



301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #90-8

TO: Vicki Jinnette
Public Information Director

FROM: John P. McCormack, Manager
Tax Policy and Appeals Department

DATE: March 7, 1990

SUBJECT: Sales of Motor Vehicles to Nonresidents
(This document rescinds SC Information Letter #88-17, as amended)
(Sales Tax)

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 are a chart and a worksheet designed to assist motor vehicle dealers in calculating the tax due on sales to nonresidents.

It is important to remember the following points when making sales of motor vehicles to nonresidents:

1. The maximum tax is the lesser of 5% x (Sales Price minus trade-in) or \$300, in every circumstance.
2. When the nonresident's state sales tax rate results in a sales tax amount less than the maximum (See item 1 above), collect the lesser amount.
3. Enter the allowable deductions on the reverse side of the sales tax return.
4. Form ST-385 must be completed in its entirety and distributed as required by Code Section 12-35-555.

NOTE: SEE INFORMATION LETTER #90-7 WITH RESPECT TO SALES OF TRAILERS, SEMITRAILERS AND POLE TRAILERS TO NONRESIDENTS.

WORKSHEET: SALES OF MOTOR VEHICLES TO NONRESIDENTS
(Code Section 12-35-555)

Purchaser's Name

Purchaser's State of Residence

Purchaser's State Sales Tax Rate (Per Chart) _____%

Trade-in Allowed (Per Chart) ____ Yes ____ No

Computation of Tax Based on Purchaser's State Sales Tax Rate

1. Sales Price (Enter amount on ST-3, Line 1)
2. Less: Trade-in (if allowed in purchaser's state, per chart)
3. Measure of Tax (Line 1 less line 2)
4. Multiply by Purchaser's State Sales Tax Rate
5. Tax Due Based on Purchaser's State Sales Tax Rate

Computation of Maximum Tax

6. Sales Price (Line 1)
7. Less: Trade-in (if seller accepts trade-in, whether or not allowed per chart)
8. Measure of Tax
9. Multiply by SC Sales Tax Rate .05
10. Maximum Tax (This amount may not exceed \$300.00)

Computation of Allowable Deductions

11. SC Sales Tax Due (Lesser of Line 5 or Line 10)
(Enter on Form ST-3, Line 7)
12. SC Sales Tax Rate .05
13. Basis for Tax at SC Rate (Line 11 divided by Line 12)
14. Measure of Tax (Line 3)
15. Less: Basis for Tax at SC Rate (Line 13)
16. Deduction for Excess Sales Price (Line 14 less Line 15)
17. Trade-in Allowed (Line 2)
18. Total Deductions (Line 16 plus Line 17)
(Enter amount on Form ST-3, Line 5; and on the reverse side of Form ST-3)

SALES OF MOTOR VEHICLES TO NONRESIDENTS
(Code Section 12-35-555)

Sales of motor vehicles, as defined in Code Section 56-1-10, to residents of the following states are not subject to the South Carolina Sales Tax.

Alaska	Iowa	Montana	Oklahoma
(1) Arkansas	Kentucky	Nevada	Oregon
Delaware	Maryland	New Hampshire	South Dakota
District of Columbia	Minnesota	New Mexico	West Virginia
Indiana	Mississippi	(1) North Carolina	

Sales of motor vehicles, as defined in Code Section 56-1-10, to residents of the following states are subject to the South Carolina sales tax. The maximum tax on the sale of a motor vehicle is the lesser of 5% x (S-T) or \$300.00.

<u>State</u>	<u>Rate(%)</u>	<u>Measure of Tax *</u>	<u>State</u>	<u>Rate(%)</u>	<u>Measure of Tax *</u>
Alabama	2.0	S-T	(7) Missouri	4.425	S-T
Arizona	5.0	S-T	Nebraska	4.0	S-T
(2) California	5.0	S	New Jersey	6.0	S-T
Colorado	3.0	S-T	New York	4.0	S-T
(3) Connecticut	8.0	S-T	(8) North Dakota	6.0	S-T
Florida	6.0	S-T	Ohio	5.0	S-T
(4) Georgia	4.0	S-T	Pennsylvania	6.0	S-T
Hawaii	4.0	S-T	Rhode Island	6.0	S-T
Idaho	5.0	S-T	Tennessee	5.5	S-T
(5) Illinois	6.25	S-T	Texas	6.0	S-T
(6) Kansas	4.25	S-T	Utah	5.09	S-T
Louisiana	4.0	S-T	(9) Vermont	4.0	S-T
Maine	5.0	S-T	Virginia	3.0	S
Massachusetts	5.0	S-T	Washington	6.5	S-T
Michigan	4.0	S	Wisconsin	5.0	S-T
			Wyoming	3.0	S-T

* S = Sales Price T = Trade-in Allowance

(1) Sales of motor vehicles, trailers, semitrailers and pole trailers to residents of Arkansas, effective November 3, 1989, and residents of North Carolina, effective October 1, 1989, are no longer subject to South Carolina sales tax.

(2) California's rate has temporarily increased, effective December 1, 1989 to December 31, 1990, from 4.75% to 5.0%, due to the earthquake.

(3) Connecticut's rate prior to July 1, 1989 was 7.5%.

(4) Georgia's rate prior to April 1, 1989 was 3%.

- (5) Illinois' rate prior to January 1, 1990 was 5.0%.
- (6) Kansas's rate prior to July 1, 1989 was 4.0%.
- (7) Missouri's rate prior to September 1, 1989 was 4.225%.
- (8) North Dakota's rate prior to May 1, 1989 was 5.5%.
- (9) Sales tax applies to passenger cars and passenger vans only. The tax does not apply to school buses, mo-peds, motorcycles, small trucks, motor trucks, tractors or any other motor vehicle primarily designed to transport property.