

Chapter 10

Maximum Tax Items

A. General Information

Infrastructure Maintenance Fee:

This chapter concerns items that are subject to a maximum tax under South Carolina Code §12-36-2110. Please note, however, Act No. 40 of 2017 imposed a new infrastructure maintenance fee beginning July 1, 2017, and any sale or purchase of an item that is subject to this fee is exempt from state and local sales and use tax and the casual excise tax. See South Carolina Code §12-36-2120(83). As a result, certain transactions that were subject to a maximum sales, use, or casual excise tax prior to July 1, 2017 are now instead subject to an infrastructure maintenance fee remitted to the SC Department of Motor Vehicles (SCDMV).

SC Information Letter #22-17 contains charts providing the applicable infrastructure maintenance fee rate, sales and use tax rate, or casual excise tax rate for a number of items purchased by residents, nonresidents, and military personnel. This information letter is reproduced for reference as Exhibit A of this chapter. For questions regarding the new infrastructure maintenance fee remitted to the SCDMV, please contact the SCDMV at cartaxes@scdmv.net.

Maximum Tax:

The sales, use and casual excise taxes are imposed at the rate of 5%¹ for the sale or lease of tangible personal property subject to a maximum tax. 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.

Maximum Tax Applies to:

- (A) A maximum tax of \$500 is established for each sale² or lease³ of each:⁴
- motor vehicle (“Low speed vehicles” that meet the requirements of South Carolina Code §§56-2-110 through 56-2-130 are subject to the \$500 maximum tax.);⁵
 - motorcycle (on-road or off-road);

¹ The provisions of South Carolina Code §12-36-1110 which increased the sales and use tax rate and the casual excise tax rate from 5% to 6% effective June 1, 2007 do not apply to the sale or lease of tangible personal property subject to the maximum tax.

² The maximum tax only applies for each sale made after June 30, 1984.

³ The maximum tax only applies for each lease executed after August 31, 1985.

⁴ South Carolina Code §12-36-2110(A), as amended by Act No. 40 of 2017. Effective July 1, 2017, Act No. 40 increased the maximum tax from \$300 to \$500 for certain enumerated items.

⁵ See South Carolina Revenue Ruling #18-1.

- recreational vehicle, including tent campers, travel trailers, park trailers, motor homes and fifth wheels;
- boat⁶ (The sale of personal watercraft, such as a jet ski,⁷ and a barge⁸ are each the transfer of a “boat” subject to the \$500 maximum tax.);
- watercraft motor (Effective for sales and purchases on or after July 1, 2022.);⁹
- aircraft;
- trailer or semitrailer capable of being pulled only by a truck tractor;
- self-propelled light construction equipment with compatible attachments limited to a maximum of 160 net engine horsepower;¹⁰
- fire safety education trailer; and
- horse trailer.

In order for the lease of any of the above items to qualify for the \$500 maximum tax, the lease must specifically state the term of, and remain in force for, a period in excess of 90 continuous days. In addition, the sales or use tax applies to each renewal of the lease and the maximum tax for that renewal will only apply if (1) the lease renewal is in writing and (2) the lease renewal specifically states a term of, and remains in force for, a period in excess of 90 continuous days.

Note: The sale or purchase of any vehicle or other item which is subject to an infrastructure maintenance fee by South Carolina Code §56-3-627 is exempt from sales and use tax. See South Carolina Code §12-36-2120(83). See Chart 1 in Exhibit A for examples of transactions which are subject to the infrastructure maintenance fee and exempt from sales and use tax.

- (B) A maximum tax of \$300 is established for the sale of each musical instrument, or each piece of office equipment,¹¹ purchased by a religious organization exempt under Internal

⁶ See the discussion later in this chapter on boats for a complete explanation.

⁷ South Carolina Revenue Ruling #18-4.

⁸ South Carolina Revenue Ruling #18-5. In addition, a barge that is permanently affixed to a (1) dock, (2) the ocean, lake or river bottom, or (3) any other realty is not used as a “boat” and is not entitled to the maximum tax under South Carolina Code §12-36-2110.

⁹ Code Section 12-36-2110(A), concerning the sales of items subject to a maximum sales and use tax and maximum casual excise tax (including boats and airplanes), was amended to add watercraft motors. The sales of watercraft motors, effective July 1, 2022, are subject to the sales and use tax and the casual excise tax at a rate of 5%, but no more than \$500. See Act No. 237, Section 4, of 2022.

¹⁰ In order for the maximum tax to apply to self-propelled light construction equipment, the equipment must be used in construction. Equipment purchased for maintenance or repair purposes does not qualify for the maximum tax and is subject to the state sales and use tax at a rate of 6%, plus any applicable local sales and use taxes. See South Carolina Technical Advice Memorandum #89-13 and Form ST-405.

¹¹ South Carolina Code §12-36-2110(C).

Revenue Code Section 501(c)(3), provided the musical instrument or office equipment must be located on church property and used exclusively for the organization's exempt purpose. The religious organization must furnish to the seller an affidavit on forms prescribed by the Department. The affidavit must be retained by the seller.

- (C) A maximum tax is established for the sale of a manufactured home¹² as defined in South Carolina Code §40-29-20. The maximum tax applicable to the sale of a manufactured home depends on whether or not the manufactured home meets certain energy efficiency requirements. See the section in this chapter on manufactured homes for details.¹³

Maximum Tax Does Not Apply To:

The following are examples of tangible personal property the sale or lease of which are not subject to the maximum tax:

- trailers or semitrailers capable of being pulled by vehicles other than a truck tractor;¹⁴
- pole trailers;
- boat trailers;¹⁵
- self-propelled light construction equipment with compatible attachments with a net engine horsepower that exceeds 160; and,
- all terrain vehicles, legend race cars,¹⁶ golf carts and other items not meeting the definition of a motor vehicle.

Sales or leases of these items are subject to a state tax rate of 6%, plus any applicable local sales and use tax.

Note: The sale or purchase of any vehicle or other item which is subject to an infrastructure maintenance fee by South Carolina Code §56-3-627 is exempt from sales and use tax and the casual excise tax. See South Carolina Code §12-36-2120(83). See Chart 1 in Exhibit A for examples of transactions which are subject to the infrastructure maintenance fee and exempt from sales and use tax and the casual excise tax.

¹² South Carolina Code §12-36-2110(B).

¹³ Manufactured homes designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency's energy efficiency requirements, or designated as meeting or exceeding the energy efficiency requirements under each agency's Energy Star program, are exempt from the sales and use tax for sales or purchases from July 1, 2009 through July 1, 2024. See the section in this chapter on manufactured homes for details.

¹⁴ See SC Revenue Ruling #14-2.

¹⁵ See the discussion later in this chapter on boats for a complete explanation.

¹⁶ South Carolina Revenue Advisory Bulletin #00-03 and SC Revenue Ruling #18-1.

Motor Vehicles Sold to Nonresidents:¹⁷

The sales tax due on a sale to a nonresident¹⁸ of a motor vehicle that is to be registered and licensed in the nonresident purchaser's state of residence, is as follows:

1. The lesser of:
 - (a) the sales tax which would be imposed on the sale in the purchaser's state of residence or
 - (b) the tax that would be imposed under Chapter 36 of the South Carolina Code of Laws (the lesser of 5% of the gross proceeds of sale or \$500).
2. No sales tax is due in South Carolina if a nonresident purchaser cannot receive a credit in his resident state for sales tax paid to South Carolina.

Note: Even though a credit will be allowed in the purchaser's state of residence for sales tax paid in South Carolina under this provision, a state or local tax may still be due in the purchaser's state of residence. This may be a result of a higher state tax due in the purchaser's state, a local tax due in the purchaser's state, or other provisions of the state tax law in the purchaser's state of residence (e.g., credit provisions concerning state vs. local taxes).

At the time of the sale, the seller must obtain from the purchaser a notarized statement of the purchaser's intent to license the vehicle in the purchaser's state of residence within 10 days.¹⁹ South Carolina Form ST-385, "Affidavit for Intent to License Motor Vehicle, Trailer, Semitrailer, or Pole Trailer Purchased in South Carolina in Purchaser's State of Residence," may be used. The seller should retain a completed and notarized copy of Form ST-385. The purchaser should give a copy to the appropriate agency (e.g., revenue department, department of motor vehicles) of the purchaser's state of residence.

¹⁷ South Carolina Code §12-36-930 and South Carolina Information Letter #14-2. Note: The provisions of this section also apply to trailers, semitrailers, or pole trailers; however, the application of the provisions of South Carolina Code §12-36-930 with respect to trailers, semitrailers, or pole trailers is not discussed in the section since not all trailers, semitrailers, or pole trailers are subject to the maximum tax. For details as to vehicles that are or are not subject to the maximum tax, see the "General Information" section above.

¹⁸ South Carolina Code §12-36-2120(25) exempts sales of motor vehicles (excluding trucks) or motorcycles, which are required to be licensed to be used on the highways, sold to a resident of another state, but who is located in South Carolina by reason of orders of the United States Armed Forces. This exemption is allowed only if within ten days of the sale the vendor is furnished a statement from a commissioned officer of the Armed Forces of a higher rank than the purchaser certifying that the buyer is a member of the Armed Forces on active duty and a resident of another state or if the buyer furnishes a leave and earnings statement from the appropriate department of the armed services which designates the state of residence of the buyer.

¹⁹ If the purchaser does not plan to license the vehicle in his state of residence or does not complete the notarized statement, then the provisions of South Carolina Code §12-36-930 are not applicable and the sale is taxed as if the purchaser were a resident of South Carolina.

Note: Licensed SCDMV dealers remit sales tax to the SCDMV for motor vehicle sales to nonresidents who will register the motor vehicle outside of South Carolina.²⁰ Retailers who are not licensed SCDMV dealers remit sales tax to the SC Department of Revenue for motor vehicle sales to nonresidents who will register the motor vehicle outside of South Carolina. See Chart 2 in Exhibit A for more information.

B. Boats, Boat Motors, and Boat Trailers – Sold for Personal Use²¹

The following guidelines concern the sales, use, and casual excise tax rates applicable to the sale of boats, boat motors, and boat trailers:

1. A boat sold alone is taxed at the lesser of 5% of the purchase price or \$500.
2. A boat motor sold alone is taxed at the lesser of 5% of the purchase price or \$500.²²
3. A boat trailer sold alone is taxed at 6% of the purchase price. (The casual excise tax does not apply to boat trailers.)
4. A boat sold with a motor permanently attached to it is taxed at the lesser of 5% of the purchase price of the boat and motor or \$500.²³
5. A boat trailer sold in conjunction with the sale of a boat is taxed at 6% of the purchase price of the boat trailer. The boat is taxed at the lesser of 5% of the purchase price of the boat or \$500.
6. A boat trailer sold in conjunction with the sale of a boat that has a permanently attached motor is taxed at 6% of the purchase price of the boat trailer. The boat with a permanently attached motor is taxed at the lesser of 5% of the purchase price of the boat and motor or \$500. (Note: If the price of the boat trailer is not separately stated from the price of the boat

²⁰ Code Section 12-36-2110(A)(5) was added by Act No. 40 of 2017 to provide that the sales tax due on sales by dealers (registered with the South Carolina Department of Motor Vehicles) of items subject to a maximum sales tax under Code Section 12-36-2110(A)(1) (e.g., a motor vehicle or motorcycle) which would be subject to the new infrastructure maintenance fee in Code Section 56-3-627 if registered in South Carolina, but that will instead be registered in another state, must now be collected by and remitted to the South Carolina Department of Motor Vehicles. Prior to July 1, 2017, the South Carolina Department of Revenue collected this tax. For more information regarding transactions where the infrastructure maintenance fee or the sales and use tax applies, and to whom the fee or tax is remitted, see SC Information Letter #22-17.

²¹ For purposes of this discussion, boat trailers do not include trailers which must be pulled by truck tractors or boat trailers which are used by manufacturers to transport boats to dealerships. Further, this discussion only involves boat trailers purchased for personal use. The SCDMV has indicated that beginning July 1, 2017, boat trailers purchased for business use are subject to an infrastructure maintenance fee upon an owner's first registration in South Carolina under South Carolina Code §56-3-627. Sales or purchases of items that are subject to an infrastructure maintenance fee are exempt from sales and use tax by South Carolina Code §12-36-2120(83).

²² Code Section 12-36-2110(A), concerning the sales of items subject to a maximum sales and use tax and maximum casual excise tax (including boats and airplanes), was amended to add watercraft motors. The sales of watercraft motors, effective July 1, 2022, are subject to the sales and use tax and the casual excise tax at a rate of 5%, but no more than \$500. See Act No. 237, Section 4, of 2022.

²³ A boat motor is considered permanently attached to a boat if it is (1) an inboard motor or (2) an outboard motor sold mounted to the boat, connected to a permanent steering mechanism, and included in the price of the boat.

and motor, the boat trailer is subject to tax at 6% of the fair market value of the boat trailer. If the price of the boat trailer is separately stated from the price of the boat and motor, the price breakdown must be reasonable and supported by the records of the taxpayer, otherwise the trailer will be taxed at 6% of its fair market value.)

Note: All transactions listed above that are (1) subject to a maximum tax of \$500 or (2) subject to the casual excise tax²⁴ are not subject to local sales and use taxes administered and collected by the South Carolina Department of Revenue on behalf of local jurisdictions.²⁵ All transactions listed above that are not subject to a maximum tax or the casual excise tax (and therefore taxed at 6% for state sales and use tax purposes) are subject to local sales and use taxes administered and collected by the South Carolina Department of Revenue on behalf of local jurisdictions.

For additional information on the sale of boats, boat motors, and boat trailers, see SC Revenue Ruling #22-7.

C. Manufactured Homes

Calculation of the Tax: The maximum tax on the sale of a manufactured home,²⁶ as defined in South Carolina Code §40-29-20, is calculated as follows:

- (1) subtract trade-in allowance from the sales price;
- (2) multiply the result from (1) by 65%;
- (3) if the result from (2) is no greater than \$6,000, multiply by 5% for the amount of tax due;
- (4) if the result from (2) is greater than \$6,000, the tax due is \$300 plus 2% of the amount greater than \$6,000.

Exemption for Tax in Excess of \$300: A manufactured home is exempt from any tax in excess of \$300 that may be due as a result of the calculation in item (4) above if it meets these energy efficiency levels: storm or double pane glass windows, insulated or storm doors, a minimum thermal resistance rating of the insulation only of R-11 for walls, R-19 for floors, and R-30 for ceilings.

However, variations in the energy efficiency levels for walls, floors, and ceilings are allowed and the exemption on tax due above \$300 applies if the total heat loss does not exceed that calculated using the levels of R-11 for walls, R-19 for floors, and R-30 for ceilings. The edition of the

²⁴ Effective July 1, 2022, boat motors are subject to a maximum tax. As such, all casual excise tax items are, effective July 1, 2022, subject to a maximum tax.

²⁵ The casual excise tax is imposed for the issuance of a certificate of title, or other proof of ownership, for every boat, boat motor, or airplane required to be registered, titled, or licensed. Code Section 12-36-1710. It is not a sales or use tax. A local jurisdiction has authority to impose sales and use tax, but not a casual excise tax.

²⁶ South Carolina Code §12-36-2110(B). See Act No. 354 of 2008; Temporary Proviso 73.6 (Act No. 91 of 2019); SC Information Letter #19-21; and Act No. 138 of 2020, Section 2.

American Society of Heating, Refrigerating, and Air Conditioning Engineers Guide in effect at the time is the source for heat loss calculation.

Exemption for Entire Tax Due: **From July 1, 2009 through July 1, 2024**, a manufactured home is exempt from any tax that may be due as a result of the calculation above if it has been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency's energy saving efficiency requirements or has been designated as meeting or exceeding such requirements under each agency's ENERGY STAR program.

Records Requirements: The dealer selling the manufactured home must maintain records, on forms provided by the State Energy Office, on each manufactured home sold that meets the energy efficiency levels provided above. These records must be maintained for three years and must be made available for inspection upon request of the Department of Consumer Affairs or the State Energy Office.

Note: The maximum tax authorized does not apply to a single-family modular home regulated pursuant to Chapter 43, Title 23.

Furniture and Appliances Sold with the Home: Furniture and appliances are not considered a part of a manufactured or modular home, unless they are built-ins as noted below. For example, televisions, counter appliances, sofas, chairs and tables, even though sold with a home, are not a part of the home. Because these items are not a part of the home, they are taxed separately from the home at 6%, plus any applicable local sales and use tax, of their sales price less any trade-in allowed. The amount upon which the tax is calculated on furniture and appliances that are not built ins is the amount listed in the sales contract for these items or the retail fair market value of these items if the amounts for these items are not listed in the contract or if the amounts listed in the contract do not reasonably represent the retail fair market value of these items.²⁷

Items such as disposals, built-in dishwashers, and built-in stoves are considered a part of the home and are not taxed separately from the home if installed at the time of the retail sale of the home.²⁸

Heat Pumps, Air Conditioning Systems, Etc.: Heat pumps, air conditioning systems, skirting, steps, decks, septic tanks, wells, and driveways built or installed after the home is delivered to the construction site are not considered a part of the delivered home and are taxed separately from the home. The sale of these items to, or the purchase of these items by, the person who will build or supply and install them is subject to the tax at a rate of 6%, plus any applicable local sales and use tax.²⁹

²⁷ SC Regulation 117-335.4.

²⁸ SC Regulation 117-335.4.

²⁹ SC Regulation 117-335.5.

D. Musical Instruments and Office Equipment Sold to Religious Organizations

The sale of each musical instrument, or each piece of office equipment,³⁰ purchased by a religious organization exempt under Internal Revenue Code Section 501(c)(3) is subject to a maximum tax of \$300, provided the musical instrument or office equipment is located on church property and used exclusively for the organization's exempt purpose. The religious organization must furnish to the seller an affidavit on forms prescribed by the department (Form ST-382). The affidavit must be retained by the seller.

³⁰ South Carolina Code §12-36-2110(C).

Exhibit A

Infrastructure Maintenance Fee, Sales/Use Tax, and Casual Excise Tax Implications of Purchases by SC Residents, Nonresidents, and Military Personnel

The most current version of this information, as of the date of this publication, is South Carolina Information Letter #22-17.

For questions regarding the new infrastructure maintenance fee remitted to the Department of Motor Vehicles, or sales taxes remitted by licensed SCDMV dealers to the Department of Motor Vehicles on sales to nonresidents, please contact the Department of Motor Vehicles at cartaxes@scdmv.net.



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214-0575

SC INFORMATION LETTER #22-17

SUBJECT: South Carolina Infrastructure and Economic Development Reform Act

EFFECTIVE DATE: May 10, 2021, for IMF Titling and Lessee Issues; July 1, 2022, for Sales and Use Tax and Casual Excise Tax Issues Involving Boat Motors; and July 1, 2017 for All Other Issues Except as Noted for Mopeds

SUPERSEDES: SC Information Letter #17-10 and all previous advisory opinions and any oral directives in conflict herewith.

REFERENCE: S.C. Code Ann. Section 56-3-627 (Supp. 2021)
Chapter 36 of Title 12 (2014, Supp. 2021)

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

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

PURPOSE

The purpose of this Information Letter is to update the guidance provided in SC Information Letter #17-10 (Revised) to reflect the following law changes:

1. Infrastructure Maintenance Fee – Titling: Code Section 56-3-627 was amended, effective May 10, 2021, to also impose the infrastructure maintenance fee on the first titling of each vehicle, trailer, semitrailer, or other item required to be registered pursuant to Chapter 3 of Title 56. Previously, the infrastructure maintenance fee only applied to first registration of a vehicle, trailer, semitrailer, or other item with the SC Department of Motor Vehicles (“SCDMV”). The infrastructure maintenance fee statute was also amended to apply, in addition to an owner, to a lessee first titling or registering a vehicle, trailer, semitrailer, or other item with SCDMV.

2. Maximum Tax – Watercraft Motors: Code Section 12-36-2110(A), concerning the sales of items subject to a maximum sales and use tax and maximum casual excise tax, has been amended to add watercraft motors (e.g., boat motors). The sales of watercraft motors, effective July 1, 2022, are subject to the sales and use tax and the casual excise tax at a rate of 5%, but no more than \$500. With this amendment, sales of watercraft motors are exempt, effective July 1, 2022, from all local sales and use taxes administered and collected by the South Carolina Department of Revenue (“SCDOR”).

OVERVIEW OF NEW INFRASTRUCTURE MAINTENANCE FEE

In 2017, the General Assembly enacted the South Carolina Infrastructure and Economic Development Reform Act to address the needs of South Carolina’s transportation infrastructure system and to set the state on the path towards a first-class road network. As part of its effort to improve the state’s transportation infrastructure network, the infrastructure maintenance fee was enacted and became effective July 1, 2017.

Registration in South Carolina upon Purchase or Lease: The owner or lessee of each vehicle, trailer, semitrailer, or other item that must be registered pursuant to Chapter 3 of Title 56 must pay the infrastructure maintenance fee upon first titling or registering the vehicle, trailer, semitrailer, or other item with the SCDMV. The infrastructure maintenance fee is remitted to SCDMV and is imposed at a rate of 5% of the gross proceeds of the sale, not to exceed \$500, for a sale by a licensed SCDMV dealer or 5% of the vehicle’s fair market value, not to exceed \$500, for a sale by a person who is not a SCDMV licensed dealer.

Sales that are subject to the new infrastructure maintenance fee are exempt from the state and local sales and use taxes.

If a dealer has a South Carolina retail license or offers to license, title, or register the item, then the dealer must collect the infrastructure maintenance fee and remit it to the SCDMV. Generally, based on information from the SCDMV, a dealer is a person in the business of selling motor vehicles (e.g., cars, trucks, motorcycles, and motor homes) that is licensed with SCDMV. A dealer also includes, a person licensed with SCDMV in the business of selling mopeds.

Registration in South Carolina after First Registration in Another State: The infrastructure maintenance fee is also imposed when a vehicle, trailer, semi-trailer, or other item required to be registered under Chapter 3 of Title 56 was first registered in another state by the owner and is subsequently registered for the first time in South Carolina by the same owner. This infrastructure maintenance fee is \$250.

CHARTS FOR DEALERS, OTHER RETAILERS, AND NONRETAILERS

The SCDOR, in coordination with the SCDMV, is updating the charts first issued in SC Information Letter #17-10 to assist dealers and other retailers in determining: (1) whether the sale is subject to the new infrastructure maintenance fee or the sales and use tax; (2) whether to remit the infrastructure maintenance fee to the SCDMV or remit the sales and use tax on sales to nonresidents to the SCDMV or the SCDOR; and (3) the rate of the infrastructure maintenance fee or the sales and use tax.

Attached are the three updated charts that address the following categories of sales, with each chart providing information concerning the type of vehicle, the fee or tax that applies to the transaction, the fee or tax rate, and the maximum fee or tax (if applicable):

- Chart 1: Motor Vehicles and Other Items Purchased and Registered or Titled in South Carolina by a South Carolina Resident and Other Items Purchased by a South Carolina Resident
- Chart 2: Motor Vehicles and Other Items Purchased in South Carolina by a Nonresident to be Registered, Titled, or Used Outside of South Carolina
- Chart 3: Motor Vehicles and Other Items Previously Registered Outside of South Carolina

Chart 1 and Chart 2 address three types of transactions – (1) purchases from licensed SCDOR retailers who are also licensed SCDMV dealers (e.g., a motor vehicle dealership); (2) purchases from licensed SCDOR retailers who are not licensed SCDMV dealers (e.g., a retailer selling motor vehicles from its delivery fleet); and (3) purchases from nonretailers (e.g., a casual sale by an individual).

GENERAL SUMMARY

While these charts provide information about many different types of vehicles and other items, it is not an all-inclusive list of transactions. The application of the new infrastructure maintenance fee or the sales and use tax can generally be summarized as follows (unless the transaction is otherwise exempt):

General Rule

- If the vehicle is required to be registered and is registered or titled with the SCDMV, the Infrastructure Maintenance Fee applies and is remitted to the SCDMV.
- If the vehicle is of a type that is not required to be registered or titled with the SCDMV, then the sales tax would apply and is remitted to the SCDOR (e.g., a utility trailer for personal use).

Sales to Nonresidents

- If the vehicle is subject to the maximum tax provisions of Code Section 12-36-2110(A)(1) (e.g., motor vehicle, motorcycle, recreational vehicle), is of the type that would be registered in South Carolina if not for it being registered out-of-state, and is sold by a SCDMV licensed dealer to a nonresident who will register it in his home state, then the sales tax applies and is remitted to the SCDMV. (Note: The sales tax imposed on such sales to a nonresident by a person who is not a licensed SCDMV dealer is remitted to the SCDOR.)

However, based on Code Sections 12-36-930 and 12-36-2120, the sales tax is not due if (1) the purchaser's state of residence does not impose a sales tax on motor vehicles, trailers, semitrailers, or pole trailers, (2) the purchaser's state of residence does not allow a credit against his use tax for sales tax paid on such items in South Carolina, or (3) the sale is otherwise exempt from the sales tax.

- If the vehicle is not subject to the maximum tax provisions of Code Section 12-36-2110(A)(1) and is sold to a nonresident who will register it in his home state, then the sales tax applies and it is remitted to the SCDOR.

Casual Excise Tax

- The casual excise tax no longer applies to motor vehicles and motorcycles. The casual excise tax only applies to aircraft, boats, and boat motors. The infrastructure maintenance fee, however, is paid at the time of registration.

The attached charts provide the applicable rate for the infrastructure maintenance fee or the sales and use tax for each of the above scenarios and also provide general information, including information on exemptions for active duty military members.

ADDITIONAL INFORMATION

If you have questions regarding the infrastructure maintenance fee remitted to the SCDMV, or sales taxes remitted by licensed SCDMV dealers to the SCDMV on sales to nonresidents, please contact the SCDMV at cartaxes@scdmv.net.

If you have questions regarding all other sales and use tax matters, please contact the SCDOR at (803) 898-5000 or salestax@dor.sc.gov.