TO: Vicki Jinnette  
Public Information Officer  
FROM: Jerry B. Knight, Manager  
Tax Policy and Procedures Department  
DATE: November 10, 1988  
SUBJECT: Sales of Trailers, Semi-Trailers and Pole Trailers to Nonresidents  
REFERENCE: S.C. Code Ann. Section 12-35-555 (As Amended June 8, 1988)  
AUTHORITY: S.C. Code Ann. Section 12-3-140 (1976)  
SC Revenue Procedure #87-3  
SCOPE: An Information Letter is a temporary document issued for the purpose of disseminating general tax information and to respond to technical questions from within the Commission which are not related to a specific set of facts.  

Code Section 12-35-555 (effective for sales after December 31, 1987) reads:  

The sale in this State of new or used motor vehicles as defined in Section 56-1-10, or new or used trailers, semi-trailers or pole trailers of a type to be registered and licensed, to a resident of another state is taxable for purposes of this article in an amount equal to the sales tax which would be imposed on the sale in the purchaser's state of residence. The tax on the sale may not exceed the tax that would otherwise be imposed under this article. At the time of the sale the purchaser shall execute a notarized statement of his intent to license the vehicle or trailer in his state of residence within ten days from the date of purchase, and:  

(a) pay the sales tax due as modified by this section to the dealer making the sale;  

(b) furnish the seller with a signed copy of the notarized statement which the seller retains in his records;
(c) submit the notarized statement to the appropriate sales tax collection agency in his state of residence. Where a nonresident will not receive credit in his state of residence for any sales taxes paid to the State of South Carolina under this section and where his state of residence does not grant reciprocity to South Carolina residents pursuant to Section 12-35-815, no sales tax on the sale may be charged. The Commission by regulation shall establish what documentation of the above is necessary in order to receive the exemption granted by this paragraph.

Attached is a chart designed to assist dealers of trailers, semi-trailers and pole trailers in calculating the tax due on sales to nonresidents (Code Section 12-35-555). In addition to the chart, examples (Reporting Procedures) have been prepared to assist the dealers in calculating the tax due on such sales and to explain how such sales should be accounted for on the monthly sales tax return.

It is important to remember the following points when making sales to non-residents:

1. In no case will the tax be greater than $300.00 on the sale of a trailer or semi-trailer. There is no maximum tax on the sale of a pole trailer.

2. **Trailers and Semi-Trailers Only**: If, in using the sales tax rate of the nonresident's state, you compute a sales tax amount less than the $300.00 maximum, collect only that amount. Be sure that proper allowable deductions are entered on the reverse side of your sales tax return. (See example #1: Reporting Procedures)

3. **Trailers and Semi-Trailers Only**: On sales in excess of $6,000.00, on which you charge the maximum $300.00 sales tax, you must reflect the proper allowable deductions on your sales tax return. (See example #2: Reporting Procedures)

4. **Pole Trailers**: There is no maximum tax on the sale of a pole trailer; however, you must be sure to reflect the proper "Gross Proceeds" on the sales tax return, depending on the purchaser's state sales tax rate. (See examples #3 and #4: Reporting Procedures)

5. Dealers should continue to use Form ST-385, which must be completed in its entirety and all copies properly distributed, as required by Code Section 12-35-555.

6. Be aware of those states which exempt sales of trailers for use in interstate or foreign commerce. With respect to interstate commerce, the purchaser's Interstate Commerce Commission carrier permit number should be shown on Form ST-385, next to the purchaser's name. With respect to foreign commerce, the seller must document that the trailer will be used in foreign commerce.

**NOTE:** SEE INFORMATION LETTER #88-17 WITH RESPECT TO SALES OF MOTOR VEHICLES TO NONRESIDENTS
SALES OF TRAILERS, SEMI-TRAILERS AND POLE TRAILERS TO NONRESIDENTS
(Code Section 12-35-555)

Sales of trailers, semi-trailers and pole trailers, of a type to be registered and licensed, to residents of the following states are not subject to the South Carolina Sales Tax.

Alaska               Maryland          New Mexico
Delaware             Minnesota        Oklahoma
District of Columbia Montana         Oregon
Indiana               Nevada          South Dakota
Iowa                  New Hampshire West Virginia
Kentucky

Sales of trailers, semi-trailers and pole trailers, of a type to be registered and licensed, to residents of the following states are subject to the South Carolina Sales Tax. The maximum tax on the sale of a trailer or semi-trailer is $300.00. There is no maximum tax on the sale of a pole trailer.

<table>
<thead>
<tr>
<th>State</th>
<th>Rate(%)</th>
<th>Measure of Tax *</th>
<th>State</th>
<th>Rate(%)</th>
<th>Measure of Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Alabama</td>
<td>2.0</td>
<td>S-T</td>
<td>(1) Missouri</td>
<td>4.225</td>
<td>S-T</td>
</tr>
<tr>
<td>Arizona</td>
<td>5.0</td>
<td>S-T</td>
<td>Nebraska</td>
<td>4.0</td>
<td>S-T</td>
</tr>
<tr>
<td>Arkansas</td>
<td>4.0</td>
<td>S</td>
<td>New Jersey</td>
<td>6.0</td>
<td>S-T</td>
</tr>
<tr>
<td>California</td>
<td>4.75</td>
<td>S</td>
<td>(4) New York</td>
<td>4.0</td>
<td>S-T</td>
</tr>
<tr>
<td>Colorado</td>
<td>3.0</td>
<td>S</td>
<td>North Carolina</td>
<td>2.0</td>
<td>S-T</td>
</tr>
<tr>
<td>Connecticut</td>
<td>7.5</td>
<td>S-T</td>
<td>North Dakota</td>
<td>5.5</td>
<td>S-T</td>
</tr>
<tr>
<td>Florida</td>
<td>6.0</td>
<td>S-T</td>
<td>Ohio</td>
<td>5.0</td>
<td>S-T</td>
</tr>
<tr>
<td>(1) Georgia</td>
<td>3.0</td>
<td>S-T</td>
<td>Pennsylvanina</td>
<td>6.0</td>
<td>S-T</td>
</tr>
<tr>
<td>Hawaii</td>
<td>4.0</td>
<td>S-T</td>
<td>Rhode Island</td>
<td>6.0</td>
<td>S-T</td>
</tr>
<tr>
<td>Idaho</td>
<td>5.0</td>
<td>S-T</td>
<td>(1) Tennessee</td>
<td>5.5</td>
<td>S-T</td>
</tr>
<tr>
<td>(1) Illinois</td>
<td>5.0</td>
<td>S-T</td>
<td>Texas</td>
<td>6.0</td>
<td>S-T</td>
</tr>
<tr>
<td>Kansas</td>
<td>4.0</td>
<td>S-T</td>
<td>Utah</td>
<td>5.09</td>
<td>S-T</td>
</tr>
<tr>
<td>Louisiana</td>
<td>4.0</td>
<td>S-T</td>
<td>Vermont</td>
<td>4.0</td>
<td>S-T</td>
</tr>
<tr>
<td>(2) Maine</td>
<td>5.0</td>
<td>S-T</td>
<td>Virginia</td>
<td>3.0</td>
<td>S</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>5.0</td>
<td>S-T</td>
<td>(2) Washington</td>
<td>6.5</td>
<td>S-T</td>
</tr>
<tr>
<td>Michigan</td>
<td>4.0</td>
<td>S</td>
<td>(1) Wisconsin</td>
<td>5.0</td>
<td>S-T</td>
</tr>
<tr>
<td>(3) Mississippi</td>
<td>6.0/3.0</td>
<td>S-T</td>
<td>(1) Wyoming</td>
<td>4.0</td>
<td>S-T</td>
</tr>
</tbody>
</table>

(1) Sales of trailers, semi-trailers and pole trailers to residents of these states are not subject to the South Carolina Sales Tax when the purchaser is a holder of a carrier permit issued by the Interstate Commerce Commission.

(2) Sales of trailers, semi-trailers and pole trailers to residents of these states are not subject to the South Carolina Sales Tax when the purchaser is a holder of a carrier permit issued by the Interstate Commerce Commission or will use such trailers in foreign commerce.
(3) **Mississippi**: Sales of semi-trailers prior to July 1, 1988 will be taxed at the rate of 6%. After July 1, 1988, sales of semi-trailers will be taxed at the rate of 3%. Trailers and pole trailers are taxed at the rate of 3%.

**Alabama**: Prior to October 1, 1988, the Alabama rate was 1.5%.

(4) Sales of trailers and semi-trailers, if such vehicles are used in combination with a truck-tractor and the gross vehicle weight (truck-tractor + trailer) exceeds 26,000 lbs., are not subject to the South Carolina Sales Tax.

* S = Sales Price   T = Trade-in Allowance

SEE THE REVERSE SIDE OF THIS CHART FOR AN EXAMPLE
EXAMPLE

A resident of Alabama purchases a trailer from a South Carolina dealer and will license such vehicle in Alabama. The dealer and the purchaser negotiate a sales price of $9,000 for a vehicle with a sticker price of $10,000. A trade-in allowance of $3,500 is also allowed the purchaser.

\[
\begin{align*}
S - T &= \text{Measure} \\
$9,000 - $3,500 &= $5,500
\end{align*}
\]

\[\$5,500 \times 2.0\% \text{ (Ala. Rate)} = \$110.00 \text{ Sales Tax Due} \]

Note: Alabama's Rate prior to October 1, 1988 was 1.5%.

REPORTING PROCEDURES
Example #1: Trailers and Semi-Trailers Only

North Carolina resident

- Sales price: $10,500.00
- Trade-in: $2,500.00
- Taxable amount: $8,000.00

North Carolina Tax Rate: 2%

SC Sales Tax Due: (2\% \times 8,000) $160.00

Entries on Sales Tax Return (ST-3):

- Line 1, Col. A (Gross Proceeds): $10,500.00
- Line 3 (Use Tax):-
- Line 4 (Total): $10,500.00
- Line 5 (Deductions): <$7,300.00> (See entries below)
- Line 6 (Net Taxable Total): $3,200.00
- Line 7 (Sales Tax Due): $160.00

Entry on reverse of ST-3: (deduction): $7,300.00

How to compute deduction amount:

- Trade-in: $2,500.00
- Excess Sale Amt.: ($8,000.00 - $3,200.00*) $4,800.00
- *(160.00 - .05 = $3,200.00)
- Total Deduction: $7,300.00
Example #2: Trailers and Semi-Trailers Only

Georgia resident (Not a holder of a carrier permit from the Interstate Commerce Commission)

Sales price $11,000.00
Trade-in N/A
Taxable amount $11,000.00

Georgia tax rate 3%
Sales tax due $300.00 (maximum tax applies)

Entries on Sales Tax Return (ST-3):

- Line 1, Col. A (Gross Proceeds) $11,000.00
- Line 3 (Use Tax) -
- Line 4 (Total) $11,000.00
- Line 5 (Deductions) $ 5,000.00 (see entries below)
- Line 6 (Net Taxable Total) $ 6,000.00
- Line 7 (Sales Tax Due) $ 300.00

Entry on reverse of ST-3 (deduction): $ 5,000.00

How to compute deduction amount:

- Trade-in: N/A
- Sales price over $6,000.00 ($11,000.00 - 6,000.00): $5,000.00
- Deduction: $5,000.00

REPORTING PROCEDURES

Example #3: Pole Trailers Only (Purchaser's State Sales Tax Rate is above 5%)

Connecticut resident

Sales Price $16,000.00
Trade-in $ 5,000.00
Taxable Amount $11,000.00

Connecticut Tax Rate 7.5%
SC Sales Tax Due (7.5% x $11,000.00) $825.00

Entries on Sales Tax Return (ST-3):

- Line 1, Col. A. (Gross Proceeds) $21,500.00 (see computation below *)
- Line 3 (Use Tax) -
- Line 4 (Total) $21,500.00
- Line 5 (Deductions) $ 5,000.00
- Line 6 (Net Taxable Total) $16,500.00
- Line 7 (Sales Tax Due) $ 825.00
Entry on reverse of ST-3 for Trade-in deduction: $5,000.00

How to compute Gross Proceeds (Line 1, Col. A)*:

SC Sales Tax Due (see above) $825.00
Divided by - .05
Basis for the Tax at S.C. Rate $16,500.00
Plus Trade-in Amount $5,000.00
Gross Proceeds $21,500.00

Example #4: Pole Trailers Only (Purchaser's State Sales Tax Rate is below 5%)

Louisiana resident

Sales Price $16,000.00
Trade-in $5,000.00
Taxable Amount $11,000.00

Louisiana Tax Rate 4%
SC Sales Tax due (4% x 11,000.00) $440.00

Entries on Sales Tax Return (ST-3):

Line 1, Col. A (Gross Proceeds) $13,800.00 (see computation below *)
Line 3 (Use Tax) -
Line 4 (Total) $13,800.00
Line 5 (Deductions) $5,000.00
Line 6 (Net Taxable Total) $8,800.00
Line 7 (Sales Tax Due) $440.00

Entry on reverse of ST-3 for Trade-in deduction $5,000.00

How to Compute Gross Proceeds (Line 1, Col. A)*:

SC Sales Tax Due (see above) $440.00
Divided by - .05
Basis for Tax at S.C. Rate $8,800.00
Plus Trade-in Amount $5,000.00
Gross Proceeds $13,800.00