

SC INFORMATION LETTER #11-19

SUBJECT: Real Estate Agents, Brokers and Listing Services – Requirement to Notify the Department of Revenue Regarding Certain Rental Property Subject to the Sales Tax on Accommodations

DATE: November 18, 2011

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2000)
SC Revenue Procedure #09-3

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

Introduction:

A 7% state sales tax is imposed upon the gross proceeds from the rentals or charges for sleeping accommodations furnished at any place in which rooms, lodgings, or sleeping accommodations of any kind are furnished.¹ The sales tax on accommodations does not apply to (1) the lease or rental of accommodations supplied to the same person for a period of 90 or more continuous days² or (2) the lease or rental of accommodations at a facility consisting of less than six sleeping rooms, contained on the same premises, which is used as the place of abode of the owner or operator of such facilities.³

The person liable for the tax is the person furnishing the accommodations, whether such person is the owner or a real estate agent, listing service, broker or similar entity handling the accommodations for the owner.⁴ The person liable for the sales tax on accommodations must obtain a retail license and remit the tax to the Department on a monthly basis.⁵

Notification Requirement:

The statute imposing the sales tax on accommodations requires real estate agents, listing services, brokers or similar entities handling the accommodations for an owner to notify the Department “if rental property, previously listed by them, is dropped from their listings.”⁶

Therefore, if a real estate agent, broker, or similar listing service is handling the accommodations for an owner of a home, condominium unit, timeshare unit or other rental property, and has been renting the property for periods of less than 90 continuous days whereby the rentals are subject to the sales tax on accommodations, then the real estate agent, broker, or similar listing service must notify the Department if the owner decides to no longer list that rental property with them.

The notification should be sent to:

South Carolina Department of Revenue
Sales Office Audit– Accommodations Notification Information
P.O. Box 125
Columbia, South Carolina 29214

The notifications should include the following information concerning each listing:

1. Name of the owner of the rental property,
2. Address of the owner of the rental property,
3. Address of the rental property, and
4. The date the rental property was dropped from the listings of the real estate agent, broker, or similar listing service.

The notification may be, but does not need to be, sent each time a listing is dropped. The notification may be sent twice a year – once, by July 31st, for all listings dropped from January through June, and once, by January 31st, for all listings dropped from July through December.

If you have any questions regarding this notification requirement, please contact the Department of Revenue at (803) 898-5970.

¹ Code Section 12-36-920.

² Code Section 12-36-920(A) and SC Regulation 117-307.4.

³ Code Section 12-36-920(A) and SC Regulation 117-307.3.

⁴ Code Section 12-36-920(C) and (E) and SC Regulation 117-307.3(C).

⁵ Note: Persons furnishing accommodations to transients for one week or less in any calendar quarter are not required to obtain a retail license, but are required to remit the tax annually by April 15th of the following calendar year.

⁶ Code Section 12-36-920(C).