

Document No. 4664
DEPARTMENT OF REVENUE
CHAPTER 117
Statutory Authority: 1976 Code Section 12-4-320

117-307. Hotels, Motels, and Similar Facilities.

Synopsis:

The South Carolina Department of Revenue is considering amending SC Regulation 117-307 to add a new subsection, 117-307.7, to address the application of the sales and use tax to hurricane rental insurance charges. The proposal addresses a change in policy due to the amendment of Code Section 12-36-920 by Act No. 172 of 2014. The proposal will summarize the treatment of both optional and mandatory hurricane rental insurance charges under Code Section 12-36-920.

The Notice of Drafting was published in the *State Register* on July 22, 2016.

Instructions:

Amend SC Regulation 117-307 to add a new subsection, 117-307.7, to address the application of the sales and use tax to hurricane rental insurance charges.

Text:

117-307.7. The Application of Tax to Hurricane Rental Insurance Charges Imposed by Hotels, Motels, and Other Facilities.

An optional charge for hurricane rental insurance is not subject to either the 7% sales tax on accommodations under Code Section 12-36-920(A) or the 6% sales tax as an “additional guest charge” under Code Section 12-36-920(B). However, if the charge for hurricane rental insurance is mandatory, then the charge is subject to the 7% sales tax as a part of the charge for furnishing the sleeping accommodations.

Note: If a mandatory evacuation order or hurricane causes the complete cancellation of a person’s vacation because law enforcement will not allow anyone to enter the area during the entire time originally reserved for the vacation, or a hurricane destroys the rental unit and the vacationer cannot take occupancy of the unit or any replacement unit during the entire time originally reserved for the vacation, then the sleeping accommodations were not “furnished” and the charges for the sleeping accommodations are not subject to the tax. In addition, charges for the optional or mandatory hurricane rental insurance are not subject to the tax.

Fiscal Impact Statement:

There will be no impact on state or local political subdivisions expenditures in complying with this proposed legislation.

Statement of Rationale:

The purpose of this amendment to SC Regulation 117-307 is to address the application of the sales and use tax to hurricane rental insurance charges in light of recent changes to Code Section 12-36-920 enacted pursuant to Act No. 172 of 2014.