



STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210  
P.O. Box 125, Columbia, South Carolina 29214-0575

SC INFORMATION LETTER #23-4

**SUBJECT:** Local Sales and Use Tax Charts, Catawba Tribal Sales and Use Tax Chart and Exemption Information (Sales and Use Tax)

**EFFECTIVE DATE:** May 1, 2023

**SUPERSEDES:** SC Information Letter #23-1

**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.

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. Citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes. Municipal councils, or the citizens of a municipality, may impose a sales and use tax<sup>1</sup> for tourism development if the municipality is located in a county from which revenues from the state accommodations tax are at least \$14 million in a fiscal year.

While most of these local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences with respect to sales of unprepared foods. Attached are three charts that provide guidance concerning the various types of local sales and use taxes collected by the Department and the types of exemptions allowed under each tax.

The attached charts only address the general local sales and use taxes collected by the Department on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes imposed on sales of accommodations<sup>2</sup> or on sales of prepared meals<sup>3</sup> that are collected directly by the counties or municipalities.

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<sup>1</sup> This municipal sales and use tax is actually a fee (Local Option Tourism Development Fee) imposed under Article 9 of Chapter 10, Title 4. For purposes of simplicity, this fee is referred to as a sales and use tax in this Information Letter.

<sup>2</sup> Code Sections 6-1-500 through 6-1-570 provide for local accommodations taxes, and Code Sections 6-1-610 through 6-1-660 provide for beach preservation fees.

<sup>3</sup> Code Sections 6-1-700 through 6-1-770 provide for a local hospitality tax.

**This Information Letter is being issued to reflect the following changes:**

Beaufort County: Beginning May 1, 2023, Beaufort County will impose a 1% “Green Space Tax.”

Berkeley County: The 1% Transportation Tax in Berkeley County, which is set to expire on April 30, 2023, will be reimposed beginning May 1, 2023.

Colleton County: The 1% “Capital Projects Tax” in Colleton County which is set to expire on April 30, 2023, will be reimposed beginning May 1, 2023.

Dorchester County: The 1% “Transportation Tax” in Dorchester County which is set to expire on April 30, 2023, will be reimposed beginning May 1, 2023.

Lancaster County: The 1% “Capital Projects Tax” in Lancaster County, which is set to expire on April 30, 2023, will be reimposed beginning May 1, 2023.

Sumter County: The 1% “Capital Projects Tax” in Sumter County will expire on April 30, 2023.

Effective March 1, 2024, the 1% “Education Capital Improvement Tax” in Horry County will be reimposed, and effective May 1, 2024, the “Capital Projects Tax” in Newberry County will be reimposed. In addition, several counties have “Capital Projects Tax”, “School District Tax”, and “Education Capital Improvement Tax” set to expire in 2024. These will be listed and addressed in future updates of this information letter.

**CHART 1: COUNTY SALES AND USE TAXES**

(See “Types of Exemptions” section below for a brief description of each exemption listed.)

| COUNTY    | SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |   |   |   |  |  |
|-----------|---|---|---|---|--|--|
|           | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE        | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR MAXIMUM<br>TAX ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR CERTAIN<br>FOOD SALES | “GRANDFATHER<br>CLAUSE”<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS |
| Abbeville | Local Option<br>5/1/92                                    | Yes   | Yes   | Yes   | No                                     | Yes  |
| Aiken     | Capital Projects<br>5/1/19                                | Yes   | Yes   | Yes   | Yes                                    | Yes  |
|           | Ed. Capital Imp.<br>3/1/15                                | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Allendale | Local Option<br>5/1/92                                    | Yes   | Yes   | Yes   | No                                     | Yes  |
|           | Capital Projects<br>5/1/17                                | Yes   | Yes   | Yes   | Yes                                    | Yes  |

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|---|--|---|---|---|--|--|
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| <b>Anderson</b>   | Ed. Capital Imp.<br>3/1/15                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| <b>Bamberg</b>  | Local Option<br>5/1/92                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/21                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| <b>Barnwell</b>   | Local Option<br>5/1/99                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/17                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| <b>Beaufort</b>   | Green Space<br>5/1/23                              | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| <b>Berkeley</b>   | Local Option<br>5/1/97                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Transportation<br>5/1/23                           | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Ed. Capital Imp.<br>3/1/23                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| <b>Calhoun</b>  | Local Option<br>5/1/05                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/19                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| <b>Charleston</b>   | Local Option<br>7/1/91                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Transportation<br>5/1/05                           | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Ed. Capital Imp.<br>1/1/23                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
|   | Transportation<br>5/1/17                           | Yes   | Yes   | Yes   | No                                     | Yes  |
| <b>Cherokee</b>   | Local Option<br>5/1/09                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Ed. Capital Imp.<br>3/1/15                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |

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|---|--|---|---|---|--|--|
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| Chester   | Local Option<br>5/1/94                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/21                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Chesterfield  | Local Option<br>5/1/97                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | School District<br>9/1/00                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Clarendon   | Local Option<br>5/1/97                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | School District<br>6/1/04                          | Yes   | Yes   | Yes   | No - effective<br>7/1/05               | Yes  |
| Colleton  | Local Option<br>7/1/91                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/23                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Darlington  | Local Option<br>5/1/97                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Ed. Capital Imp.<br>3/1/17                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Dillon  | Local Option<br>5/1/96                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | School District<br>10/1/08                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Dorchester  | Transportation<br>5/1/23                           | Yes   | Yes   | Yes   | No                                     | Yes  |
| Edgefield   | Local Option<br>5/1/92                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/21                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Fairfield   | Local Option<br>5/1/06                             | Yes   | Yes   | Yes   | No                                     | Yes  |

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |   |   |   |   |  |  |
|---|---|---|---|---|--|--|
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| Florence  | Local Option<br>5/1/94                              | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/21                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Georgetown  | No local sales and use tax is imposed in Georgetown |   |   |   |  |  |
| Greenville  | No local sales and use tax is imposed in Greenville |   |   |   |  |  |
| Greenwood   | Capital Projects<br>5/1/17                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Hampton   | Local Option<br>7/1/91                              | Yes   | Yes   | Yes   | No                                     | Yes  |
| Horry   | Ed. Capital Imp.<br>3/1/09                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
|   | Capital Projects<br>5/1/17                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Jasper  | Local Option<br>7/1/91                              | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | School District<br>12/1/02                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Kershaw   | Local Option<br>5/1/97                              | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Ed. Capital Imp.<br>3/1/17                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Lancaster   | Local Option<br>5/1/92                              | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/23                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Laurens   | Local Option<br>5/1/99                              | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/21                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Lee   | Local Option<br>5/1/96                              | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/21                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Lexington   | School District<br>3/1/19                           | Yes   | Yes   | Yes   | Yes                                    | Yes  |

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |   |   |  |  |
|---|--|---|---|---|--|--|
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| Marion  | Local Option<br>7/1/91                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/21                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Marlboro  | Local Option<br>5/1/92                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | School District<br>2/1/13                          | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| McCormick   | Local Option<br>7/1/91                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/17                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Newberry  | Capital Projects<br>5/1/17                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Oconee  | No local sales and use tax is imposed in Oconee    |   |   |   |  |  |
| Orangeburg  | Capital Projects<br>5/1/20                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Pickens   | Local Option<br>5/1/95                             | Yes   | Yes   | Yes   | No                                     | Yes  |
| Richland  | Local Option<br>5/1/05                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Transportation<br>5/1/13                           | Yes   | Yes   | Yes   | No                                     | Yes  |
| Saluda  | Local Option<br>5/1/92                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/19                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Spartanburg   | Capital Projects<br>5/1/18                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| Sumter  | Local Option<br>5/1/96                             | Yes   | Yes   | Yes   | No                                     | Yes  |
| Union   | Local Option<br>5/1/17                             | Yes   | Yes   | Yes   | No                                     | Yes  |

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |   |   |  |  |
|---|--|---|---|---|--|--|
| COUNTY  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR MAXIMUM<br>TAX ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR CERTAIN<br>FOOD SALES | “GRANDFATHER<br>CLAUSE”<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS |
| Williamsburg  | Local Option<br>5/1/97                             | Yes   | Yes   | Yes   | No                                     | Yes  |
|   | Capital Projects<br>5/1/17                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |
| York  | Capital Projects<br>5/1/18                         | Yes   | Yes   | Yes   | Yes                                    | Yes  |

**CHART 2: CATAWBA INDIAN RESERVATION TRIBAL TAX**

(See “Types of Exemptions” section and “Catawba Indian Tribal Tax” notes at the end of this Information Letter for a brief description of each exemption listed.)

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |   |   |  |  |
|---|--|---|---|---|--|--|
| COUNTY  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR MAXIMUM<br>TAX ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR CERTAIN<br>FOOD SALES | “GRANDFATHER<br>CLAUSE”<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS |
| Catawba Indian Reservation                                | Tribal Tax<br>(See Notes #1 and #2)                | Yes   | See Note #2   | Yes   | See Note #2                            | See Note #2  |

**CHART 3: MUNICIPAL SALES AND USE TAXES – LOCAL TOURISM DEVELOPMENT SALES AND USE TAX**

(See “Types of Exemptions” section below for a brief description of each exemption listed.)

| SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES |  |   |   |   |  |  |
|---|--|---|---|---|--|--|
| MUNICIPALITY  | TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE | 12-36-2120<br>12-36-2130<br>STATE<br>EXEMPTIONS | 12-36-2110<br>EXEMPTION<br>FOR MAXIMUM<br>TAX ITEMS | EXEMPTION<br>FOR FOOD<br>STAMP<br>PURCHASES | EXEMPTION<br>FOR CERTAIN<br>FOOD SALES | “GRANDFATHER<br>CLAUSE”<br>EXEMPTION FOR<br>CERTAIN<br>PURCHASES BY<br>CONTRACTORS |
| Myrtle Beach  | Tourism<br>Development<br>8/1/19                   | Yes   | Yes   | Yes   | Yes                                    | Yes  |

**TYPES OF LOCAL SALES AND USE TAXES:**

**Local Option:** The local option sales and use tax is authorized under Code Section 4-10-10 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed to reduce the property tax burden on persons in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.

**Capital Projects:** The local capital projects sales and use tax is authorized under Code Section 4-10-300 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various capital projects in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.

**Transportation:** The local transportation projects sales and use tax is authorized under Code Section 4-37-30 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various transportation projects in the counties that impose this type of local tax and is collected by the Department on behalf of these counties.



**County Green Space Tax:** The county green space sales and use tax is authorized under Code Section 4-10-1010 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed specifically for procuring, or for servicing bonds used to procure, open lands or green space for preservation by and through the acquisition of interests in real property. The interest in real property that may be acquired for preservation includes the acquisition of fee simple titles, conservation easements, development rights, rights of first refusal, options, leases with options to purchase, and any other interest in real property.

**Education Capital Improvement Tax:** The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district. The tax is authorized under Code Section 4-10-410 et seq. and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum.

The General Assembly has established several criteria that make a county or school district eligible to impose this tax. The county or school district must meet only one of these criteria, established in Code Section 4-10-470, in order for the tax to be imposed within the county. Depending on the criteria met, this tax may be imposed for up to 15 years.

**School District Taxes:** The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements. These taxes are imposed countywide, whether imposed by the county or one or more school districts.

As of the date of this Information Letter, these school district taxes are being imposed at a rate of 1%:

| <u>County</u> | <u>Act Authorizing Tax</u>                                       |
|---------------|--|
| Chesterfield  | Act No. 441 of 2000  |
| Clarendon     | Act No. 355 of 2004 and Act No. 195 of 2005                      |
| Dillon        | Act No. 137 of 2007  |
| Jasper        | Act No. 146 of 2001  |
| Lexington     | Act No. 378 of 2004, Act No. 88 of 2011, and Act No. 278 of 2018 |
| Marlboro      | Act No. 204 of 2005  |

**Catawba Indian Tribal Tax:** The Catawba Indian Reservation is located in York County, where the general, combined sales and use tax rate is 7%. Code Section 27-16-130(H) contains the specific sales and use tax provisions.

The tribal sales tax is administered and collected by the Department. The tribal use tax is administered and collected by the Catawba Indian Tribe. For additional information on the Catawba Indian Tribal Tax, including information on the specific tax rates for sales of accommodations and unprepared food, see SC Revenue Ruling #98-18 and Notes #1 and #2 at the end of this Information Letter.

**Tourism Development Tax:** The local tourism development sales and use tax is authorized under Code Section 4-10-910 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. This tax may be imposed by an ordinance adopted by a two-thirds majority of the municipal council or by approval by a majority of qualified electors voting in a referendum authorized by a majority of the municipal council. The tax is imposed specifically for tourism advertisement and promotion directed at nonresidents of South Carolina; however, in the third and subsequent years of this tax, a portion of the tax may be used for certain property tax rollbacks. The tax is collected by the Department on behalf of these municipalities.

**Personal Property Tax Relief:** The personal property tax relief sales and use tax is authorized under Code Section 4-10-510 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year. As of the date of this Information Letter, this tax is not being imposed.

**Local Property Tax Credits:** The local option sales and use tax for local property tax credits is authorized under Code Section 4-10-720 et seq. This tax is a general sales and use tax on all sales at retail (with certain exemptions and exclusions) taxable under the state sales and use tax. This tax is imposed to provide a credit against property tax imposed by a political subdivision for all classes of property subject to the property tax and is collected by the Department on behalf of these counties. As of the date of this Information Letter, this tax is not being imposed.

#### **REMITTANCE OF LOCAL SALES AND USE TAXES BY RETAILERS:**

For information on when a retailer is required to remit a local sales and use tax, see the most recent revenue ruling entitled “Local Sales and Use Taxes and Catawba Tribal Sales and Use Tax.”

#### **TYPES OF EXEMPTIONS:**

**State Exemptions – Code Sections 12-36-2120 and 12-36-2130:** Except for sales of unprepared food exempt from the 6% state sales and use tax under Code Section 12-36-2120(75), sales of tangible personal property exempt from the State sales and use tax are exempt from the local sales and use tax if marked “Yes” in this column on the above charts.

Note: Sales of unprepared food are only exempt from a local sales and use tax if the local sales and use tax law specifically exempts such sales. For information on the exemption for sales of unprepared food from local sales and use taxes, see the discussion below entitled “Exemption for Certain Food Sales.”

**Exemption for Maximum Tax Items - Code Section 12-36-2110:** Sales of items subject to a maximum tax under the State sales and use tax law [i.e., aircraft, motor vehicles, motorcycles, boats, watercraft motors, trailers and semitrailers pulled by truck tractors,<sup>4</sup> horse trailers, recreational vehicles (including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels), self-propelled light construction equipment, unassembled aircraft, manufactured homes, musical instruments and office equipment purchased by certain religious organizations and fire safety education trailers] are exempt from the local sales and use tax if marked “Yes” in this column on the above charts.

Note: Code Section 12-36-2120(83) exempts from state and local sales and use tax the sale or purchase of each vehicle or other item that is subject to an infrastructure maintenance fee under Code Section 56-3-627. The infrastructure maintenance fee is due when the vehicle or other item is first registered with the South Carolina Department of Motor Vehicles pursuant to Chapter 3 of Title 56.

**Exemption for Food Stamp Purchases:** Sales of food purchased with food stamps are exempt from the State sales and use tax; therefore, such sales are exempt from the local sales and use tax if marked “Yes” in this column on the above charts.

**Exemption for Certain Food Sales:** Sales of certain foods are exempt from the local sales and use tax if marked “Yes” in this column on the above charts. Sales of foods which are eligible to be purchased with United States Department of Agriculture food stamps come under this exemption. This exemption applies to everyone, not just persons using food stamps.

Foods which may be purchased with food stamps and are exempt from these local sales and use taxes include:

- Any food intended to be eaten at home by people, including snacks, beverages and seasonings
- Seeds and plants intended to grow food (not birdseed or seeds to grow flowers)
- Cold items, which may include salads or sandwiches, intended to be eaten at home by people

Items which cannot be purchased with food stamps and are, therefore, subject to these local sales and use taxes are:

- Alcoholic beverages, such as beer, wine, or liquor
- Hot beverages ready to drink, such as coffee
- Tobacco
- Hot foods ready to eat
- Foods designed to be heated in the store
- Hot and cold food to be eaten at a lunch counter, in a dining area or anywhere else in the store or in a nearby area such as a mall food court

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<sup>4</sup> Pole trailers and trailers that can be pulled by vehicles other than truck tractors are not maximum tax items under Code Section 12-36-2110 and are subject to the local sales and use tax.

- Vitamins and medicines (Note: Sales of certain medicines are exempt from the State sales and use tax, and therefore, are also exempt from all local sales and use taxes.)
- Pet food
- Any non-food items such as tissue, soap, or other household goods

For more detailed information on this food exemption, see SC Regulation 117-337.

**“Grandfather Clause” Exemption for Certain Purchases by Construction Contractors:**

All the local sales and use taxes discussed in this Information Letter exempt purchases of building materials for use under a construction contract if both of the following conditions are met:

- A. 1. the construction contract is executed before the imposition date; or
2. a written bid is submitted before the imposition date culminating in a construction contract entered into before or after the imposition date; and
- B. a verified copy of the contract is submitted to the Department within six months of the imposition date.

A “verified copy” is a copy accompanied by a statement, signed under penalties of perjury, that it is true and correct. If the contractor is a corporation, the statement is to be signed by an officer of the corporation or an employee authorized to sign. If the contractor is a partnership, the statement is to be signed by a general partner. If the contractor is a sole proprietorship, the owner is to sign.

**Special Exemption Certificate.** In order for a contractor to purchase building materials for a particular contract free of the local tax, the contractor must complete Form ST-10-C (“Application for Exemption from Local Tax for Construction Contractors”). If the Department determines the contract in question meets the above requirements, the contractor will be issued a special exemption certificate (Form ST-585). The certificate may only be used to purchase building materials for the contract for which it is issued and may not be used to purchase anything other than building material. If the contractor uses this certificate to make purchases free of the local tax, upon which the tax should have been paid, then the contractor will be held liable for the tax. Also, the certificate does not allow the contractor to make purchases of building materials free of the State tax.

An exemption certificate (Form ST-585) issued by the Department to a prime contractor under this exemption may not be used by a subcontractor nor may a prime contractor use a subcontractor's exemption certificate. Each contractor must obtain his own certificate for each construction contract.

**CATAWBA INDIAN TRIBAL TAX – NOTES #1 and #2:**

**Note #1:** Whether the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation applies is determined by the Catawba Indian Claims Settlement Act (Chapter 16, Title 27, South Carolina Code of Laws). The provisions specific to sales and use tax are in Code Section 27-16-130(H).

The Catawba Tribal sales and use tax expires on November 28, 2092.

The following chart provides a summary of these provisions:

| <u>Delivery on the Reservation From:</u>  | <u>Type Tax Applicable</u>                                 | <u>Administered and Collected By:</u> |
|---|--|---------------------------------------|
| Location On the Reservation   | Tribal Sales Tax (Equal to Combined State and Local Rate*) | DOR                                   |
| Location Off the Reservation but in SC – Sales \$100 or less                        | State Sales Tax (Local Taxes Do Not Apply.)                | DOR                                   |
| Location Off the Reservation but in SC – Sales Over \$100                           | Tribal Sales Tax (Equal to Combined State and Local Rate*) | DOR                                   |
| Location Off the Reservation and Outside the State – Seller Registered with DOR     | State Use Tax (Local Taxes Do Not Apply.)                  | DOR                                   |
| Location Off the Reservation and Outside the State – Seller Not Registered with DOR | Tribal Use Tax (Equal to Combined State and Local Rate*)   | Catawba Indian Tribe                  |

\* York County imposes a 1% Capital Projects Tax. This local tax is in addition to the State sales and use tax. As of the date of this Information Letter, the tribal sales tax and the tribal use tax are imposed at the following rates for sales (deliveries) made on the Reservation within York County:

- 7% for general sales of tangible personal property
- 8% for sales of accommodations
- 0% for sales of unprepared foods

The rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in York County in the future.

For additional information, see SC Revenue Ruling #98-18.

**Note #2: Maximum Tax Items:** For sales (deliveries) made on the Reservation of tangible personal property subject to the maximum tax provisions, the tribal sales and use tax rate is 5% (since the state sales and use tax on maximum tax items is 5% and maximum tax items are exempt from all local sales and use taxes), but the tax may not exceed the maximum tax set forth in Code Section 12-36-2110.

**“Grandfather Clause” Exemption for Certain Purchases by Construction Contractors:** As a result of any increase in the tribal sales and use tax rate due to the imposition of a new local sales and use tax in York County, there is an exemption from the portion of the tribal sales and use tax represented by the new local sales and use tax for certain purchases by construction contractors. For more information about this partial exemption, see the discussion earlier in this Information Letter concerning “Grandfather Clause” Exemption for Certain Purchases by Construction Contractors and the Special Exemption Certificate.