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State of South Carolina  
**Department of Revenue**  
300A Outlet Pointe Blvd., P. O. Box 125, Columbia, South Carolina 29214  
Website Address: <http://www.dor.sc.gov>

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SC INFORMATION LETTER #15-3

**SUBJECT:** Local Sales and Use Tax Charts, Catawba Tribal Sales and Use Tax Chart and Exemption Information (Sales and Use Tax)

**EFFECTIVE DATE:** May 1, 2015

**SUPERSEDES:** SC Information Letter #14-17

**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.

The South Carolina Code of Laws allows the imposition of various types of local sales and use taxes. Citizens of a county, depending upon the needs within the county, may impose one or several local sales and use taxes. Municipal councils, or the citizens of a municipality, may impose a sales and use tax<sup>1</sup> for tourism development if the municipality is located in a county from which revenues from the state accommodations tax are at least \$14 million in a fiscal year.<sup>2</sup>

While most of these local sales and use taxes provide the same exemptions for certain sales and purchases, there are some differences. Attached are three charts that should provide guidance concerning the various types of local sales and use taxes collected by the Department of Revenue and the types of exemptions allowed under each tax.

Please note that these charts only address the general local sales and use taxes collected by the Department of Revenue on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties or municipalities.

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<sup>1</sup> This municipal sales and use tax is actually a fee (Local Option Tourism Development Fee) imposed under Article 9 of Chapter 10, Title 4. For purposes of simplicity, this fee will be referred to as a sales and use tax in this information letter.

<sup>2</sup> As of the date of this information letter, only Horry County meets this criterion.

**Note: This information letter is effective May 1, 2015. It is being issued to reflect that effective May 1, 2015, Colleton and Georgetown Counties will begin collecting a 1% Capital Projects Tax.** In November 2014, the voters of Berkeley County voted to re-impose its Transportation Tax; the voters of Charleston County voted to re-impose its Education Capital Improvement Tax; and the voters of Chester, Lancaster, and Sumter Counties voted to re-impose their Capital Projects Taxes. Another information letter will be issued at a later date to reflect the re-imposition of these local sales and use taxes.

**CHART 1: COUNTY SALES AND USE TAXES<sup>3</sup>**

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES								
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS	NOTE
<i>Abbeville</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>Aiken</i>	Capital Projects 1/1/13	Yes	Yes	No	Yes	Yes	Yes	1 & 26
	Ed. Capital Imp. 3/1/15	Yes	Yes	No	Yes	Yes	Yes	1 & 26
<i>Allendale</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	5
	Capital Projects 5/1/09	Yes	Yes	No	Yes	No	Yes	1 & 5
<i>Anderson</i>	Ed. Capital Imp. 3/1/15	Yes	Yes	No	Yes	Yes	Yes	1 & 32
<i>Bamberg</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	29
	Capital Project 5/1/13	Yes	Yes	No	Yes	Yes	Yes	1 & 29
<i>Barnwell</i>	Local Option 5/1/99	Yes	Yes	Yes	Yes	No	Yes	
<i>Beaufort</i>	No Local Sales and Use Tax is Imposed in this County							6
<i>Berkeley</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	17
	Transportation 5/1/09	Yes	Yes	No	Yes	No	Yes	1 & 17
<i>Calhoun</i>	Local Option 5/1/05	Yes	Yes	Yes	Yes	No	Yes	

<sup>3</sup> “County Sales and Use Taxes” listed in this chart (Chart 1) are imposed county-wide, whether imposed by the county or one or more school districts.

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES								
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	"GRANDFATHER CLAUSE" EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS	NOTE
<i>Charleston</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	8
	Transportation 5/1/05	Yes	Yes	No	Yes	No	Yes	1 & 8
	Ed. Capital Imp. 3/1/11	Yes	Yes	No	Yes	Yes	Yes	1 & 8
<i>Cherokee</i>	Local Option 5/1/09	Yes	Yes	Yes	Yes	No	Yes	1 & 18
	Ed. Capital Imp. 3/1/15	Yes	Yes	No	Yes	Yes	Yes	18
<i>Chester</i>	Local Option 5/1/94	Yes	Yes	Yes	Yes	No	Yes	3
	Capital Projects 5/1/09	Yes	Yes	No	Yes	No	Yes	1 & 3
<i>Chesterfield</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	4
	School District 9/1/00	Yes	Yes	No	Yes	Yes	Yes	1 & 4
<i>Clarendon</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	11
	School District 6/1/04	Yes	Yes	No	Yes	Yes - until 6/30/05 No - effective 7/1/05	Yes	1 & 11
<i>Colleton</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	33
	Capital Projects 5/1/15	Yes	Yes	No	Yes	Yes	Yes	1 & 33
<i>Darlington</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	10
	School District 2/1/04	Yes	Yes	No	Yes	Yes	Yes	1 & 10
<i>Dillon</i>	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes	7
	School District 10/1/08	Yes	Yes	No	Yes	Yes	Yes	1 & 7
<i>Dorchester</i>	Transportation 5/1/05	Yes	Yes	No	Yes	No	Yes	1

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES								
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS	NOTE
<i>Edgefield</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
<i>Fairfield</i>	Local Option 5/1/06	Yes	Yes	Yes	Yes	No	Yes	
<i>Florence</i>	Local Option 5/1/94	Yes	Yes	Yes	Yes	No	Yes	15
	Capital Projects 5/1/14	Yes	Yes	No	Yes	Yes	Yes	1 & 15
<i>Georgetown</i>	Capital Projects 5/1/15	Yes	Yes	No	Yes	Yes	Yes	1 & 34
<i>Greenville</i>	No Local Sales and Use Tax is Imposed in this County							25
<i>Greenwood</i>	No Local Sales and Use Tax is Imposed in this County							23
<i>Hampton</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	9
	Capital Projects 5/1/13	Yes	Yes	No	Yes	Yes	Yes	1 & 9
<i>Horry</i>	Ed. Capital Imp. 3/1/09	Yes	Yes	No	Yes	Yes	Yes	1 & 16
<i>Jasper</i>	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	2
	School District 12/1/02	Yes	Yes	No	Yes	Yes	Yes	1 & 2
<i>Kershaw</i>	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
<i>Lancaster</i>	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	19
	Capital Projects 5/1/09	Yes	Yes	No	Yes	No	Yes	1 & 19
<i>Laurens</i>	Local Option 5/1/99	Yes	Yes	Yes	Yes	No	Yes	
<i>Lee</i>	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes	14
	Capital Projects 5/1/13	Yes	Yes	No	Yes	Yes	Yes	1 & 14
<i>Lexington</i>	School District 3/1/12	Yes	Yes	No	Yes	Yes	Yes	1 & 24

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES								
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	"GRANDFATHER CLAUSE" EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS	NOTE
Marion	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	28
	Capital Projects 5/1/13	Yes	Yes	No	Yes	Yes	Yes	1 & 28
Marlboro	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	27
	School District 2/1/13	Yes	Yes	No	Yes	Yes	Yes	1 & 27
McCormick	Local Option 7/1/91	Yes	Yes	Yes	Yes	No	Yes	
Newberry	Capital Projects 4/1/12	Yes	Yes	No	Yes	Yes	Yes	1 & 22
Oconee	No Local Sales and Use Tax is Imposed in this County							25
Orangeburg	Capital Projects 4/1/13	Yes	Yes	No	Yes	Yes	Yes	1 & 31
Pickens	Local Option 5/1/95	Yes	Yes	Yes	Yes	No	Yes	
Richland	Local Option 5/1/05	Yes	Yes	Yes	Yes	No	Yes	30
	Transportation 5/1/13	Yes	Yes	No	Yes	No	Yes	1 & 30
Saluda	Local Option 5/1/92	Yes	Yes	Yes	Yes	No	Yes	
Spartanburg	No Local Sales and Use Tax is Imposed in this County							25
Sumter	Local Option 5/1/96	Yes	Yes	Yes	Yes	No	Yes	20
	Capital Projects 5/1/09	Yes	Yes	No	Yes	No	Yes	1 & 20
Union	No Local Sales and Use Tax is Imposed in this County							25
Williamsburg	Local Option 5/1/97	Yes	Yes	Yes	Yes	No	Yes	
York	Capital Projects 1/1/12	Yes	Yes	No	Yes	Yes	Yes	1 & 21

**CHART 2: CATAWBA INDIAN RESERVATION TRIBAL TAX<sup>4</sup>**

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES								
COUNTY	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS	NOTE
<i>Catawba Indian Reservation</i>	Tribal Tax (See Notes #12 and #13)	Yes	See Note #13	See Note #13	Yes	See Note #12	See Note #13	12 &13

**CHART 3: MUNICIPAL SALES AND USE TAXES<sup>5</sup>**

SALES AND PURCHASES EXEMPT FROM LOCAL SALES AND USE TAXES								
Municipality	TYPE OF LOCAL SALES AND USE TAX AND EFFECTIVE DATE	12-36-2120 12-36-2130 STATE EXEMPTIONS	12-36-2110 EXEMPTION FOR MAXIMUM TAX ITEMS	12-36-1710 EXEMPTION FOR CASUAL EXCISE ITEMS	EXEMPTION FOR FOOD STAMP PURCHASES	EXEMPTION FOR CERTAIN FOOD SALES	“GRANDFATHER CLAUSE” EXEMPTION FOR CERTAIN PURCHASES BY CONTRACTORS	NOTE
Myrtle Beach	Tourism Development 8/1/09	Yes	Yes	No	Yes	Yes	Yes	1

**LOCAL TAX RATES:**

Each local tax listed in the above charts is imposed at a rate of 1%, except for the Charleston County Transportation Tax which is imposed at a rate of 1/2 of 1% (Chart #1) and the Catawba Tribal Sales and Use Tax (Chart #2). See Notes #12 and #13 for information on the tax rates and the application of either the State sales and use tax or the Catawba Tribal Sales and Use Tax for sales (deliveries) made on the Catawba Indian Reservation.

<sup>4</sup> Chart 2 concerns the Catawba Tribal Sales and Use Tax; however, see Notes #12 and #13 for information on the tax rates and the application of either the State sales and use tax or the Catawba Tribal Sales and Use Tax for sales (deliveries) made on the Catawba Indian Reservation.

<sup>5</sup> Chart 3 concerns the Local Tourism Development Sales and Use Tax that may only be imposed by municipalities located in a county where revenue from state accommodations tax is at least \$14 million in a fiscal year.

As of the date of this information letter, only Horry County meets this criterion; therefore, only municipalities in Horry County may impose the Local Tourism Development Sales and Use Tax at this time.

## **TYPES OF LOCAL SALES AND USE TAXES:**

**Local Option:** The local option sales and use tax is authorized under Code Section 4-10-10 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed to reduce the property tax burden on persons in the counties that impose this type of local tax and is collected by the Department of Revenue on behalf of these counties.

**Capital Projects:** The local capital projects sales and use tax is authorized under Code Section 4-10-300 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various capital projects in the counties that impose this type of local tax and is collected by the Department of Revenue on behalf of these counties.

**Transportation:** The local transportation projects sales and use tax is authorized under Code Section 4-37-30 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed specifically to defray the debt service on bonds issued for various transportation projects in the counties that impose this type of local tax and are collected by the Department of Revenue on behalf of these counties.

**Personal Property Tax Relief:** The personal property tax relief sales and use tax is authorized under Code Section 4-10-540 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed in lieu of the personal property tax imposed on private passenger motor vehicles, motorcycles, general aviation aircraft, boats, and boat motors. The tax may not exceed the lesser of 2% or the amount necessary to replace the property tax on vehicles, motorcycles, general aviation aircraft, boats, and boat motors in the most recently completed fiscal year. **As of the date of this information letter, this tax is not being imposed.**

**Local Property Tax Credits:** The local option sales and use tax for local property tax credits is authorized under Code Section 4-10-720 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax. This tax is imposed to provide a credit against property tax imposed by a political subdivision for all classes of property subject to the property tax and is collected by the Department of Revenue on behalf of these counties. **As of the date of this information letter, this tax is not being imposed.**

**Education Capital Improvement Sales and Use Tax.** The school district or school districts within a county may impose a 1% sales and use tax within the county for specific education capital improvements for the school district for not more than 15 years.<sup>6</sup> The tax is authorized under Code Section 4-10-410 et seq. and must be approved by a referendum open to all qualified electors residing in the county. Pursuant to a memorandum of agreement, a portion of the revenue may be shared with the area commission (governing body of a technical college) or higher education board of trustees (governing body of a public institution of higher learning) or both, for specific education capital improvements on the campus of the recipient located in the county listed in the referendum.

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<sup>6</sup> Under one of the criteria for imposing this tax, the tax may not be imposed for more than 10 years.

The General Assembly has established several criteria that make a county or school district eligible to impose this tax. The county or school district must meet only one of these criteria, established in Code Section 4-10-470, in order for the tax to be imposed within the county.

**School District Taxes.** The General Assembly has authorized certain school districts to impose a sales and use tax within the county. These taxes are generally imposed to pay debt service on general obligation bonds and/or the cost of capital improvements.

As of the date of this information letter, these school district taxes are being imposed at a rate of 1%<sup>7</sup>:

<u>County</u>	<u>Act Authorizing Tax</u>
Chesterfield	Act No. 441 of 2000
Clarendon	Act No. 355 of 2004 and Act No. 195 of 2005
Darlington	Act No. 132 of 2003
Dillon	Act No. 137 of 2007
Jasper	Act No. 146 of 2001
Lexington	Act No. 378 of 2004 and Act No. 88 of 2011
Marlboro	Act No. 204 of 2005

**Catawba Indian Tribal Tax:** The Catawba Indian Reservation is located in Lancaster and York Counties where the combined sales and use tax rate in each county was 7% through April 30, 2009. Effective May 1, 2009, the combined sales and use tax rate for Lancaster County is 8% and York County remains 7%. Code Section 27-16-130(H) contains the specific sales and use tax provisions. The sales tax is administered and collected by the Department. See SC Revenue Ruling #98-18 and Notes #12 and #13 of this information letter.

**Tourism Development Tax:** The local tourism development sales and use tax is authorized under Code Section 4-10-910 et seq. This tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least \$14 million in a fiscal year. As of this date, only Horry County meets this criterion; therefore, only municipalities in Horry County may impose this tax. This tax may be imposed by an ordinance adopted by a two-thirds majority of the municipal council or by approval by a majority of qualified electors voting in a referendum authorized by a majority of the municipal council. The tax is imposed specifically for tourism advertisement and promotion directed at nonresidents of South Carolina; however, in the third and subsequent years of this tax, a portion of the tax may be used for certain property tax rollbacks. The tax is collected by the Department of Revenue on behalf of these municipalities.

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<sup>7</sup> See Chart 1 for the date each school district tax was first imposed.



## **REMITTANCE OF LOCAL SALES AND USE TAXES BY RETAILERS:**

For information on when a retailer is required to remit a local sales and use tax when delivering product to a purchaser in another county, see SC Revenue Ruling #09-9.<sup>8</sup>

### **TYPES OF EXEMPTIONS:**

**State Exemptions - 12-36-2120:** Except for sales of unprepared food exempt from the 6% state sales and use tax under Code Section 12-36-2120(75), sales of tangible personal property exempt from the State sales and use tax are exempt from the local sales and use tax if marked “Yes” under this column.

Note: Sales of unprepared food are only exempt from a local sales and use tax if the local sales and use tax law specifically exempts such sales. For information on the exemption for sales of unprepared food from local sales and use taxes, see the discussion below entitled “Exemption for Certain Food Sales.”

**Exemption for Maximum Tax Items - Code Section 12-36-2110:** Sales of items subject to a maximum tax under the State sales and use tax law [i.e. aircraft, motor vehicles, motorcycles, boats, trailers and semitrailers pulled by truck tractors, horse trailers, recreational vehicles (including tent campers, travel trailers, park models, park trailers, motor homes, and fifth wheels), self-propelled light construction equipment, unassembled aircraft, manufactured homes, musical instruments and office equipment purchased by certain religious organizations and fire safety education trailers] are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Casual Excise Tax Items - Code Section 12-36-1710:** Sales of items subject to the casual excise tax under Code Section 12-36-1710 through Code Section 12-36-1740 (i.e. motor vehicles, motorcycles, boats, motors, and airplanes required to be registered, titled, or licensed) are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Food Stamp Purchases:** Sales of food purchased with foods stamps are exempt from the State sales and use tax; therefore, such sales are exempt from the local sales and use tax if marked “Yes” under this column.

**Exemption for Certain Food Sales:** Sales of certain foods are exempt from the local sales and use tax if marked “Yes” under this column. Sales of food which are eligible to be purchased with United States Department of Agriculture food stamps come under this exemption. This exemption applies to everyone, not just persons using food stamps.

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<sup>8</sup> For a detailed discussion of this matter, see also SC Revenue Ruling #05-16. However, please note that SC Revenue Ruling #09-9 modifies SC Revenue Ruling #05-16 since, at the time it was issued, all local sales and use taxes were administered and collected on a county-wide basis. With the enactment of the Tourism Development Tax, the principles of SC Revenue Ruling #05-16 also apply to any local sales and use tax imposed on a municipal-wide or other basis.

Foods which may be purchased with food stamps and are exempt from these local sales and use taxes include:

- \* Any food intended to be eaten at home by people, including snacks, beverages and seasonings
- \* Seeds and plants intended to grow food (not birdseed or seeds to grow flowers)
- \* Cold items, which may include salads or sandwiches, intended to be eaten at home by people

Items which cannot be purchased with food stamps and are, therefore, subject to these local sales and use taxes are:

- \* Alcoholic beverages, such as beer, wine, or liquor
- \* Hot beverages ready to drink, such as coffee
- \* Tobacco
- \* Hot foods ready to eat
- \* Foods designed to be heated in the store
- \* Hot and cold food to be eaten at a lunch counter, in a dining area or anywhere else in the store or in a nearby area such as a mall food court
- \* Vitamins and medicines (Note: Sales of certain medicines are exempt from the State sales and use tax, and therefore, are also exempt from all local sales and use taxes.)
- \* Pet food
- \* Any non-food items such as tissue, soap or other household goods

For more detailed information on this food exemption, see SC Regulation 117-337.

**“Grandfather Clause” Exemption for Certain Purchases By Construction Contractors:** All the local sales and use taxes discussed in this information letter exempt purchases of building materials for use under a construction contract if both of the following conditions are met:

- A. 1. the construction contract is executed before the imposition date; or
  - 2. a written bid is submitted before the imposition date culminating in a construction contract entered into before or after the imposition date; and
- B. a verified copy of the contract is mailed within 6 months of the imposition date to:

SC Department of Revenue  
ATTN: Registration  
P.O. Box 125  
Columbia, SC 29214-0140

A "verified copy" is a copy accompanied by a statement, signed under penalties of perjury, that it is true and correct. If the contractor is a corporation, the statement is to be signed by an officer of the corporation or an employee authorized to sign. If the contractor is a partnership, the statement is to be signed by a general partner. If the contractor is a sole proprietorship, the owner is to sign.

**Special Exemption Certificate.** In order for a contractor to purchase building materials for a particular contract free of the local tax, the contractor must complete Form ST-10-C ("Application for Exemption from Local Option Tax") and submit it to the Department of Revenue. If the Department determines the contract in question meets the above requirements, the contractor will be issued a special exemption certificate (Form ST-35). The certificate may only be used to purchase building materials for the contract for which it is issued and may not be used to purchase anything other than building material. If the contractor uses this certificate to make purchases free of the local tax, upon which the tax should have been paid, then the contractor will be held liable for the tax. **Also, the certificate does not allow the contractor to make purchases of building materials free of the State tax.**

An exemption certificate (Form ST-35) issued by the Department of Revenue to a prime contractor under this exemption may not be used by a subcontractor nor may a prime contractor use a subcontractor's exemption certificate. Each contractor must obtain his own certificate for each construction contract.

**Note #1:** Only "Local Option" taxes automatically exempt casual excise tax items. By not exempting items subject to the casual excise tax ("No" in the "Casual Excise Items" column), counties imposing this local sales and use tax will impose the local tax on sales and purchases of trailers that can be pulled by vehicles other than truck tractors, sales of pole trailers and sales of boat motors not attached to a boat at the time of sale, but will not impose the local sales and use tax on items subject to a maximum tax under the State sales and use tax law.

**Note #2:** Since December 1, 2002, Jasper County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Jasper School Tax. Jasper County has imposed the 1% Local Option Tax since July 1, 1991. From May 1, 1999 through November 30, 2002, Jasper County imposed a 1% Capital Projects Tax in addition to the 1% Local Option Tax.

**Note #3:** Since May 1, 2009, Chester County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Chester County has imposed the 1% Local Option Tax since May 1, 1994. Chester County had previously imposed another 1% Capital Projects Tax for the period of May 1, 1999 through April 30, 2000.

**Note #4:** Since September 1, 2000, Chesterfield County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Chesterfield School Tax. Chesterfield County has imposed the 1% Local Option Tax since May 1, 1997.

**Note #5:** Since May 1, 2009, Allendale County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Allendale County has imposed the Local Option Tax since May 1, 1992 and previously imposed a 1% Capital Projects Tax from May 1, 2001 until December 31, 2006. In November 2008, the citizens of Allendale County voted to impose a 1% Capital Projects Tax again, but the vote was not timely certified, which would have postponed the imposition of the tax until May 1, 2010. On February 25, 2009, the Governor signed Act No. 84 of 2009, making the 1% Capital Projects Tax in Allendale County effective May 1, 2009.

**Note #6:** Effective July 1, 2012, Beaufort County imposes no local sales and use tax and only imposes the state sales and use tax. Beaufort County imposed a 1% Transportation Tax from June 1, 1999 until November 30, 2000. In November 2006, the citizens of Beaufort County voted to impose a 1% Transportation Tax again, but the vote was not timely certified, which would have postponed the imposition of the tax until May 1, 2008. On February 19, 2006, the Governor signed Act No. 123 of 2007, making the 1% Transportation Tax in Beaufort County effective May 1, 2007. This 1% Transportation Tax expired at midnight on June 30, 2012.

**Note #7:** Since October 1, 2008, Dillon County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% School District Tax. Dillon County has imposed the 1% Local Option Tax since May 1, 1996. From May 1, 2003 until September 30, 2008, Dillon County imposed a 1% Capital Projects Tax in addition to the 1% Local Option Tax.

**Note #8:** Since March 1, 2011, Charleston County has imposed three local sales and use taxes - a 1% Local Option Tax, a 1/2 of 1% Transportation Tax, and a 1% Education Capital Improvement Tax. Charleston County has imposed the 1% Local Option Tax since July 1, 1991 and the 1/2 of 1% Transportation Tax since May 1, 2005. Prior to enacting the Transportation Tax, Charleston County was scheduled to impose another 1/2 of 1% Transportation Tax in May of 2003, but the tax was not imposed as a result of a South Carolina Supreme Court decision.

**Note #9:** Since May 1, 2013, Hampton County has imposed two local sales and use taxes - a 1% Local Option tax and a 1% Capital Projects Tax. Hampton County has imposed the 1% Local Option Tax since July 1, 1991. Hampton County previously imposed a 1% Capital Projects Tax from May 1, 2003 until December 31, 2009.

**Note #10:** Since February 1, 2004, Darlington County imposes two local sales and use taxes - a 1% Local Option Tax and a 1% Darlington School Tax. Darlington County has imposed the 1% Local Option Tax since May 1, 1997.

**Note #11:** Since June 1, 2004, Clarendon County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Clarendon Schools Tax. Sales of foods that are eligible to be purchased with United States Department of Agriculture food stamps, which were exempt from the 1% Clarendon School Tax for the period of June 1, 2004 through June 30, 2005, are subject to the 1% Clarendon School Tax effective July 1, 2005, pursuant to Act No. 195 of 2005. Clarendon County has imposed the 1% Local Option Tax since May 1, 1997.

**Note #12:** Whether the State sales and use tax or the Catawba Tribal sales and use tax for sales (deliveries) made on the Catawba Indian Reservation applies is determined by the Catawba Indian Claims Settlement Act (Chapter 16, Title 27, South Carolina Code of Laws). The provisions specific to sales and use tax are in Code Section 27-16-130(H).

The Catawba Tribal sales and use tax expires on November 28, 2092.

The following chart provides a summary of these provisions:

<u>Delivery on the Reservation From:</u>	<u>Type Tax Applicable</u>	<u>Administered and Collected By:</u>
Location On the Reservation	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation But in SC – Sales \$100 or less	State Sales Tax (Local Taxes Do Not Apply.)	DOR
Location Off the Reservation But in SC – Sales Over \$100	Tribal Sales Tax (Equal to Combined State and Local Rate*)	DOR
Location Off the Reservation and Outside the State – Seller Registered with DOR	State Use Tax (Local Taxes Do Not Apply.)	DOR
Location Off the Reservation and Outside the State – Seller Not Registered with DOR	Tribal Use Tax (Equal to Combined State and Local Rate*)	Catawba Indian Tribe

\* Lancaster County imposes a 1% local option sales and use tax and a 1% Capital Projects Tax. York County imposes a 1% Capital Projects sales and use tax. These local taxes are in addition to the State sales and use tax. Therefore, **effective January 1, 2012**, the tribal sales tax and the tribal use tax are imposed at the following rates:

For sales (deliveries) made on the Reservation within Lancaster County:

- 8% for general sales of tangible personal property
- 9% for sales of accommodations
- 2% for sales of unprepared foods

For sales (deliveries) made on the Reservation within York County:

- 7% for general sales of tangible personal property
- 8% for sales of accommodations
- 0% for sales of unprepared foods<sup>9</sup>

Please note that the rate for the tribal sales tax and the tribal use tax may increase or decrease dependent upon whether the total state and local sales and use tax rates change in Lancaster County or York County in the future.

For additional information, see SC Revenue Ruling #98-18.

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<sup>9</sup> York County “re-imposed” its 1% Capital Projects Tax effective January 1, 2012. The prior 1% Capital Projects Tax imposed in York County expired on December 31, 2011 and the new Capital Projects Tax became effective the next day on January 1, 2012. In addition, the new 1% Capital Projects Tax in York County exempts sales of unprepared food effective January 1, 2012.

**Note #13: Maximum Tax Items:** For sales (deliveries) made on the Reservation of tangible personal property subject to the maximum tax provisions, the tribal sales and use tax rate is 5% in each county (since the state sales and use tax on maximum tax items is 5% and maximum tax items are exempt from all local sales and use taxes), but the tax may not exceed the maximum tax set forth in Code Section 12-36-2110.

**Casual Excise Tax Items:** Counties imposing a local sales and use tax that do not exempt casual excise tax items will impose the local tax on sales and purchases of (a) trailers that can be pulled by vehicles other than truck tractors, (b) sales of pole trailers and (c) sales of boat motors not attached to a boat at the time of sale. Therefore, for sales (deliveries) of these trailers and boat motors made on the Reservation within each county, the tribal sales and use tax rate is 7% (since only the local option tax in Lancaster County exempts these casual excise items).

**“Grandfather Clause” Exemption for Certain Purchases By Construction Contractors:** As a result of any increase in the tribal sales and use tax rate due to the imposition of a new local sales and use tax in either Lancaster County or York County, there is an exemption from the portion of the tribal sales and use tax represented by the new local sales and use tax for certain purchases by construction contractors. For more information about this partial exemption, see the discussion earlier in this information letter concerning *“Grandfather Clause” Exemption for Certain Purchases By Construction Contractors* and the *Special Exemption Certificate*.

**Note #14:** Since May 1, 2013, Lee County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Lee County has imposed the 1% Local Option Tax since May 1, 1996. Lee County previously imposed a 1% School District Tax from October 1, 2006 until September 30, 2011.

**Note #15:** Since May 1, 2007, Florence County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. The original Capital Projects Tax was imposed from May 1, 2007 until April 30, 2014, and a new Capital Projects Tax was “re-imposed” effective the next day on May 1, 2014. Because the referendum was held after June 3, 2009, the new Capital Projects Tax in Florence County exempts sales of unprepared food effective May 1, 2014, pursuant to Act No. 49 of 2009.

**Note #16:** Since May 1, 2014, Horry County has imposed only a 1% Education Capital Improvement Tax. From March 1, 2009 until April 30, 2014, Horry County imposed two local sales and use taxes - the Education Capital Improvement Tax and a 1% Capital Projects Tax. Horry County first imposed the Capital Projects Tax on May 1, 2007.

**Note #17:** Since May 1, 2009, Berkeley County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Transportation Tax. Berkeley County has imposed the Local Option Tax since May 1, 1997.

**Note #18:** Since March 1, 2015, Cherokee County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Education Capital Improvement Tax. From May 1, 2009 through February 28, 2015, Cherokee County also had imposed two local sales and use taxes - a 1% School District Tax and a 1% Local Option Tax. Cherokee County began imposing the School District Tax on July 1, 1996.

**Note #19:** Since May 1, 2009, Lancaster County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Lancaster County has imposed the Local Option Tax since May 1, 1992.

**Note #20:** Since May 1, 2009, Sumter County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Sumter County has imposed the Local Option Tax since May 1, 1996.

**Note #21:** York County has “re-imposed” its 1% Capital Projects Tax. The original Capital Projects Tax was imposed from October 1, 2004 until December 31, 2011, and the new Capital Projects Tax went into effect the next day on January 1, 2012. Because the referendum was held after June 3, 2009, the new Capital Projects Tax in York County exempts sales of unprepared food effective January 1, 2012, pursuant to Act No. 49 of 2009.

**Note #22:** Newberry County has “re-imposed” its 1% Capital Projects Tax. The original Capital Projects Tax was imposed from April 1, 2005 until March 31, 2012, and the new Capital Projects Tax went into effect the next day on April 1, 2012. Because the referendum was held after June 3, 2009, the new Capital Projects Tax in Newberry County exempts sales of unprepared food effective April 1, 2012, pursuant to Act No. 49 of 2009.

**Note #23:** Effective July 1, 2012, Greenwood County imposes no local sales and use tax and only imposes the state sales and use tax. Greenwood County imposed a 1% Capital Projects Tax from May 1, 2007 through June 30, 2012.

**Note #24:** Since March 1, 2005, Lexington County has imposed a 1% School District Tax. The School District Tax was scheduled to expire on February 29, 2012 but was extended for seven years by Act No. 88 of 2012.

**Note #25:** The Counties of Greenville, Oconee, Spartanburg, and Union have never imposed a local sales and use tax. However, this information letter does not address local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties or municipalities.

**Note #26:** Since March 1, 2015, Aiken County has imposed two local sales and use taxes - a 1% Capital Projects Tax and a 1% Education Capital Improvement Tax. Aiken County “re-imposed” its 1% Capital Projects Tax effective January 1, 2013. The original Capital Projects Tax was imposed from April 1, 2006 until December 31, 2012. Because the referendum was held after June 3, 2009, the new Capital Projects Tax in Aiken County exempts sales of unprepared food effective January 1, 2013, pursuant to Act No. 49 of 2009.

**Note #27:** Since February 1, 2013, Marlboro County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% School District Tax. Marlboro County has imposed the 1% Local Option Tax since May 1, 1992.

**Note #28:** Since May 1, 2013, Marion County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Marion County has imposed the Local Option Tax since July 1, 1991.

**Note #29:** Since May 1, 2013, Bamberg County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Bamberg County has imposed the Local Option Tax since May 1, 1992.

**Note #30:** Since May 1, 2013, Richland County has imposed two local sales and use taxes - a 1% Local Option Tax and a 1% Transportation Tax. Richland County has imposed the Local Option Tax since May 1, 2005.

**Note #31:** Orangeburg County has “re-imposed” its 1% Capital Projects Tax. The original Capital Projects Tax was imposed from April 1, 2006 until March 31, 2013, and the new Capital Projects Tax went into effect the next day on April 1, 2013. Because the referendum was held after June 3, 2009, the new Capital Projects Tax in Orangeburg County exempts sales of unprepared food effective April 1, 2013, pursuant to Act No. 49 of 2009.

**Note #32:** Since March 1, 2015, Anderson County has imposed a 1% Education Capital Improvement Tax. This is the first local sales and use tax imposed by Anderson County.

**Note #33:** Beginning May 1, 2015, Colleton County will impose two local sales and use taxes - a 1% Local Option Tax and a 1% Capital Projects Tax. Because the referendum was held after June 3, 2009, the Capital Projects Tax in Colleton County exempts sales of unprepared food, pursuant to Act No. 49 of 2009. Colleton County has imposed the Local Option Tax since July 1, 1991.

**Note #34:** Beginning May 1, 2015, Georgetown County will impose a 1% Capital Projects Tax. This will be the first local sales and use tax imposed by Georgetown County. Because the referendum was held after June 3, 2009, the Capital Projects Tax in Georgetown County exempts sales of unprepared food, pursuant to Act No. 49 of 2009.

**These charts only address the general local option taxes collected by the Department of Revenue on behalf of the counties, municipalities, school districts, and the Catawba Indian tribal government. They do not address the local taxes on sales of accommodations or on sales of prepared meals that are collected directly by the counties or municipalities.**