

SC REVENUE ADVISORY BULLETIN 02-4

SUBJECT: Sales Tax Holiday
(Sales and Use Tax)

EFFECTIVE DATE: Beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday

SUPERSEDES: All previous advisory opinions and any oral directives in conflict herewith.

REFERENCES: S. C. Code Ann. Section 12-36-2120(56) (Supp. 2001)

AUTHORITY: S. C. Code Ann. Section 12-4-320 (2000)
S. C. Code Ann. Section 1-23-10(4) (Supp. 2001)
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 It is, however, the Department's position and is binding on agency personnel until superseded or modified by a change in statute, regulation, court decision, or advisory opinion.

LAW

Code Section 12-36-2120(56) exempts from the sales and use tax:

- (a) sales taking place during a period beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday of:
 - (i) clothing;
 - (ii) clothing accessories including, but not limited to, hats, scarves, hosiery, and handbags;
 - (iii) footwear;
 - (iv) school supplies including, but not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators;
 - (v) computers, printers and printer supplies, and computer software.

- (b) The exemption allowed by this item does not apply to:
- (i) sales of jewelry, cosmetics, eyewear, wallets, watches;
 - (ii) sales of furniture;
 - (iii) a sale of an item placed on layaway or similar deferred payment and delivery plan however described;
 - (iv) rental of clothing or footwear;
 - (v) a sale or lease of an item for use in a trade or business.

- (c) Before July tenth of each year, the department shall publish and make available to the public and retailers a list of those articles qualifying for the exemption allowed by this item.

EXAMPLES OF EXEMPT AND NON-EXEMPT ITEMS

Pursuant to Code Section 12-36-2120(56) cited above, the department publishes the following list as examples of items it believes to be exempt and non-exempt:

Exempt items (Provided the item (1) is not used in a trade or business or (2) is not placed on layaway or similar deferred payment and delivery plan or (3) is not clothing or footwear that is rented) include:

- Adult diapers
- Aerobic clothing
- Antique clothing
- Aprons
- Athletic or sport uniforms or clothing (but not equipment such as mitts, helmets and pads)
- Baby bibs
- Baby clothes
- Baby diapers (cloth or disposable)
- Baby shoes
- Bandannas
- Barrettes
- Bathing caps
- Bathing suits
- Bathing trunks
- Beach capes and coats
- Belt buckles
- Belts/suspenders
- Blouses
- Bobby pins
- Bonnets
- Boots (climbing, hiking, riding, ski, waders, fishing, cowboy)
- Bow ties
- Bras
- Bridal gowns and veils (must be sold; rentals are taxable)

Capri pants
Caps
Coats, capes and wraps
Computers (computer parts, such as computer monitors, keyboards and scanners, when not sold in conjunction with a central processing unit (CPU) and accessories are taxable)¹
Computer hardware service contracts sold in conjunction with computers
Computer software service contracts sold in conjunction with computer software
Computer software service contracts when the true object of the contract is to obtain computer software updates during the contract period
Computer software
Corsets
Corset laces
Costumes (must be sold; rentals are taxable)
Coveralls
Daily planners or organizers when used by school children as a school supply
Dress shields
Dresses
Earmuffs
Elastic ponytail holders
Fishing boots
Formal clothing (must be sold; rentals are taxable)
Furs
Galoshes
Garters/garter belts
Girdles
Gloves (batting, bicycle, dress, garden, golf, ski, tennis)
Gowns
Graduation caps and gowns (must be sold; rentals are taxable)
Gym suits
Hair bows
Hair clips
Handbags
Hand muffs
Handkerchiefs
Hats
Headbands
Hosiery
Hunting vests
Ice skates (rentals are taxable)
In-line skates (rentals are taxable)

¹Since sales tax is a "transaction tax," and since the law did not exempt computer parts (only computers), then the sale of a computer monitor, keyboard, or scanner by itself would not be exempt during the sales tax holiday. If a monitor, keyboard or scanner is purchased as part of a package which included the computer processing unit (CPU), then that is one transaction to purchase a computer and the sale of the packaged unit (CPU, monitor, keyboard, scanner) would be exempt.

Jackets
Jeans
Jogging suits
Jumpers
Leg warmers
Leotards and tights
Lingerie
Mittens
Overshoes
Pantyhose
Nightgowns
Pajamas
Pants
Pantsuits
Personal Digital Assistants (hand-held computers used as daily planners)
Ponchos
Printers (replacement parts are taxable)
Printer supplies (replaceable ink cartridges used in printers are exempt from tax as "printer supplies")
Prom dress (must be sold; rentals are taxable)
Purses
Raincoats
Rainwear
Riding pants
Robes
Roller skates (provided the skates are permanently attached to the boots) (rentals are taxable)
Sandals
Scarves
School supplies² including, but not limited to, pens, pencils, paper, binders, notebooks, books³, blue books⁴, bookbags, lunchboxes, musical instruments⁵ and calculators (school office and

²It is the opinion of the department that "school supplies" are items used in the classroom or at home with respect to school assignments and include, but are not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators.

Items such as refrigerators, linens, toiletries, bicycles and food purchased by college students are not school supplies and not exempt from the tax.

Attached as **Exhibit "A"** is a statement that a retailer may use to determine if a customer is purchasing an item as a school supply. The form should be attached to the bill of sales for record keeping purposes. Please note that this statement is not required and is merely provided by the department to assist retailers during the sales tax holiday.

³Code Section 12-36-2120(2)(a) already exempts from the tax books used as part of a course of study in elementary schools, high schools and institutions of higher learning. The exemption for books during the "sales tax holiday" applies to other books (e.g. dictionaries, thesauruses, encyclopedias, and books used for science projects, book reports, extra credit, and other reading requirements) used for school purposes.

⁴"Blue books" are blank notebooks with blue covers which are typically used to write college examinations.

⁵Musical instruments are exempt as school supplies if used in the classroom or at home with respect to school assignments.

janitorial supplies are taxable)

School uniforms

Scout uniforms

Shawls and wraps

Shirts

Shoes (ballet, baseball, bicycle, boat, boots, bowling (taxed if rented), cleated, cross trainers, flip-flops, football, golf, jazz/dance, soccer, track, in-line skates, ice skates, running, etc.) (rentals are taxable)

Shorts

Shoulder pads for dresses, jackets, etc. (but not athletic or sport protective pads)

Ski boots (snow) (rentals are taxable)

Ski masks

Skirts

Ski suits (snow)

Skin diving suits

Sleepwear

Slippers

Slips

Sneakers

Socks

Sport clothing and uniforms (but not equipment such as mitts, helmets, and pads)

Sport jacket

Stockings

Suits

Support hosiery

Suspenders

Sweaters

Sweatbands

Sweat pants

Sweat shirts

Sweat suits

Ties/neckwear

Tights

T-shirts

Tuxedo (must be sold; rentals are taxable)

Umbrellas

Underwear

Waders

Wet and dry suits

Note: Fabric, thread, yarn, buttons, snaps, hooks, zippers and like items which become a physical component part of clothing listed above are exempt from tax.

The following items are not exempt:

Any clothing or footwear that is rented

Any item (whether sold or leased) used in a trade or business

Any item placed on layaway or similar deferred payment and delivery plan

Backpacks for hiking and camping (bookbags for school are exempt)

Briefcases

Change purse

Clocks (alarms clocks, wall clocks, etc.)

Clothing that is rented

Computer parts (such as computer monitors, keyboards and scanners when not sold in conjunction with a central processing unit (CPU)) and accessories other than printers and printer supplies (computers, computer software, printers, and printer supplies are exempt)⁶

Cookware

Cosmetics

Costume rentals (rentals are taxable; must be sold to be exempt)

Crib blankets

Daily planners or organizers (whether or not such include a calculator) when not used by school children as a school supply

Employee uniforms

Eyewear

Footwear that is rented

Formal clothing that is rented

Furniture

Gift wrapping paper

Glasses

Goggles

Golf clubs

Greeting cards

Hardware (hand tools, power tools, etc.)

Helmets (sport, motorcycle, bicycle, etc.)

Health food supplements

Hobby equipment, supplies and toys

Housewares

Jewelry

Key cases

Linens (sheets, blankets, etc.)

Mitts (baseball fielder's, hockey, etc.) (batting, bicycle, dress, garden, golf, ski, tennis, work gloves are exempt)

Music tapes, records and compact discs

Paper products that are not school supplies (greeting cards, gift wrapping paper, etc.)

Personal flotation devices

Printer replacement parts (printers are exempt)

Protective masks and goggles (athletic, sport, or occupational)

Roller skates not permanently attached to the boot

Safety clothing for use in a trade or business

Safety glasses and goggles

Safety shoes for use in a trade or business

School office and janitorial supplies

Sewing accessories

⁶See footnote #1.

Shin guards and padding
Shoulder pads (football, hockey, etc.)
Sporting equipment (baseball mitts, golf clubs, helmets, hockey mitts, life jackets and vests, masks, pads, swim fins, swimming masks and goggles)
Stereo equipment
Sunglasses
Toys
Vitamins
Wallets
Watch bands
Watches
Wigs

If you have any questions, you may call the Department of Revenue at (803) 898-5788 or e-mail the Department at salestax@sctax.org.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Elizabeth Carpentier
Elizabeth Carpentier, Director

June 17, 2002
Columbia, South Carolina

EXHIBIT “A”

School Supplies - Information and Purchaser’s Statement

It is the opinion of the department that “school supplies” are items used in the classroom or at home with respect to school assignments and include, but are not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators.

Items such as refrigerators, linens, toiletries, bicycles and food purchased by college students are not school supplies and not exempt from the tax.

The **following** is a statement that a retailer may use to determine if a customer is purchasing an item as a school supply. The form should be attached to the bill of sale for record keeping purposes. Please note that this statement is not required and is merely provided by the department to assist retailers during the sales tax holiday.

I state that the below-listed item will be used as a school supply and therefore is exempt from the sales tax. I further understand that if it is later determined that it is not used as a school supply and the tax is due, I will reimburse the retailer for the tax.

Item purchased

Signature of purchaser

August____, ____