
State of South Carolina
Department of Revenue
301 Gervais Street, P. O. Box 125, Columbia, South Carolina 29214

SC REVENUE ADVISORY BULLETIN #02-2

- SUBJECT:** Credit for Taxes Paid in Other States
(Use Tax)
- EFFECTIVE DATE:** Applies to all periods open under the statute.
- SUPERSEDES:** SC Information Letter #98-18 and all previous advisory opinions and any oral directives in conflict herewith.
- REFERENCES:** S. C. Code Ann. Section 12-36-1310 (2000)
- AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)
S. C. Code Ann. Section 1-23-10(4) (2000)
SC Revenue Procedure #99-4
- SCOPE:** The purpose of a Revenue Advisory Bulletin is to provide guidance to the public and to Department personnel. It is a written statement issued to apply principles of tax law to a specific set of facts or a general category of taxpayers. **A Revenue Advisory Bulletin does not have the force or effect of law, and is not binding on the public.** It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

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 credit.

South Carolina Code of Laws ("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 is purchased does not allow substantially similar tax credits for tangible personal property purchased in this State. If the amount of 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 department.

As of the date of this revenue advisory bulletin, it is our understanding from discussions with other states' taxing agencies, that all states that impose a statewide sales or use tax as well as the District of Columbia provide a substantially similar credit.¹ Therefore, in accordance with Code Section 12-36-1310(C), 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.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Elizabeth Carpentier

Elizabeth Carpentier, Director

March 25 _____, 2002
Columbia, South Carolina

¹ Several tax commentators have asserted that Nevada does not provide a credit for sales and use taxes paid to other states. See, Hellerstein & Hellerstein, *State Taxation*, ¶18.10 (2000) and Nagel and Rosen, 1300 T.M., *Sales and Use Taxes: General Principles*, 1300:0006b. However, the Nevada Department of Taxation has informed us that they allow a credit for sales or use tax paid in other states so long as it is determined that the tax paid was legally required and collected in that state. This conclusion is based on Nev. Admin. Code, ch. 372, §055 (2001) and Nev. Rev. Stat. Ann. §372.265 (1999).