

IMPORTANT NOTICE
EFFECTIVE January 1, 2013

File Number:

Notice Date:

TO: Certain Retailers Making Sales of Durable Medical Equipment and Related Supplies
FROM: South Carolina Department of Revenue
SUBJECT: ST-501 – State Sales and Use Tax Return for Durable Medical Equipment and Related Supplies

Effective January 1, 2013, sales of Durable Medical Equipment and Related Supplies will be exempt from state, use or local sales tax only if the following criteria are met:

- (1) The purchase must be paid directly by funds of South Carolina or the United States under the Medicaid or Medicare programs,
- (2) State or federal law or regulation authorizing the payment must prohibit the payment of the sales or use tax, and
- (3) The durable medical equipment and related supplies must be sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in South Carolina.

However, all sales that do not meet the above criteria will be subject to the state sales tax rate of 6% and any applicable local sales and use tax.

Therefore, the last return to report the Durable Medical Equipment and Related Supplies sales and use tax of 1.75% plus any applicable local sales and use taxes will file their last ST-501 return for sales through December 31, 2012 on January 22, 2013. Your business will no longer be required to collect and remit the Durable Medical Equipment tax as of January 1, 2013.

Retailers who report exempt sales of durable medical equipment and related supplies will begin using the Form ST-3, State Sales and Use Tax Return instead of the ST-501 Durable Medical Equipment and Related Supplies to report sales. If you have qualifying sales of durable medical equipment and related supplies you should report on the ST-3 worksheet as follows:

- Line 1.** Gross Proceeds of Sales (including durable medical equipment and related supplies)
Line 2. Purchases Subject to Use Tax
Line 3. Total (Add lines 1 and 2)
Line 4. Allowable Deduction (should include but not limited to sales of durable medical equipment and related supplies that meet the criteria shown above)

If you have questions, please call one of the following Taxpayer Service Centers:

Columbia Main Office	803-898-5788
Columbia Market Pointe Service Center	803-898-5200
Charleston Service Center	843-852-3600
Florence Service Center	843-661-4850
Greenville Service Center	864-241-1200
Myrtle Beach Service Center	843-839-2960
Rock Hill Service Center	803-324-7641
