

PUBLIC DRAFT

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Comments Due by: **April 22, 2026**

SC REVENUE RULING #26-xx [Public Draft RR – 04/01/2026]

SUBJECT: Homeowner’s Association Membership Fees
(Admissions Tax)

EFFECTIVE DATE: All periods upon under the statute.

MODIFIES: SC Private Letter Ruling #09-2

REFERENCES: S.C. Code Ann. Section 12-21-2410 (2014)
S.C. Code Ann. Section 12-21-2420 (2014)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (2014)
S.C. Code Ann. Section 1-23-10(4) (2005)
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 general category of taxpayers. It is the Department’s position until superseded or modified by a change in statute, regulation, court decision, or another Department advisory opinion.

INTRODUCTION:

Homeowner’s association (“HOA”) membership fees may be allocated for different expenditures, such as the maintenance of the real estate development’s common grounds, including, but not limited to, security, landscaping, and road maintenance. Certain HOA memberships, allocate a portion of the fees for homeowners within the real estate development to enjoy certain benefits, including the entrance to and use of places of amusement (i.e., tennis courts, swimming pools, golf courses, fitness centers, community clubhouses, etc.). This ruling explains which portion of HOA membership fees are subject to the admissions tax and how to determine the measure of the tax.

LAW AND DISCUSSION:

Code Section 12-21-2420 imposes a 5% admissions tax “upon all paid admissions to all places of amusement within this State” Code Section 12-21-2410 defines admissions as “the right or privilege to enter into or use a place or location.” Therefore, paid admissions (the measure of the admissions tax) is the amount required for the right or privilege to enter into or use a place or location.

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It has been the Department's longstanding policy to tax only that portion of the HOA membership fees that allow homeowners the right or privilege to enter into or use a place of amusement. Thus, the portion of HOA membership fees that are allocated to the maintenance of the real estate development's common grounds (i.e., security, landscaping, road maintenance, etc.) are not subject to the admissions tax.

Further, Code Section 12-21-2420(17) specifically exempts "annual or monthly dues paid to a golf club" from admissions tax. Certain HOAs provide homeowners within the real estate development access to golf clubs and, in some cases, a portion of the HOA fees paid by the homeowners are used by the association to pay the homeowners' membership dues to the golf club. In such cases, the portion of HOA fees allocated to pay for membership dues to a golf club are exempt from the admissions tax.

The Department previously provided¹ a calculation method to determine which portion of an HOA fee allows homeowners within the HOA to enter or use a place of amusement. However, due to the new exemption for "annual or monthly dues paid to a golf club," the calculation must be modified. Accordingly, the new calculation method to determine which portion of an HOA fee allows homeowners within the HOA to enter or use a place of amusement, which is then used as the measure of the admissions tax, is as follows:

1. Determine a percentage by dividing all the expenses (direct and indirect) associated with all places of amusement for which the HOA fee is paid (minus any fees used toward membership dues for golf clubs) by the total expenses (direct and indirect) of the residential development.
2. Apply the above percentage to the total monthly HOA membership fee.
3. The result is the portion of the HOA membership fee that allows homeowners entrance to, and use of, the places of amusements.

Note: The portion of security, landscaping and road maintenance expenses associated with any places of amusement must be included in the expenses (direct and indirect) associated with all places of amusement for which the fee is paid.

CONCLUSION:

Based on the above, only the portion of HOA membership fees that allow homeowners entrance into, and use of, the places of amusements maintained and operated by the HOA is subject to the admissions tax. This does not include any portion of HOA membership fees allocated for annual or monthly membership dues to a golf club, which are specifically exempt from admissions tax. The taxable portion of HOA fees should be determined based on the calculation method discussed above.

¹ See SC Private Letter Ruling #09-2.