

Use Tax: *The Basics*



PRESENTED BY
THE SC DEPARTMENT OF REVENUE

Use Tax



Use Tax applies to a transaction between an **out of state** seller and a purchaser where there has been a purchase of tangible personal property



Use Tax



- Use tax is complimentary to the sales tax
- Serves to “even the playing field” where out of state sellers are concerned



Use Tax



- Purchaser is liable for the use tax
- Purchaser is relieved of the use tax liability if he has a receipt from the retailer specifying South Carolina tax collected



Liability for the Use Tax



- Purchaser
 - The person storing, using or consuming the tangible personal property



Use Tax



- Credit for taxes paid AND due another state
 - To be DUE another state, goods must be delivered in that state
- If tax is paid to a registered out-of-state retailer, no additional tax is due to SC
- If substantial use of goods occurs outside SC, then no additional use tax is due

Use Tax



- Use Tax is due on items purchased via:

- **Internet**

- ✦ *Example: EBay*

- **TV**

- ✦ *Example: Home Shopping Network*

- **Mail Order Catalog**

- ✦ *Example: Land's End*



Purchaser's Certificate of Registration



- required for those persons ***not making retail sales***
- who purchase tangible personal property from ***outside*** South Carolina
- and ***store, use or consume*** the property ***in*** South Carolina

Purchaser's Certificate of Registration



- Apply by using Form SCTC 111
 - Apply on SCBOS
 - Apply at the DOR Service Centers
 - Mail the SCTC 111
- No charge for a Purchaser's Certificate of Registration



How Do You Report Use Tax?



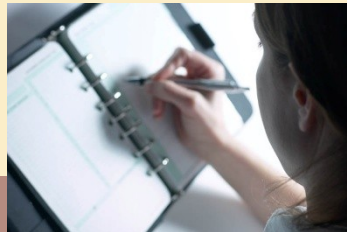
- ST-3 (or other returns)
- Worksheet (Back of ST-3)
 - Line 2 – Out of state purchases
 - Line 3 - Total of Gross Proceeds of Sales and out of state purchases
- UT-3, SC1040
- Subject to 6% state sales/use tax
- Subject to applicable local taxes
- Tax is reported monthly, quarterly or annually



Discounts



- Taxpayers are allowed a discount for filing returns and paying taxes timely.
 - If total tax due (for all taxes) is less than \$100, the discount is 3%
 - If total tax due (for all taxes) is \$100 or more, the discount is 2%



Discount Maximums

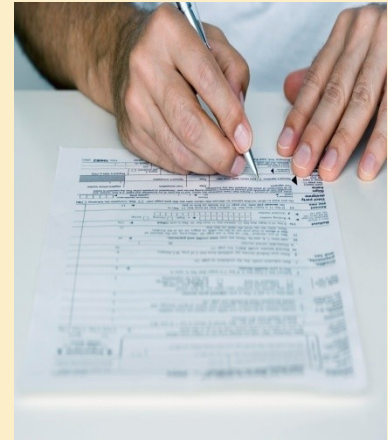


- \$3,000 in a state fiscal year
 - July 1 through June 30
 - Per Taxpayer, all locations, for all tax types
- \$3,100 if you file Electronically
- \$10,000 if non resident retailer not required to register in SC

Types of Returns



- ST-3 – State Sales and Use Tax Return
- ST-3EZ – The Easy version!
- ST-389 – Schedule for Local Taxes
- ST-388 – Sales/Use/Accommodations
- ST-403 – Sales/Use/Aviation Fuel
- ST-455 – Sales/Use/Maximum Tax
- ST-501 – Sales/Use/Durable Medical Equipment



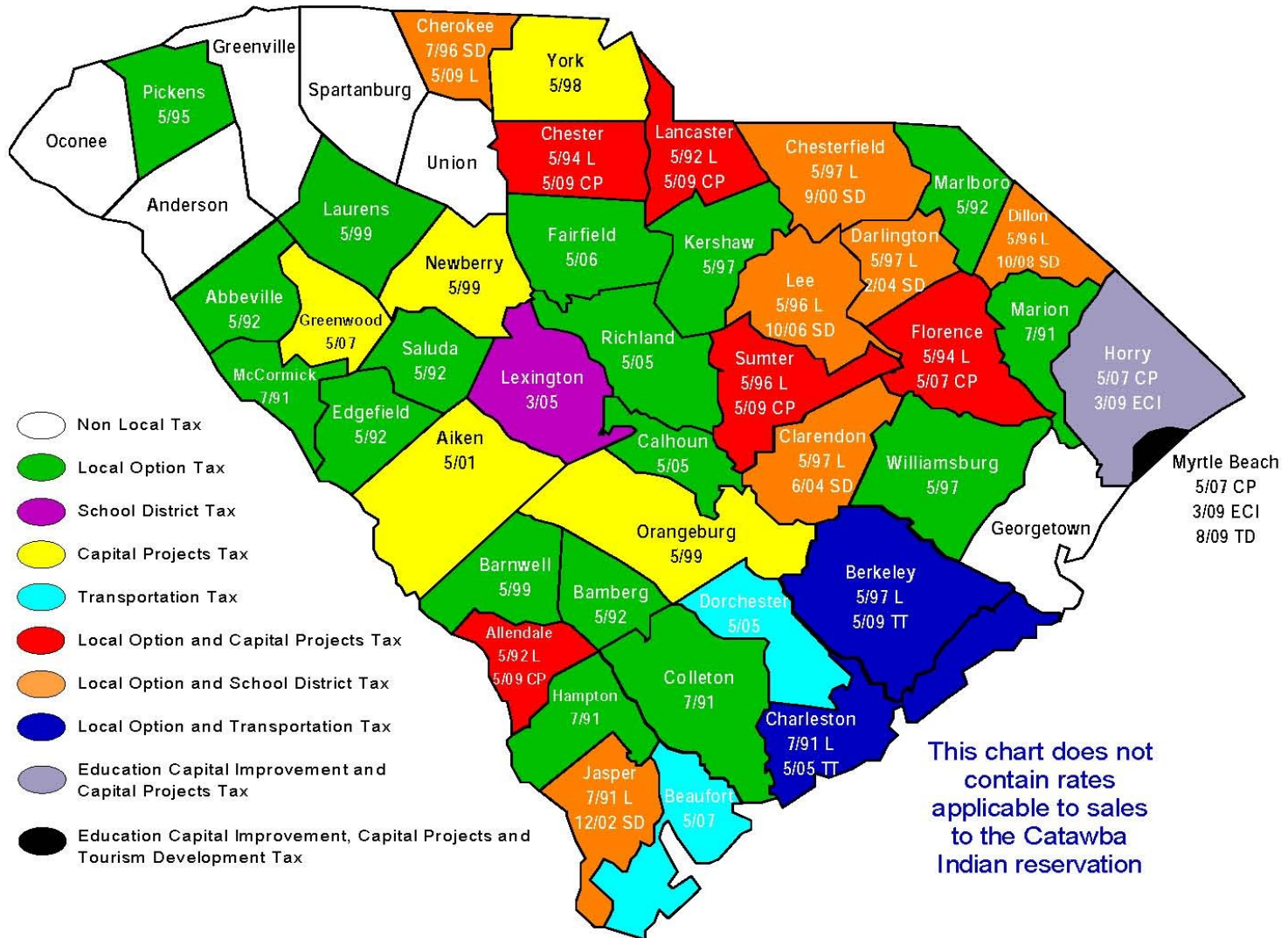
Local Taxes



- Local Option Sales Tax
- Capital Projects Tax
- Transportation Tax
- School District Tax/Education Capital Improvement Tax
- Tourism Development Tax



State of South Carolina Local Tax Designation by County Effective January 1, 2010



Local Option Sales Tax



- Imposed to reduce the property tax burden on persons in the county
 - *Example: Richland*



Transportation Tax



- Imposed to defray the debt service on bonds issued for various transportation projects (i.e. roads & bridges)

○ *Example: Beaufort*



Capital Projects Tax



- Imposed to defray the debt service on bonds issued for various capital projects in the county (i.e. roads, bridges, public facilities, water/ sewer projects)
 - *Example: Lancaster*



School District Tax



- Imposed to pay debt service on general obligation bonds and/or cost of capital improvements
 - *Example: Lexington*



Tourism Development Tax



- Imposed specifically for tourism advertisement and promotion directed at non-South Carolina residents
- *Example: City of Myrtle Beach*



Reminder



- Transactions exempt from the Food Tax are still subject to the 1% Local Taxes
- Exception: The following counties exempt food from the 1% School District Tax.
 - ✦ Cherokee
 - ✦ Chesterfield
 - ✦ Darlington
 - ✦ Dillon
 - ✦ Horry
 - ✦ Jasper
 - ✦ Lee
 - ✦ Lexington
 - ✦ (Clarendon County imposes the 1% School District Tax on the purchases of food that may be purchased with USDA food coupons)

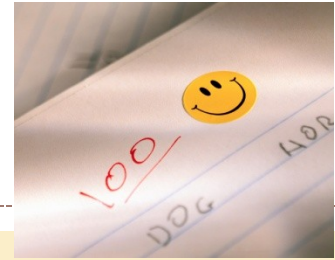
New for 2010



Effective January 1, 2010

- Hampton County- 1% Capital Projects Tax repealed

Review



- Who is responsible for the use tax?
 - Purchaser (buyer)

- How do you report use tax?
 - Businesses use ST-3 or ST-455
 - ✦ Line 2 on worksheet
 - ✦ Line 3 on front of form
 - Personal use is UT-3 or SC-1040

- How much is the discount for filing returns and paying taxes timely?
 - 2% or 3%

Contact Numbers



Monday-Friday
8:30 a.m.-4:45 p.m.

- General Sales Tax Questions
 - (803) 896-1420
- Technical Sales Tax Questions
 - (803) 896-1370



Questions

