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SC INFORMATION LETTER #93-26

TO: Vicki Ringer
Public Information Director

FROM: Deana West, Analyst
Tax Policy and Appeals Department

DATE: October 29, 1993

SUBJECT: Credit for Taxes Paid in Other States
(Use Tax)

SUPERSEDES: SC Information Letter #90-9

REFERENCE: S.C. Code Ann. Section 12-36-1310 (Supp. 1992)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (1992)
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 Department of Revenue which are not related to a specific set of facts.

South Carolina allows a credit against the use tax due in South Carolina for the state and local sales or use tax due and paid in another state on purchases of tangible personal property, providing the state in which the property was purchased allows a substantially similar tax credit.

Code Section 12-36-1310(C) provides for the credit and reads:

When a taxpayer is liable for the use tax imposed by this section on tangible personal property purchased in another state, upon which a sales or use tax was due and paid in the other state, the amount of the sales or use tax due and paid in the other state is allowed as a credit against the use tax due this State, upon proof of payment of the sales or use tax. The provisions of this section do not apply if the state in which the property was purchased does not allow substantially similar tax credits for tangible personal property purchased in this State. If the amount of the sales or use tax paid in the other state is less than the amount of use tax imposed by this article, the user shall pay the difference to the commission.

Therefore, South Carolina will allow a credit against the use tax due in this State for the state and local sales or use tax due and paid in another state on purchases of tangible personal property in other states in accordance with the below chart.

CREDIT ALLOWED FOR TAXES PAID IN OTHER STATES

South Carolina will allow a credit against the use tax due in this State for state and local sales or use tax due and paid on purchases of tangible personal property in the following states, subject to the exceptions noted.

Alabama	Kentucky (5)	Ohio
Arizona	Louisiana	Oklahoma (1)
Arkansas (1)	Maine	Pennsylvania
California	Maryland (1)	Rhode Island
Colorado	Massachusetts	South Dakota (4)
Connecticut	Michigan	Tennessee
District of Columbia (1)	Minnesota	Texas
Florida	Mississippi (2)	Utah
Georgia	Missouri	Vermont (3)
Hawaii	Nebraska	Virginia (6)
Idaho	New Jersey	Washington
Illinois	New Mexico (1)	West Virginia (1)
Indiana (1)	New York	Wisconsin
Iowa	North Carolina (4)	Wyoming
Kansas	North Dakota	

CREDIT NOT ALLOWED FOR TAXES PAID IN OTHER STATES

South Carolina will not allow a credit against the use tax due in this State for state and local sales or use tax due and paid on purchases of tangible personal property in Nevada, since Nevada does not allow a credit for sales or use tax paid in another state.

Alaska, Delaware, Montana, New Hampshire and Oregon have no sales or use tax.

EXPLANATION

- (1) Arkansas, District of Columbia, Maryland, New Mexico, Oklahoma, and West Virginia do not allow a credit for tax paid on the purchase of motor vehicles, trailers, semitrailers and pole trailers. Indiana does not allow a credit for vehicles, watercraft or aircraft. Accordingly, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on such purchases.

- (2) The state of Mississippi does not allow a credit for tax paid on the purchase of "automobiles, trucks and truck-tractors". Accordingly, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on such purchases. However, the terms "automobiles", "trucks" and "truck-tractors" do not include mobile homes, campers, trailers, semitrailers, motorcycles, warehouse trucks, drag lines, golf carts and similar vehicles, and South Carolina will allow a credit for sales or use tax paid on these purchases.
- (3) The state of Vermont allows a credit for tax paid on the purchase of passenger cars and passenger vans only. Accordingly, South Carolina will allow a credit against the use tax for state and local sales or use tax paid on such purchases. However, a credit will not be allowed on the purchase of school buses, mo-peds, motorcycles, small trucks, motor trucks, tractors or any other motor vehicle primarily designed to transport property.
- (4) North Carolina and South Dakota impose a type of excise tax, unlike South Carolina's sales tax, on the purchase of motor vehicles, trailers, semitrailers and pole trailers. Accordingly, South Carolina will not allow a credit against the use tax for excise tax paid on such purchases.
- (5) Kentucky does not allow a credit for machinery brought in for a construction project. Therefore, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on such purchases.
- (6) The state of Virginia generally allows a credit for tax paid on the purchase of tangible personal property. However, Virginia law provides that with respect to the motor vehicle sales and use tax "no credit shall be granted for any tax paid to another state if that state exempts from the tax vehicles sold to residents of a state which does not give credit for the tax". Accordingly, South Carolina will not allow a credit against the use tax for state and local sales or use tax paid on the purchase of motor vehicles, trailers, semitrailers and pole trailers.