
State of South Carolina
Department of Revenue
300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214

SC REVENUE RULING #14-2

SUBJECT: Sales of Utility Trailers
(Sales and Use Taxes)

EFFECTIVE DATE: Applies to all periods open under the statute.

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

REFERENCE: S.C. Code Ann. Section 12-36-2110 (2014)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (2014)
S.C. Code Ann. Section 1-23-10(4) (Supp. 2012)
SC Revenue Procedure #09-3

SCOPE: The purpose of a Revenue Ruling is to provide guidance to the public. It is an advisory opinion issued to apply principles of tax law to a set of facts or a general category of taxpayers. It is the Department's position until superseded or modified by a change in statute, regulation, court decision, or another Departmental advisory opinion.

Question:

What amount of sales and use tax should be imposed upon sales of utility trailers that are capable of being pulled by an automobile, minivan, or pick-up truck?

Conclusion:

Sales of utility trailers that are capable of being pulled by an automobile, minivan or pick-up truck, and that are not recreational vehicles, fire safety education trailers or horse trailers, are subject to the State sale and use tax at a rate of 6%, plus any applicable local sales and use tax. In addition, these utility trailers are not subject to the \$300 maximum sales and use tax cap.

Facts:

Questions have arisen concerning the application of sales tax and use tax on sales of utility trailers that are capable of being pulled by an automobile, minivan, or pick-up truck. The issue is whether such utility trailers are subject to the maximum sales and use tax of \$300 afforded certain vehicles under the South Carolina sales and use tax.

Discussion:

Code Section 12-36-910(A) imposes a sales tax and reads, in part:

A sales tax, equal to five percent of the gross proceeds of sales is imposed upon every person engaged or continuing within this State in the business of selling tangible personal property at retail.

Code Section 12-36-1310(A) imposes a use tax and reads, in part:

A use tax is imposed on the storage, use, or other consumption in this State of tangible personal property purchased at retail for storage, use, or other consumption in this State, at the rate of five percent of the sales price of the property, regardless of whether the retailer is or is not engaged in business in this State.

However, Code Section 12-36-1110 increased the State sales and use tax rate by 1%, for a total State rate of 6%, on all sales of tangible personal property as defined under the law except sales of accommodations furnished to transients subject to the tax under Code Section 12-36-920(A) and sales of items subject to the maximum tax under Code Section 12-36-2110.

Code Section 12-36-2110(A) establishes a maximum sales and use tax cap of \$300 on certain items, and reads in part:

The maximum tax imposed by this chapter is three hundred dollars for each sale made after June 30, 1984, or lease executed after August 31, 1985, of each:

* * * *

(5) trailer or semitrailer, pulled by a truck tractor, as defined in Section 56-3-20, and horse trailers, but not including house trailers or campers as defined in Section 56-3-710 or a fire safety education trailer;

(6) recreational vehicle, including tent campers, travel trailer, park model, park trailer, motor home, and fifth wheel; or

* * * *

In the case of a lease, the total tax rate required by law applies on each payment until the total tax paid equals three hundred dollars. Nothing in this section prohibits a taxpayer from paying the total tax due at the time of execution of the lease, or with any payment under the lease. To qualify for the tax limitation provided by this section, a lease must be in writing and specifically state the term of, and remain in force for, a period in excess of ninety continuous days.

In summary, Code Section 12-36-2110(A) establishes a maximum sales and use tax cap of \$300 for each sale or lease of each of the following trailers and semitrailers¹

1. recreational vehicles, including tent campers, travel trailers, park trailers , ... and fifth wheels;
2. trailers or semitrailers capable of being pulled only by a truck tractor² (This does not include house trailers or campers as defined in Section 56-3-710);
3. fire safety education trailers; and
4. horse trailers.

Finally, local taxes administered and collected by the Department on behalf of local jurisdictions do not apply to the sale or lease of tangible personal property subject to a maximum tax. If the \$300 maximum sales and use tax cap does not apply to the sale of a particular type of trailer or semitrailer, then the sale of that trailer or semitrailer is subject to any applicable local sales and use tax.

Based on the above, sales of utility trailers that are capable of being pulled by an automobile, minivan or pick-up truck, and that are not recreational vehicles, fire safety education trailers or horse trailers, are subject to the State sale and use tax at a rate of 6%, plus any applicable local sales and use tax. In addition, these utility trailers are not subject to the \$300 maximum sales and use tax cap.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/William M. Blume, Jr.
William M. Blume, Jr., Director

May 6, 2014
Columbia, South Carolina

¹ The maximum sales and use tax also applies to other vehicles that are not relevant to the issue addressed in this advisory opinion, such as motor vehicles, motorcycles, boats, aircraft, and self-propelled light construction equipment.

² A “truck tractor” is a “motor vehicle designed and used primarily for drawing other vehicles and not so constructed as to carry a load other than a part of the weight of the vehicle and load so drawn.” See Code Section 56-3-20.