STEP-BY-STEP INSTRUCTIONS FOR ST-455

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.

COMPLETE THE SALES AND USE TAX WORKSHEETS ON THE BACK OF THE ST-455 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 11 The sales tax worksheet instructions have been changed to use the word "item" when referring to entries on the sales tax worksheet and "line" when referring to entries on the front of the form.

The state sales tax rates 5%, 6% and local tax rates must be separately reported on the appropriate tax forms.

STEP 1 COMPLETING SALES AND USE TAX GROSS PROCEEDS WORKSHEET #1

Items 1 through 3

Item 1: All Gross Proceeds of Sales/Rentals and Withdrawals for Own Use
Enter the total amount of all sales (taxable and nontaxable), leases and/or rentals of tangible personal property made by the business for the reporting period. Included in this worksheet are charges made for all property subject to a maximum tax (i.e., aircraft, boats, and other property subject to a maximum tax), sales or leases of items subject to the Infrastructure Maintenance Fee (may be taken as a deduction on Worksheet #3), sales of prepared or unprepared foods and all other charges otherwise subject to tax. 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 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 or greater amount of sales tax or use tax was not paid in the other state 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 and Withdrawals for Own Use
Add Items 1 and 2. Enter total here and on Line 1 on the front of ST-455. If local tax is applicable, enter total on Item 1 of ST-389 (local tax worksheet).

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

Items 4 through 9

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 (i.e., charges made for repair parts, food - prepared or unprepared, etc.). However, sales of property subject to a maximum tax (i.e., aircraft, boats, and other property subject to a maximum tax) are excluded from this worksheet. Property subject to a maximum tax are reported on Worksheet #3). Nontaxable sales are to be itemized on Item 7 and deducted on Item 8. 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 the 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 at 6%
Add Items 4 and 5. Enter total here and on Line 1A, Column A on the front of ST-455.

Item 7: Sales and Use Allowable Deductions
South Carolina law provides for a deduction (exemptions and exclusions) from gross proceeds of sales those sales of property specifically exempt from tax. There are full and partial deductions for state tax purposes. Before any deductions may be itemized (claimed as non taxable on Item 7 of worksheet #2 and/or Item 13 of worksheet #3) on the state sales and use tax return (ST-455), the gross proceeds of sales must be reported on the state tax return worksheet (Items 1, and 2 of worksheet #1 and distributed appropriately under worksheets #2 [Items 4 and 5] and/or #3 [Items 10 and 11]). Any amount claimed as a deduction on your return must be itemized in the worksheet. To claim a deduction relating to a sale, you must enter the type of deduction (see XML schema) and the dollar amount of the sale. Nontaxable sales claimed in this worksheet section are to be itemized on Item 7 and deducted on Item 8.

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 on Item 7 or 13, and subtracted on Item 8 or 14 of the Form ST-455 (state tax return) worksheet 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 tax 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.

Sales of unprepared foods are exempt from the State sales and use tax rate and must be entered here. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. As a result, sales that are subject to a local tax must be entered on Item 1 of Form ST-389 (See local sales tax worksheet and instructions).

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-455.

Item 9: Net Taxable Sales and Purchases
Item 6 minus Item 8 should agree with line 3, Column A on front of ST-455.

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

Items 10 through 15

Item 10: Gross Proceeds of Sales/Rentals and Withdrawals for Own Use
Enter the total amount of all sales or leases of tangible personal property made by the business (taxable or nontaxable) for (1) sales of certain items subject to the maximum tax; (2) sales of certain items subject to an Infrastructure Maintenance Fee; and (3) any other sales or leases subject to tax at a rate of 5% instead of 6%. Sales, leases, and rentals subject to the tax at 6% rate must be reported on Worksheet #2. Nontaxable sales are to be itemized on Item 13 and deducted on Item 14. DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.

Item 11: 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 or greater amount of sales tax or use tax was not paid in the other state at the time of purchase.

Item 12: Total Gross Proceeds at 5%
Add Items 10 and 11. Enter total here and on Line 1A, Column B on the front of ST-455.

Item 13: Sales and Use Tax Allowable Deductions
To claim a deduction relating to a sale, the sales transaction must be reported on Item 10 or 11 of this worksheet. Enter the type of deduction (see XML schema) and the dollar amount of the sale. South Carolina law provides for a deduction from gross proceeds of sales those sales of property specifically exempt from tax. Any amount claimed as a deduction on your return must be itemized on this worksheet. 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 14: Total Amount of Deductions
Enter total here and on Line 2, Column B on front of this return.

Item 15: Net Taxable Sales and Purchases
Item 12 minus Item 14 should agree with Line 3, Column B on front of ST-455.

STEP 4 Transferring Sales Tax Worksheet Information to the Front of the ST-455

Lines 1 through 2

Line 1: Column A, All Gross Proceeds of Sales/Rental, Use Tax and Withdrawals of Tangible Personal Property
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 and use 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 Subject to 6%
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 rate requirements (Total from Item 6 of Worksheet #2).

Line 1A: Column B, Total Gross Proceeds of Sales/Rentals and Withdrawals for Own Use. Property Subject to a Maximum Tax in this Total
Enter the total amount of all sales subject to a 5% tax requirements and be sure to include charges for items subject to a maximum tax if sold. (Total from Item 12 of Worksheet #3).

Line 2: Column A, Total Amount of Deductions
Enter the total amount of deductions from sales tax 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 14 of Worksheet #3 (back of return) to Line 2 of Column B (front of return)

STEP 5 CALCULATION OF TAX ON FRONT OF ST- 455

Lines 3 through 5

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

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 proper column. (i.e., Column A tax rate is 6% and B tax rate is 5%.) Note: items subject to 5% state tax rate up to a maximum tax of $500.00 reported under Column B must be allocated on Form ST-593.

Line 5: Total State Sales and Use Tax
Enter the total of line 4 for Columns A and B.

STEP 6 ENTERING TAX FROM ST-389 TO ST-455

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-455.

Line 6: Tax Due from ST-389
Enter total from Column B on Line 2 of page 7 of 8 of Form ST-389.

Line 7: State and Local Taxes
Enter total of Lines 5 and 6

STEP 7 DETERMINE TOTAL DISCOUT 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 and local taxes) on the return.

Taxpayers who file and pay electronically are allowed a $3,100 maximum discount. The discount amount is $10,000 for out-of-state retailers who cannot be required to register for sales and use tax but who voluntarily register to collect and remit the tax. However, you must receive prior approval from the Department of Revenue for the $10,000 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 8 ST-455 - 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 (the total of 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 for tax due on line 7. Visit **mydorway.dor.sc.gov** to use our online P and I Calculator.
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.

Line 11: Total Amount Due
Enter the total of Line 9 and Line 10.

STEP 9 DETERMINE MAXIMUM TAX ALLOCATION

The sale, lease or registration of certain items are subject to sales and use tax at the rate of 5% up to $500.00

Items subject to a maximum tax of $500.00 (not subject to an Infrastructure Maintenance Fee) must be allocated on Form ST-593.

REMINDER: ST-593 must be completed and attached if reporting sales of maximum tax items subject to sales and use tax at the rate of 5% up to $500. Do not attach to Form ST-455 if this section does not apply (i.e. sales of manufactured home under §40-29-20).