

SC INFORMATION LETTER #13-9

SUBJECT: Certain Injectable Medications and Injectable Biologics
(Sales and Use Tax Exemption)

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

SUPERSEDES: All previous advisory opinions and any oral directives in conflict herewith.

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2000)
S. C. Code Ann. Section 1-23-10(4) (Supp. 2010)
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.

Code Section 12-36-2120(80) provides a sales and use tax exemption for certain injectable medications and injectable biologics so long as certain requirements are satisfied. For the 2013-2014 fiscal year (July 1 through June 30), the state revenue growth requirements needed for this exemption to be implemented have not been met.

The exemption will be phased in by reducing the rate of tax if the Board of Economic Advisors (“BEA”) forecast annual general fund growth for the next fiscal year of at least 2%. This determination will be made each February 15. If 2% or more annual general fund growth is forecast, then the tax rate will be reduced to 3% for sales made on or after July 1st of the State fiscal year following an initial February 15th forecast of 2% of growth. If 2% growth is forecast by the BEA on a subsequent February 15th forecast, sales on or after July 1 of the following fiscal year will be fully exempt.

At its February 15, 2013 meeting, the BEA did not forecast sufficient revenue growth for the upcoming fiscal year for this exemption to become effective July 1, 2013.

Therefore, sales of certain injectable medications and injectable biologics are subject to the 6% State sales and use tax plus applicable local sales and use tax until at least June 30, 2014, unless otherwise exempt under another exemption provision. (See S.C. Revenue Ruling #11-3 for other exemptions for certain medicines)