
State of South Carolina
Department of Revenue
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Website Address: <http://www.sctax.org>

SC INFORMATION LETTER #14-4

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

EFFECTIVE DATE: July 1, 2014

SUPERSEDES: SC Information Letter #13-9

REFERENCES: Code Section 12-36-2120(80) (2014)

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2014)
 S. C. Code Ann. Section 1-23-10(4) (2005)
 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) was added in 2012 to phase-in an exemption for injectable medications and injectable biologics. The injectable medication or injectable biologic must be administered by or pursuant to the supervision of a physician in an office which is under the supervision of a physician, or in a Center for Medicare or Medicaid Services certified kidney dialysis facility. For purposes of this exemption, “biologics” means the products that are applicable to the prevention, treatment, or cure of a disease or condition of human beings and that are produced using living organisms, materials derived from living organisms, or cellular, subcellular, or molecular components of living organisms.

On February 19, 2014, the Board of Economic Advisors notified the Department that the requirements have been met to implement this exemption. Accordingly, for July 1, 2014 - June 30, 2015, 50% of the gross proceeds of sales of qualifying sales or purchases are exempt from the State and local sales and use taxes. On or after July 1, 2015, qualifying sales or purchases are fully exempt from the State and local sales and use taxes.

When completing the Sales and Use Tax Return (ST-3), a taxpayer will reflect sales or purchases qualifying for this exemption on “the worksheet” under the “Allowable Deductions” section. The taxable gross proceeds after all deductions will be subject to both the State and applicable local sales and use taxes.