

## **117-321 Ships and Sales of Fuel, Lubricants and Mechanical Supplies to Ship**

### **117-321.1. Sales of Fuel, Lubricants and Mechanical Supplies**

### **117-321.2. Dry Dock**

## **117-321 Ships and Sales of Fuel, Lubricants and Mechanical Supplies to Ship.**

Code Section 12-36-2120 exempts from the tax “vessels and barges of more than fifty tons burden” and “fuel, lubricants, and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce.” This exemption for supplies does not exempt or exclude from the tax the sale of materials and supplies used in fulfilling a contract for the painting, repair, or reconditioning of ships and other watercraft.

### **117-321.1. Sales of Fuel, Lubricants and Mechanical Supplies.**

Code Section 12-36-2120 exempts from payment of sales or use taxes the sale or use of fuels, lubricants and supplies for use or consumption aboard ships in intercoastal trade between ports of the state of South Carolina and ports in other states of the United States or its possessions, or in foreign commerce between ports in the state of South Carolina, and ports in foreign countries; provided, however, that nothing herein shall be construed to exempt or exclude from the tax herein levied, that gross proceeds of the sale or sales of materials and supplies to any person for use in fulfilling a contract for the painting, repair or reconditioning of vessels, barges, ships and other watercraft.

It will be noted that the exemption does not apply to sales to fishing craft, tugs, vessels, or other watercraft not used in trade or commerce between South Carolina ports and ports of other states or foreign countries.

This exemption has been held to include any waters on the seacoast which are without the boundaries of the low water mark and would include waters of sea in small harbors and roadstands enclosed by narrow headlands and promontories. This ruling has been interpreted not to include the inland waterway.

You will note that the proviso contained in the section outlined above renders subject to the tax the sale or use of materials and supplies to any person for use in fulfilling a contract for the painting, repairing, or reconditioning of vessels, etc. Any person under contract for the purposes as outlined above must pay to his supplier sales or use tax, whichever is applicable, on the purchases of tangible personal property for use in fulfilling such a contract unless such person is engaged in a dual type business in which case the tax applies on the withdrawal for use.

**117-321.2. Dry Dock.**

A dry dock is subject to the sales or use tax, whichever applies. A dry dock is not a “vessel” nor is it a “barge” exempted from the sales or use tax.

**HISTORY: Added by State Register Volume 26, Issue No. 6, Part 2, eff June 28, 2002.**