



# ST-3

# Instructions

**General Information and Line Instructions**

# Contents

Filing Information .....	1
Who Must File .....	1
Reporting Local Tax .....	1
ST-389, Schedule for Local Taxes .....	1
Completing Your Return .....	2
Getting Started .....	2
Sales and Use Tax Worksheet .....	2
Calculate Amount Due .....	4
Determine Allowable Discount .....	4
Determine Total Amount Due .....	5
Sign and Date .....	5

# Filing Information

## Who Must File

If you have a South Carolina Retail License, you must file an ST-3, State Sales and Use Tax Return, to report any Sales and Use Tax. You must file a return even if you have no tax due for the period. Enter 0 on line 1 and line 3 of the ST-3 if you do not have any sales or purchases to report for the period.

The fastest, easiest way to file the ST-3 is by using MyDORWAY, our free online tax portal, at [MyDORWAY.dor.sc.gov](https://MyDORWAY.dor.sc.gov). Log in to MyDORWAY, select the **Accounts** tab, scroll to your **Sales & Use Tax** account, and click **File a Return** to get started.

Taxpayers whose South Carolina tax liability is \$15,000 or more per filing period must file and pay electronically.

# Reporting Local Tax

## ST-389, Schedule for Local Taxes

You are required to file the ST-389, Schedule for Local Taxes, to report the appropriate local Sales and Use Tax to the counties and municipalities in which your business makes sales and deliveries. You are required to file the ST-389 when:

- Your business is located in a county that imposes the tax, or
- Your business delivers to a county or municipality with a local tax, regardless of whether or not your business is located in the county or municipality.

The various local taxes reported on the ST-389 are indicated on specific pages of the paper version of the ST-389. When filing the ST-389 on MyDORWAY, this return is part of the same workflow as the Sales and Use Tax Return.

# Completing Your Return

## Getting Started

**When completing your Sales and Use Tax Return on MyDORWAY, automatic calculations reduce your chance of errors. The Sales and Use Tax Worksheet and the ST-389, Schedule for Local Taxes, are part of the normal workflow on MyDORWAY, simplifying many of the steps listed below.**

The instructions listed below are primarily for taxpayers who choose to file a paper copy of the Sales and Use Tax Return.

When completing a paper copy of your Sales and Use Tax Return, all entries must be typed or hand printed, clearly and legibly. You must provide your business name, address, Retail License number or Use Tax registration number, your FEIN or SSN, and period covered.

Complete all lines indicated with a delta  beside it, even if the amount to be reported is zero.

When filing a zero return, you must enter **zeroes** on line 1 and line 3.

Complete the Sales and Use Tax Worksheet, on page 2 of the ST-3, before making entries on line 1 through line 10 of this return.

## Sales and Use Tax Worksheet

### Item 1: Gross Proceeds of Sales, Rentals, and Withdrawals of Inventory for Own Use

Enter the total amount of all sales (taxable and nontaxable), leases, and rentals of tangible personal property made by the business during the reporting period. You'll deduct nontaxable sales on Item 5.

**Do not include the amount of Sales Tax collected.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchases tax free at wholesale, but used by you or your employees. When purchasing merchandise out of state, you may owe additional tax. To determine if you owe additional tax, contact the SCDOR.

### 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 who did not collect South Carolina Use Tax. If the tax rate in your county is greater than the tax rate paid out of state, contact the SCDOR for additional information.

### Item 3: Total

Add Item 1 and Item 2. Enter the total here and on line 1 on the front of the Sales and Use Tax Return. If local tax is applicable, enter the total amount on Item 1 of the ST-389 Worksheet.

#### Item 4: Sales and Use Tax Allowable Deductions

State law provides several deductions, including both exemptions and exclusions, for Sales and Use Tax purposes. Before any deductions can be itemized on line 4 on your Sales and Use Tax Return, the gross proceeds of sales must be reported on the Sales and Use Tax Worksheet. To claim a deduction, you must identify the type of deduction and the dollar amount.

The list below can be used to identify some of the exemptions and exclusions that may be shown as a deduction. This list is not all-inclusive and may not be applicable to all forms.

#### Examples of Allowable Deductions:

- Exempt Sales
- Out of state Sales/Deliveries
- Gasoline sales
- Non-taxable Labor and/or Installation
- Sales for Resale
- Other Deductions
- Excess Over Tax Cap
- Food Purchased With USDA Food Stamps
- Unprepared Food
- Returned Merchandise
- Sales Tax Holiday
- All Sales/Deliveries to Catawba Reservation
- Sales to Manufacturers
- Sales to Federal Govt/Rentals to Federal Govt/Foreign Diplomats
- Over 90 Day Stay
- Bad Debts/Repossession
- Sales Paid to DMV (IMF)

You are required to maintain records that will support all deductions claimed. You can find explanations about these deductions in the SCDOR's Sales and Use Tax Manual, available at [dor.sc.gov/policy](https://dor.sc.gov/policy).

Sales that are exempt from State Sales and Use Tax are generally exempt from local taxes. However, it is important to note that certain amounts itemized as a state Sales Tax deduction on Item 4 and not subtracted on Item 5 of the Sales and Use Tax Worksheet, may be subject to a local tax since the local tax may not specifically provide such an exemption.

For example, 1% of the State Sales and Use Tax rate for individuals age 85 or older is excluded from the State Sales and Use Tax calculations. Therefore, a business can take a 1% deduction from the gross proceeds of sales on applicable sales for state purposes. However, the gross proceeds of sale is subject to all applicable local taxes since the local taxes have no such exemption. See the ST-389 Instructions for additional information.

Sales of unprepared foods are exempt from the State Sales and Use Tax and must be entered on Item 4. However, local taxes still apply to sales of unprepared foods, unless the local tax law specifically exempts such sales. As a result, sales that are subject to a local tax must be entered on Item 1 of the ST-389 Worksheet.

#### **Item 5: Total Amount of Deductions**

Enter the total of Column B here and on line 2 on the Sales and Use Tax Return.

#### **Item 6: Net Taxable Sales and Purchases**

Enter the total of Item 3 minus Item 5. This total must match line 3 on the Sales and Use Tax Return.

## Calculate Amount Due

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**You must complete and attach the ST-389.** If you did not make sales or deliveries in a county or municipality with local taxes, go to line 6 of the ST-3. See the ST-389 Instructions for further information.

#### **Line 1: Total Gross Proceeds of Sales, Rentals, Use Tax, and Withdrawals**

Enter the gross proceeds of sales, rentals, Use Tax, and withdrawals of inventory for own use. Enter the total from Item 3 of your Sales and Use Tax Worksheet. Do not include Sales Tax collected.

#### **Line 2: Total Amount of Deductions**

Enter the total amount of deductions from Item 5 of your Sales and Use Tax Worksheet.

#### **Line 3: Net Taxable Sales and Purchases**

Subtract line 2 from line 1.

#### **Line 4: State Sales and Use Tax**

Multiply line 3 by 6%.

#### **Line 5: Total Local Taxes Due**

Enter the total from Column B, line 2 of the ST-389.

#### **Line 6: Total State and Local Taxes Due**

Enter the total of line 4 and line 5.

## Determine Allowable Discount

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If your return or payment will be received after the due date, go to line 8.

#### **Line 7: Taxpayer's Discount**

A taxpayer's discount may be claimed for filing your Sales and Use Tax Return and paying what you owe by the due date. You are not allowed to claim a discount if the SCDOR receives either the return or the payment after the due date. The discount is computed as follows:

- If your total tax liability shown on line 6 is less than \$100, the discount rate is 3% of line 6. Deduct this amount from line 6.
- If your total tax liability shown on line 6 is \$100 or more, the discount rate is 2% of line 6. Deduct this amount from line 6.

Taxpayers may not claim a total discount exceeding \$3,000 for all locations during one fiscal year, which covers payments made from July 1 through June 30. This includes all returns due during this period (returns for June through May). The \$3,000 maximum discount is calculated based on the total taxes due, including Sales and Use Taxes and local taxes.

Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. The discount amount is \$10,000 for out-of-state retailers who are not required to register for South Carolina Sales and Use Tax but who voluntarily register to collect and remit the tax. However, you must receive prior approval from the SCDOR to receive the \$10,000 discount.

When claiming the discount, taxpayers 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.

## Determine Total Amount Due

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### Line 8: Net Tax Payable

Line 6 minus line 7.

### Line 9: Penalty and Interest

If you fail to file your return or fail to pay the taxes by the due date, enter the total of penalty and interest. Visit [dor.sc.gov/calculator](https://dor.sc.gov/calculator) to calculate your penalty and interest due.

- **Penalty for failure to file a return:** The penalty is 5% of the amount due (from line 6 on the Sales and Use Tax Return) for each month or fraction of a month the return is late, not to exceed 25% of the amount of tax due.
- **Penalty for failure to pay tax due:** The penalty is 0.5% of the amount due (from line 6 on the Sales and Use Tax Return) for each month or fraction of a month the payment is late, not to exceed 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 9.
- **Interest:** The interest is assessed in accordance with Sections 6621 and 6622 of the Internal Revenue Code. Rates are based on the print rate, subject to change quarterly, and are compounded daily. Visit [irs.gov](https://irs.gov) to learn more.

### Line 10: Total Amount Due

Enter the total of line 8 and line 9.

## Sign and Date

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You must sign and date your return. All submitted forms must be completed with a valid file number (Retail License number or Use Tax registration number) and period covered.

**Returns are past due if postmarked after the 20th of the month.**