STEP-BY-STEP INSTRUCTIONS FOR ST-388

STOP

ST-3T must be submitted with ST-388

If you have a retail license or use tax registration you are **required to file** a tax return **even if** there is **NO TAX DUE** for the period.

IMPORTANT:COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE ST-388 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 11.

Sales and purchases subject to the State sales tax rate of 5%, 6%, or 7% (a combination of the 5% tax rate as shown in Column B and 2% tax rate as shown in Column C) must be separately reported on Form ST-388 under the appropriate worksheet(s) and column(s).

STEP 1 — COMPLETING SALES AND USE TAX WORKSHEET #1

Items 1 through 3

Item 1: Gross Proceeds of Sales, Accommodations/Rentals and Withdrawals for Own Use
Enter the total amount of all sales (taxable and nontaxable), leases and/or rentals made by the business for the reporting period. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED. Be sure to include your accommodations proceeds.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees.

Item 2: Out-of-State Purchases Subject to Use Tax
Enter the total purchases of tangible personal property purchased from an out-of-state retailer for use, storage, or consumption in this state if an equal amount of sales tax or use tax was not paid at the time of purchase. If the tax rate in your county is greater than the tax rate paid out-of-state, contact SCDOR for additional information.

Item 3: All Gross Proceeds of Sales/Rental, Use Tax, Accommodations and Withdrawals for Own Use
Add Items 1 and 2. Enter total here and on Line 1 on the front of ST-388. If local tax is applicable, enter this amount on Item 1 of ST-389 worksheet.

STEP 2 — COMPLETING THE 6% SALES AND USE TAX WORKSHEET #2

Items 4 through 9

This section is used for reporting all sales and purchases of tangible personal property (merchandise) subject to the state tax rate of 6%. Sales and purchases generally reported in this section include charges for meals, gift items, additional guest charges, etc. However, **total sales of accommodations are excluded from this worksheet section**. Total sales of accommodations (subject to the 7% State sales tax rate) must be recorded on Worksheet #3 (at 5% tax rate) and Worksheet #4 (at 2% tax rate) to determine the total state sales tax due on accommodations.

Item 4: Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use
Enter the total amount of all sales, leases and/or rentals of tangible personal property made by the business (taxable and nontaxable) for the reporting period subject state tax rate of 6%. Allowable deductions (nontaxable sales) are to be itemized on Item 7. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees.

Item 5: Out-of-State Purchases Subject to Use Tax
Enter total purchases of tangible personal property purchased from an out-of-state retailer for use, storage or consumption in this state (not otherwise excluded) if an equal or greater amount of sales tax or use tax was not paid in the other state at the time of purchase.

Item 6: Total Gross Proceeds of Sales/Rentals, Use and Withdrawals for Own Use at 6%.
Add Items 4 and 5. Enter total here and on Line 1A, Column A on the front of ST-388.

Item 7: Sales and Use Allowable Deductions
The state sales and use tax law provides several deductions (exemptions and exclusions) for sales and use tax purposes. There are full and partial deductions for the state sales and use tax. Before any deductions may be itemized (claimed) on your state sales and use tax return, the gross proceeds of sales must be reported on the state tax return (ST-388) worksheet (Items 1 and 2 of Worksheet #1 and Items 7 and 8 of this worksheet). To claim a deduction on the state tax return, it should be listed on the State return worksheet by the type of deduction and the dollar amount.

Any amount claimed as a deduction on your return must be itemized.

See XML schema for list of allowable deductions.

Note: Sales that are exempt from the state sales and use tax rate are generally exempt from the local tax rate. However, it is important to note that certain amounts itemized as a state sales tax deduction (i.e., on Item 7) and subtracted on (i.e., Item 8) the state tax worksheet (reverse side of ST-388) may be subject to a local tax since the local tax may not specifically provide such an exemption. [For instance: 1% of the state sales tax and use rate for individuals age 85 and older is excluded from the state sales and use tax calculations. Therefore, an amount which is equivalent to 1% of gross proceeds of sales to such an individual is allowed as a deduction from gross proceeds of sales for state sales and use tax purposes. However, the total amount (gross proceeds of sale) of such a sale is subject to all applicable local sales and use taxes since the local taxes have no such exemption.] See ST-389 instructions for additional information if local taxes are applicable.

You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the Department's Sales and Use Tax Manual which is located on our website: dor.sc.gov**

Item 8: Total Amount of Deductions
Enter total here and on line 2, Column A on front of ST-388.

Item 9: Net Taxable Sales and Purchases
(Item 6 minus Item 8. Enter total here and on line 3, Column A on front of ST-388.)

STEP 3 COMPLETING THE 5% SALES AND USE TAX WORKSHEET #3

Items 10 through 13

This section is used to report the total charges for rooms, lodging and accommodations subject to the State sales tax rate of 7%. The gross proceeds from charges for accommodations must be entered on Item 10 of Worksheet #3 (subject to 5% rate) and Item 14 of Worksheet #4 (subject to 2% rate) to properly report sales subject to the 7% State sales tax rate.

Item 10: Gross Proceeds of Sales, Accommodations/Rentals and Withdrawals of inventory for Own Use
Enter gross proceeds of sales (taxable and nontaxable), leases and/or rentals made by the business for the reporting period here and on Line 1A, Column B on the front of ST-388.. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

Item 11: Sales and Use Tax Allowable Deductions
To claim a deduction relating to sales, the sale transaction must be reported on Items 1 and 2 of Worksheet #1 and Item 10 of this worksheet. Enter the type of deduction (see XML schema) and the dollar amount of the sale.

Note: You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the Department's Sales and Use Tax Manual which is located on our website: dor.sc.gov**

Item 12: Total Amount of Deductions
Enter total here and on line 2, Column B on front of ST-388.

Item 13: Net Taxable Sales and Purchases
(Item 10 minus Item 12 should agree with Line 3, Column B on front of ST-388.) Enter total here.

STEP 4 COMPLETING THE 2% ACCOMMODATIONS TAX WORKSHEET #4

Items 14 through 17

Item 14: Gross Proceeds of Sales from Rental of Transient Accommodations
Enter gross proceeds of sales from the rental of transient accommodations here and on Line 1B, Column C on the front of ST-388.

Item 15: Sales and Use Tax Allowable Deductions
Enter the type of transaction and the corresponding amount for the deduction.

Item 16: Total Amount of Deductions
Enter total here and on line 2, Column C on front of ST-388.

Item 17: Net Sales of Transient Accommodations
Item 14 minus Item 16 should agree with line 3, Column C on front of ST-388.

STEP 5 TRANSFERRING SALES TAX WORKSHEET INFORMATION TO THE FRONT OF ST-388

Lines 1 through 2

Line 1: Column A, All Gross Proceeds of Sales/Rental, Use Tax, Accommodations and Withdrawals for Own Use
Enter the total amount of all sales (taxable and nontaxable), leases and/ or rentals made by the business for the reporting period subject to Sales Tax, Use Tax, and Accommodations Tax. Enter the total from Item 3 of your Worksheet #1. Do not include Sales Tax collected in this amount.

Line 1A: Column A, Total Gross Proceeds of Sales/Rentals and Withdrawals for Own Use
Enter the total amount of all sales (taxable and nontaxable) leases and/ or rentals made by the business for the reporting period subject to the 6% tax requirements (Total from Item 6 of Worksheet #2). Do not include charges for accommodations in this total.

Line 1A: Column B, Total Gross Proceeds of Sales/Rentals, Accommodations and Withdrawals for Own Use
Enter the total amount of all sales subject to 5% tax requirements and be sure to include charges for accommodations (Total from Item 10 of Worksheet #3).

Line 1B: Column C, Total Gross Proceeds of Sales from the Rental of Transient Accommodations
Enter the amount from Item 14 of Worksheet #4 (Reverse side of return).

Line 2: Column A, Total Amount of Deductions
Enter the total amount of deductions from sales worksheet (back of return) to the front of return as follows:

- Item 8 of Worksheet #2 (back of return) to Line 2 of Column A (front of return)
- Item 12 of Worksheet #3 (back of return) to Line 2 of Column B (front of return)
- Item 16 of Worksheet #4 (back of return) to Line 2 of Column C (front of return)

STEP 6 CALCULATION OF TAX ON FRONT OF ST-388

Lines 3 through 5

Line 3: Net Taxable Sales and Purchases
Line 1A of Column A and B minus Line 2, and Line 1B of Column C minus Line 2.

Line 4: Tax Due
Multiply Line 3 amount by the tax rate shown at the head of each column and enter results on Line 4 of correct column. (i.e., Column A equals 6%, B equals 5%, and C equals 2%.)

Line 5: Total State Sales, Use, and Accommodations Due
Enter the combined total of Line 4, Columns A, B, and C.

STEP 7 ENTERING TAX FROM ST-389 TO ST-388

Lines 6 through 7

REMINDER: If local taxes are applicable, ST-389 must be completed and attached for all additional taxes. If this section does not apply, go to line 7 of the ST-388.

Line 6: Tax Due from ST-389
Enter total from Column B, line 2, page 5 of 6 of form ST-389.

Line 7: Total State and Local Taxes
Enter total of lines 5 and 6.

STEP 8 DETERMINE TOTAL DISCOUNT CLAIMED ON RETURN

Line 8

Line 8: Taxpayer's Discount
A taxpayer's discount may be claimed for timely filing a sales and use tax return when the taxes due on the return are paid in full and by the due date. **No discount** is allowed if the return or payment is received after the due date. The discount is computed as follows:

- If your total tax liability shown on Line 7 above is less than $100, the discount rate is 3% (.03) of line 7.
- If your total tax liability shown on Line 7 above is $100 or more, the discount rate is 2% (.02) of Line 7. Deduct this amount from Line 7.

Note: Discounts are not allowed to exceed $3,000 per taxpayer (for all locations) during any one South Carolina fiscal year, which covers payments made from July 1 through June 30. This includes all returns which become due during this period (returns for June through May). The $3,000 maximum discount is calculated based on the total taxes due (Sales/Use, Accommodation Tax and Local Taxes) on the return. Taxpayers who file and pay electronically are allowed a $3,100 maximum discount. When claiming the discount amount allowed on tax return, taxpayer must not claim a discount amount that exceeds the maximum amount allowed. Any discount amount claimed in excess of the maximum amount allowed will be assessed for the difference.

STEP 9 | ST-388 - DETERMINE TOTAL STATE & LOCAL AMOUNT DUE

Lines 9 through 11

Line 9: Net Tax Payable
Line 7 minus Line 8.

Line 10: Total Penalty and Interest
If you fail to file your return or fail to pay the taxes when they are due, enter the total of Penalty and Interest, using instructions below (Line 10A and 10B) or visit **mydorway.dor.sc.gov**

If not late, go to Line 11.

Line 10A: Penalty
Enter the total Penalty from calculations below or visit **mydorway.dor.sc.gov**

PENALTY FOR FAILURE TO FILE A RETURN: Five percent (.05) of the amount of tax due (from Line 7 on the front of the return) for each month or fraction of a month of delinquency, not to exceed twenty-five percent (.25) of the amount of tax due.

PENALTY FOR FAILURE TO PAY TAX DUE: The penalty is one-half of one percent (.005) of the amount of tax due (from Line 7 on the front of the return) for each month or fraction of a month of delinquency, not to exceed a total of twenty-five percent (.25) of the amount of tax due. The penalty for failure to file and pay must be combined and entered as a total on Line 10A.

Line 10B: Interest
Enter calculations of interest. Visit **mydorway.dor.sc.gov** to use our online P and I Calculator.

Interest: Interest is assessed in accordance with Sections 6621 and 6622 of the Internal Revenue Code. Rates are based on the prime rate, subject to change quarterly and are compounded daily. The interest rate changes may be found on the Department's website (**dor.sc.gov**).

Line 11: TOTAL AMOUNT DUE
Enter total of lines 9 and 10.