



STATE OF SOUTH CAROLINA  
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210  
P.O. Box 125, Columbia, South Carolina 29214-0575

SC INFORMATION LETTER #21-12

SUBJECT: "Buydown" – Excluded from Gross Proceeds of Sales  
(Sales Tax)

DATE: April 21, 2021

SUPERSEDES: SC Revenue Ruling #20-3  
SC Information Letter #20-35

REFERENCES: House Bill 3726 (2021)

AUTHORITY: S.C. Code Ann. Section 12-4-320 (2014)  
S.C. Code Ann. Section 1-23-10(4) (2005)  
SC Revenue Procedure #09-3

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

Code Section 12-36-90 defines the term "gross proceeds of sales," which is the basis or measure upon which the sales tax is calculated. Effective April 16, 2021, the Legislature amended this code section to add a subitem to exclude amounts received from a "buydown" from gross proceeds of sales. See House Bill 3726 of 2021 (Act No. Unassigned).

The new provision states:

For purposes of this subitem, "buydown" means an agreement between a retailer and a manufacturer or wholesaler in which the retailer receives a payment from the manufacturer or wholesaler that requires the retailer to reduce the sales price of the manufacturer's or wholesaler's product to the retail purchaser. This subitem does not apply to amounts received by a retailer from a retail sales transaction in which the retail purchaser uses a manufacturer's or wholesaler's coupon.

The Department had previously issued SC Revenue Ruling #20-3 that determined that buydowns were included in gross proceeds of sales and subject to the sales tax effective January 1, 2021. SC Information Letter #20-35 was subsequently issued to delay the effective date of SC Revenue Ruling #20-3 until July 1, 2021.

The purpose of this Information Letter is to announce, as a result of this new legislation, the withdrawal of SC Revenue Ruling #20-3 “Buydowns – Tobacco Company Payments to Retailers” and Information Letter #20-35, “Buydowns – Tobacco Company Payments to Retailers – Effective Date.”