

REMINDER: ST-389 must be completed and attached for all additional taxes. If this section does not apply, go to line 10 of the ST-388.

Line 9: Tax Due from ST-389

Enter total from Column D, line 5, page 7 of 8 of form ST-389.

STEP 8

DETERMINE TOTAL AMOUNT DUE

Line 10: Total Amount Due

Enter total of lines 8A and 9 of Column B.

STEP 9

SIGNATURE

Sign and date your return on the back of the ST-388. All submitted forms must be completed with a valid file number (retail license or use tax registration number) and period covered.

DON'T FORGET ST-3T must be submitted with ST-388. Returns are past due after the 20th of the month.

If you are not using preprinted forms and it is necessary to use blank forms, be sure to include your social security number or Federal Employer Identification Number (FEIN) in the label section.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.