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SC INFORMATION LETTER #90-29

TO: Vicki Jinnette Ringer
Public Information Director

FROM: Sally Major, Tax Analyst
Tax Policy and Procedures Department

DATE: July 23, 1990

SUBJECT: Nexus - Economic Presence
(Use Tax)

REFERENCE: 1990-91 Appropriations Bill, Part II
Premanent Provisions, Section 26

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.

On June 13, 1990 the Governor approved a law which declared South Carolina an "economic presence" state with respect to the use tax. Under the statute, any out-of-state retailer who exploits the South Carolina market through mail order sales, television shopping networks and shows, telephone "900" services, and other marketing techniques, must collect and remit the use tax.

The statute also provides that the South Carolina Tax Commission may allow a moratorium period for the purpose of increasing use tax compliance.

The Commission is reviewing this statute and will issue a Revenue Procedure concerning its application and implementation. Until this Revenue Procedure is issued, the Commission will not enforce collection of use tax based on mere economic presence.