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CHAPTER 36.

THE SOUTH CAROLINA SALES AND USE TAX ACT

ARTICLE 1.

CITATION AND DEFINITIONS

**SECTION 12‑36‑5.** Short title.

This chapter may be cited as the South Carolina Sales and Use Tax Act.

**SECTION 12‑36‑10.** Effect of definitions.

The words, terms, and phrases defined in this article have the meaning provided, except when the context clearly indicates a different meaning.

**SECTION 12‑36‑20.** “Business”.

“Business” includes all activities, with the object of gain, profit, benefit, or advantage, either direct or indirect. Subactivities of a business which produce marketable commodities, used or consumed in the business, are taxable transactions.

**SECTION 12‑36‑30.** “Person”.

“Person” includes any individual, firm, partnership, limited liability company, association, corporation, receiver, trustee, any group or combination acting as a unit, the State, any state agency, any instrumentality, authority, political subdivision, or municipality

**SECTION 12‑36‑40.** “Taxpayer”.

“Taxpayer” means any person liable for taxes under this chapter.

**SECTION 12‑36‑50.** “In this State” or “in the State”.

“In this State” and “in the State” mean the area within the borders of the State of South Carolina, including all territories within the borders owned by or ceded to the United States of America.

**SECTION 12‑36‑60.** “Tangible personal property”.

“Tangible personal property” means personal property which may be seen, weighed, measured, felt, touched, or which is in any other manner perceptible to the senses. It also includes services and intangibles, including communications, laundry and related services, furnishing of accommodations and sales of electricity, the sale or use of which is subject to tax under this chapter and does not include stocks, notes, bonds, mortgages, or other evidences of debt. Tangible personal property does not include the transmission of computer database information by a cooperative service when the database information has been assembled by and for the exclusive use of the members of the cooperative service.

**SECTION 12‑36‑70.** “Retailer” and “seller”.

“Retailer” and “seller” include every person:

(1)(a) selling or auctioning tangible personal property whether owned by the person or others;

(b) furnishing accommodations to transients for a consideration, except an individual furnishing accommodations of less than six sleeping rooms on the same premises, which is the individuals place of abode;

(c) renting, leasing, or otherwise furnishing tangible personal property for a consideration;

(d) operating a laundry, cleaning, dyeing, or pressing establishment for a consideration;

(e) selling electric power or energy;

(f) selling or furnishing the ways or means for the transmission of the voice or of messages between persons in this State for a consideration. A person engaged in the business of selling or furnishing the ways or means for the transmission of the voice or messages as used in this subitem (f) is not considered a processor or manufacturer;

(2)(a) maintaining a place of business or qualifying to do business in this State; or

(b) not maintaining an office or location in this State but soliciting business by direct or indirect representatives, manufacturers agents, distribution of catalogs, or other advertising matter or by any other means, and by reason thereof receives orders for tangible personal property or for storage, use, consumption, or distribution in this State.

The department, when necessary for the efficient administration of this chapter, may treat any salesman, representative, trucker, peddler, or canvasser as the agent of the dealer, distributor, supervisor, employer, or other person under whom they operate or from whom they obtain the tangible personal property sold by them, regardless of whether they are making sales on their own behalf or on behalf of the dealer, distributor, supervisor, employer, or other person. The department may also treat the dealer, distributor, supervisor, employer, or other person as a retailer for purposes of this chapter.

**SECTION 12‑36‑75.** Persons contracting with state commercial printer not subject to state income or sales and use taxes; conditions.

(A) Notwithstanding any other provision of this chapter, tangible or intangible property that is:

(1) owned or leased by a person that has contracted with a commercial printer for printing and used in connection with a printing contract; and

(2) located at the premises of the commercial printer;

shall not be considered to be, or to create, an office, a place of distribution, a sales location, a sample location, a warehouse, a storage place, or other place of business maintained, occupied, or used in any way by the person. A commercial printer with which a person has contracted for printing by reason of any printing contract which may include storing and shipping the items printed shall not be considered to be in any way a representative, an agent, a salesman, a canvasser, or a solicitor for the person.

(B) Notwithstanding any other provision of this chapter, the following shall not cause a person that has contracted with a commercial printer for printing to have a duty to register as a retailer or to collect or remit the sales or use tax imposed by this chapter:

(1) the ownership or leasing by that person of tangible or intangible property located at the South Carolina premises of the commercial printer and used in connection with printing contracts;

(2) the sale by that person of property printed or imprinted at and shipped or distributed from the South Carolina premises of the commercial printer by the commercial printer;

(3) the activities performed pursuant or incident to a printing contract by or on behalf of that person at the South Carolina premises of the commercial printer by the commercial printer; or

(4) the activities performed pursuant or incident to a printing contract by the commercial printer in South Carolina for or on behalf of that person.

**SECTION 12‑36‑80.** “Retailer maintaining a place of business in this State”.

Retailer maintaining a place of business in this State, or any similar term, includes any retailer having or maintaining within this State, directly or by a subsidiary, an office, distribution house, sales house, warehouse or other place of business, or any agent operating within this State under the authority of the retailer or its subsidiary, regardless of whether the business or agent is located here permanently or temporarily or whether the retailer or subsidiary is admitted to do business within this State.

**SECTION 12‑36‑90.** “Gross proceeds of sales”.

Gross proceeds of sales, or any similar term, means the value proceeding or accruing from the sale, lease, or rental of tangible personal property.

(1) The term includes:

(a) the proceeds from the sale of property sold on consignment by the taxpayer;

(b) the proceeds from the sale of tangible personal property without any deduction for:

(i) the cost of goods sold;

(ii) the cost of materials, labor, or service;

(iii) interest paid;

(iv) losses;

(v) transportation costs;

(vi) manufacturers or importers excise taxes imposed by the United States; or

(vii) any other expenses.

(c) the fair market value of tangible personal property previously purchased at wholesale which is withdrawn from the business or stock and used or consumed in connection with the business or used or consumed by any person withdrawing it, except for:

(i) withdrawal of tangible personal property previously withdrawn and taxed by such business or person;

(ii) tangible personal property which becomes an ingredient or component part of tangible personal property manufactured or compounded for sale;

(iii) tangible personal property replacing defective parts under written warranty contracts if:

(A) the warranty, maintenance, service, or similar contract is given without charge, at the time of original purchase of the defective property, or the tax was paid on the sale or renewal of warranty, maintenance, or similar service contract for tangible personal property of which the defective part was a component, whether or not such contract was purchased in conjunction with the sale of tangible personal property,

(B) in the case of a warranty, maintenance, service, or similar contract that is given without charge at the time of original purchase of the defective property, the tax was paid on the sale of the defective part or on the sale of the property of which the defective part was a component, and

(C) the warrantee is not charged for any labor or materials,

(iv) an automobile furnished without charge to a high school for use solely in student driver training programs;

(v) a new motor vehicle used by a dealer as a demonstrator.

(2) The term does not include:

(a) a cash discount allowed and taken on sales;

(b) the sales price of property returned by customers when the full sales price is refunded in cash or by credit;

(c) the value allowed for secondhand property transferred to the vendor as a trade‑in;

(d) the amount of any tax imposed by the United States with respect to retail sales, whether imposed upon the retailer or the consumer, except for manufacturers or importers excise taxes.

(e) a motor vehicle operated with a dealer, transporter, or manufacturer, or education license plate and used in accordance with the provisions of Section 56‑3‑2320 or 56‑3‑2330;

(f) that portion of a charge taxed under Section 12‑36‑910(B)(3) or 12‑36‑1310(B)(3) attributable to the cost set by statute for a governmental license or permit.

(g) fees imposed on the sale of motor oil, new tires, lead‑acid batteries, and white goods pursuant to Article 1, Chapter 96 of Title 44, including the refundable deposit when a lead‑acid battery core is not returned to a retailer.

(h) the sales price, not including sales tax, of property on sales which are actually charged off as bad debts or uncollectible accounts for state income tax purposes. A taxpayer who pays the tax on the unpaid balance of an account which has been found to be worthless and is actually charged off for state income tax purposes may take a deduction for the sales price charged off as a bad debt or uncollectible account on a return filed pursuant to this chapter, except that if an amount charged off is later paid in whole or in part to the taxpayer, the amount paid must be included in the first return filed after the collection and the tax paid. The deduction allowed by this provision must be taken within one year of the month the amount was determined to be a bad debt or uncollectible account.

(i) interest, fees, or charges however described, imposed on a customer for late payment of a bill for electricity or natural gas, or both, whether or not sales tax is required to be paid on the underlying electricity or natural gas bill.

(j) the environmental surcharge imposed pursuant to Section 44‑56‑430.

(k) the alcoholic liquor by the drink excise tax imposed by Section 12‑33‑245.

(l) tangible personal property purchased by a person engaged in the business of servicing a warranty, maintenance, or similar service contract for use in replacing a defective part under the contract if tax was paid on the sale or the renewal of the contract and the customer is not charged for labor or material when the part is replaced.

**SECTION 12‑36‑100.** “Sale” and “purchase”.

“Sale” and “purchase” mean any transfer, exchange, or barter, conditional or otherwise, of tangible personal property for a consideration including:

(1) a transaction in which possession of tangible personal property is transferred but the seller retains title as security for payment, including installment and credit sales;

(2) a rental, lease, or other form of agreement;

(3) a license to use or consume; and

(4) a transfer of title or possession, or both.

**SECTION 12‑36‑110.** Sale at retail; retail sale.

Sale at retail and retail sale mean all sales of tangible personal property except those defined as wholesale sales. The quantity or sales price of goods sold is immaterial in determining if a sale is at retail.

(1) The terms include:

(a) sales of building materials to construction contractors, builders, or landowners for resale or use in the form of real estate;

(b) sales of tangible personal property to manufacturers, processors, compounders, quarry operators, or mine operators, which are used or consumed by them, and do not become an ingredient or component part of the tangible personal property manufactured, processed, or compounded for sale;

(c) the withdrawal, use, or consumption of tangible personal property by anyone who purchases it at wholesale, except:

(i) withdrawal of tangible personal property previously withdrawn and taxed by such business or person,

(ii) tangible personal property which becomes an ingredient or component part of tangible personal property manufactured or compounded for sale,

(iii) tangible personal property used directly in manufacturing, compounding, or processing tangible personal property for sale,

(iv) materials, containers, cores, labels, sacks, or bags used incident to the sale and delivery of tangible personal property;

(v) a motor vehicle operated with a dealer, transporter, or manufacturer, or education license plate and used in accordance with the provisions of Section 56‑3‑2320 or 56‑3‑2330;

(d) the use within this State of tangible personal property by its manufacturer as building materials in the performance of a construction contract. The manufacturer must pay the sales tax based on the fair market value at the time and place where used or consumed;

(e) sales to contractors for use in the performance of construction contracts;

(f) [Reserved];

(g) sales of tangible personal property, other than cigarettes and soft drinks in closed containers, to vendors who sell the property through vending machines. The vendors are deemed to be the users or consumers of the property;

(h) sales of prepared meals, or unprepared food products used to prepare meals, to hospitals, infirmaries, sanitariums, nursing homes, and similar institutions, educational institutions, boarding houses, and transportation companies, if furnished as part of the service rendered. These institutions and companies are deemed to be the users or consumers of the property;

(i) sales of drugs, prosthetic devices, and other supplies to hospitals, infirmaries, sanitariums, nursing homes, and similar institutions, medical doctors, dentists, optometrists, and veterinarians, if furnished to their patients as a part of the service rendered. These institutions, companies, and professionals are deemed to be the users or consumers of the property;

(j) sales, not otherwise exempted, when reimbursed or paid in whole or in part by Medicare or Medicaid. However, only the net amount reimbursed by Medicare and Medicaid is subject to the tax, if the vendor is prohibited by law from charging the purchaser the difference between the retail sale and the amount reimbursed.

(k) sales of all local telecommunications services by local exchange companies (LECs) to customer owned coin‑operated telephone (COCOT) providers, as those terms are defined by the South Carolina Public Service department. The COCOT providers that purchase these services in order to provide payphone services to their customers are considered to be the users and consumers of the services, and are not subject to sales tax for their subsequent sale of local telecommunications services to their COCOT customers.

(l) sales of tangible personal property to veterinarians. The veterinarians are deemed to be the users or consumers of the property whether used in the rendering of professional services or sold outright as part of the veterinarian practice and not furnished as a part of professional services rendered.

(2) The terms do not include sales of tangible personal property to a manufacturer or construction contractor when the tangible personal property is subsequently processed, partially or completely fabricated, or manufactured in this State by the manufacturer or contractor, for use in the performance of a construction contract if the property is transported to, assembled, installed, or erected at a job site outside the State and thereafter used solely outside the State.

**SECTION 12‑36‑120.** “Wholesale sale” and “sale at wholesale”.

“Wholesale sale” and “sale at wholesale” mean a sale of:

(1) tangible personal property to licensed retail merchants, jobbers, dealers, or wholesalers for resale, and do not include sales to users or consumers not for resale;

(2) tangible personal property to a manufacturer or compounder as an ingredient or component part of the tangible personal property or products manufactured or compounded for sale;

(3) tangible personal property used directly in manufacturing, compounding, or processing tangible personal property into products for sale;

(4) materials, containers, cores, labels, sacks, or bags used incident to the sale and delivery of tangible personal property, or used by manufacturers, processors, and compounders in shipping tangible personal property.

(5) food or drink products to licensed retail merchants for use as ingredients in preparing ready‑to‑eat food or drink sold at retail. These products include cooking oil used as an ingredient. However, items used or consumed by licensed retail merchants to prepare ready‑to‑eat food or drink, such as hickory chips, barbecue briquettes, gas, or electricity are subject to tax.

**SECTION 12‑36‑130.** “Sales price”.

“Sales price” means the total amount for which tangible personal property is sold, without any deduction for the cost of the property sold, the cost of the materials used, labor or service cost, interest paid, losses, or any other expenses.

(1) The term includes:

(a) any services or transportation costs that are a part of the sale, whether paid in money or otherwise; and

(b) any manufacturers or importers excise tax imposed by the United States.

(2) The term does not include:

(a) a cash discount allowed and taken on the sale;

(b) an amount charged for property, which is returned by the purchaser, and the full amount is refunded in cash or by credit;

(c) the value allowed for secondhand property transferred to the vendor in partial payment; and

(d) the amount of any tax imposed by the United States with respect to retail sales, whether imposed upon the retailer or consumer, except for manufacturers or importers excise taxes.

For purposes of the sale of an “audiovisual master” as defined in Section 12‑36‑2120(55), sales price is the total amount for which the audiovisual master is sold, including charges for any services that go into its fabrication, manufacture, or delivery that are a part of the sale valued in money whether paid in money, or otherwise, and includes any amount for which credit is given to the purchaser by the seller without any deduction from it on account of the cost of the property sold, the cost of materials used, labor or service costs, interest charged, losses, or any other expenses whatsoever.

The term “sales price” as defined in this section, also does not include the sales price, not including tax, of property on sales which are actually charged off as bad debts or uncollectible accounts for state income tax purposes. A taxpayer who pays the tax on the unpaid balance of an account which has been found to be worthless and is actually charged off for state income tax purposes may take a deduction for the sales price charged off as a bad debt or uncollectible account on a return filed pursuant to this chapter, except that if an amount charged off is later paid in whole or in part to the taxpayer, the amount paid must be included in the first return filed after the collection and the tax paid. The deduction allowed by this paragraph must be taken within one year of the month the amount was determined to be a bad debt or uncollectible account.

**SECTION 12‑36‑140.** “Storage” and “use”.

(A) “Storage” includes any keeping or retaining in this State, for any purpose except sale in the regular course of business or subsequent use solely outside this State, of tangible personal property purchased at retail.

(B) “Use” includes the exercise of any right or power over tangible personal property incident to the ownership of that property, or by any transaction in which possession is given; but it does not include the sale of that property in the regular course of business.

(C) “Storage” and “use” do not include the keeping, retaining, or exercising of any right or power over tangible personal property:

(1) for the exclusive purpose of subsequently transporting it outside the State for first use;

(2) for the purpose of first being manufactured, processed, or compounded into other tangible personal property to be transported and used solely outside the State; or

(3) for the purpose of being distributed as (i) cooperative direct mail promotional advertising materials, or (ii) promotional maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus who are exempt from income taxation pursuant to Internal Revenue Code Section 501(c) by means of interstate carrier, a mailing house, or a United States Post Office to residents of this State from locations both inside and outside the State. For purposes of this item, “cooperative direct mail promotional advertising materials” means discount coupons, advertising leaflets, and similar printed advertising, including any accompanying envelopes and labels which are distributed with promotional advertising materials of more than one business in a single package to potential customers, at no charge to the potential customer, of the businesses paying for the delivery of the material.

**SECTION 12‑36‑150.** “Transient construction property”.

“Transient construction property” means motor vehicles, machines, machinery, tools, or other equipment, other tangible personal property brought, imported, or caused to be brought into this State for use, or stored for use, in constructing, building, or repairing any building, highway, street, sidewalk, bridge, culvert, sewer or water system, drainage or dredging system, railway system, reservoir or dam, power plant, pipeline, transmission line, tower, dock, wharf, excavation, grading or other improvement or structure, or any part of it.

ARTICLE 5.

RETAIL LICENSE

**SECTION 12‑36‑510.** Retail license requirements; license tax; “special events”.

(A) Before engaging in business:

(1) Every retailer shall obtain a retail license for each permanent branch, establishment, or agency and pay a license tax of fifty dollars for each retail license at the time of application.

(2) Every artist and craftsman selling at arts and crafts shows and festivals, products they have created or assembled, shall obtain a retail license and pay a license tax of twenty dollars at the time of application. This license may be used only for one location at a time.

(3) Every retailer operating a transient or temporary business within this State shall obtain a retail license and pay a license tax of fifty dollars at the time of application. This license may be used only for one location at a time. For purposes of this item, “transient business” means a business, other than one licensed under item (2) of this section, which does not have a permanent retail location in this State, but otherwise makes retail sales within this State. “Temporary business” means a business which makes retail sales in this State for no more than thirty consecutive days at one location.

(B) A retail license is not required of:

(1) persons selling at flea markets or conducting a yard sale not more than once a quarter, unless they make retail sales at flea markets or yard sales as a regular business;

(2) organizations conducting concession sales at festivals if the gross proceeds of the sales are exempt from sales tax pursuant to Section 12‑36‑2120(39);

(3) persons furnishing accommodations to transients for one week or less in any calendar quarter; however, accommodations taxes must be remitted annually, on forms prescribed by the department, by April 15 of the following year. This item (3) of this subsection does not apply to rental agencies or persons having more than one rental unit;

(4) persons making sales which are exempt under Section 12‑36‑2120(41).

(C) Retailers making sales at a special event, in lieu of the licensing requirements of this section and discount provisions of Section 12‑36‑2610, shall file a special events sales tax return.

For purposes of this subsection, the special event sales tax return may be used only for one special event and must be filed with the department together with the tax due within five days of the completion of the special event. However, the department may require payment upon demand.

“Special event” means a promotional show, trade show, fair, festival, or carnival for which an admissions fee is required for entering the event. In addition, the event must be operated for a period of less than twelve consecutive days.

The provisions of this subsection do not apply to retailers licensed under item (2) or (3) of subsection (A) of this section.

(D) The department may determine which retail license or licenses a retailer must obtain.

**SECTION 12‑36‑520.** Bond requirement for retailers without permanent sales location.

Before doing business in this State or receiving a retail license, retailers subject to the license requirements of this article not having a permanent retail sales location may be required to make a cash deposit or post bond. The bond, determined by the department, must be equal to at least the retailers annual sales tax liability.

**SECTION 12‑36‑530.** Repealed by 2006 Act No. 386, Section 30, eff June 14, 2006.

**SECTION 12‑36‑540.** License application information; separate license required for each location.

The application for the retail license must show the name and address and other information the department may require for each retail sales location. The department shall issue a separate license to each retail sales location.

**SECTION 12‑36‑550.** Duration of license’s validity; display of license; license not transferable or assignable.

The license provided for in this article:

(1) is valid so long as the person to whom it is issued continues in the same business, unless revoked by the department. It is presumed that a retailer is not continuing in the same business and must surrender the retail sales license if the retailer has no retail sales for twenty‑four consecutive months. To allow the license to remain valid, the retailer may submit an affidavit to the department swearing that the business is continuing;

(2) must at all times be conspicuously displayed at the place for which it was issued;

(3) is not transferable or assignable.

**SECTION 12‑36‑560.** Operation of business without license or with license suspended; penalty.

A person liable for the license tax provided by this article who engages in business as a seller or retailer in this State without a retail license or after the license has been suspended, and each officer of a corporation which engages in business without a retail license or after the license is suspended, is guilty of a misdemeanor and, upon conviction, must be punished by a fine of not more than two hundred dollars or imprisonment not exceeding thirty days, or both. Offenses under this section are triable in magistrate’s court.

**SECTION 12‑36‑570.** Penalty for failure to pay license tax.

A person liable for the license tax provided by this article who fails to pay the tax or obtain the license within the time provided or who fails to comply with a lawful regulation of the department is liable for a penalty not to exceed five hundred dollars.

ARTICLE 9.

SALES TAX

**SECTION 12‑36‑910.** Five percent tax on tangible personal property; laundry services, electricity, communication services, and manufacturer‑consumed goods.

(A) A sales tax, equal to five percent of the gross proceeds of sales, is imposed upon every person engaged or continuing within this State in the business of selling tangible personal property at retail.

(B) The sales tax imposed by this article also applies to the:

(1) gross proceeds accruing or proceeding from the business of providing or furnishing any laundering, dry cleaning, dyeing, or pressing service, but does not apply to the gross proceeds derived from coin‑operated laundromats and dry cleaning machines;

(2) gross proceeds accruing or proceeding from the sale of electricity;

(3)(a) gross proceeds accruing or proceeding from the charges for the ways or means for the transmission of the voice or messages, including the charges for use of equipment furnished by the seller or supplier of the ways or means for the transmission of the voice or messages. Gross proceeds from the sale of prepaid wireless calling arrangements subject to tax at retail pursuant to item (5) of this subsection are not subject to tax pursuant to this item. Effective for bills rendered after August 1, 2002, charges for mobile telecommunications services subject to the tax under this item must be sourced in accordance with the Mobile Telecommunications Sourcing Act as provided in Title 4 of the United States Code. The term “charges for mobile telecommunications services” is defined for purposes of this section the same as it is defined in the Mobile Telecommunications Sourcing Act. All other definitions and provisions of the Mobile Telecommunications Sourcing Act as provided in Title 4 of the United States Code are adopted. Telecommunications services are sourced in accordance with Section 12‑36‑1920;

(b)(i) for purposes of this item, a “bundled transaction” means a transaction consisting of distinct and identifiable properties or services, which are sold for one nonitemized price but which are treated differently for tax purposes;

(ii) for bills rendered on or after January 1, 2004, that include telecommunications services in a bundled transaction, if the nonitemized price is attributable to properties or services that are taxable and nontaxable, the portion of the price attributable to any nontaxable property or service is subject to tax unless the provider can reasonably identify that portion from its books and records kept in the regular course of business for purposes other than sales taxes.

(4) fair market value of tangible personal property manufactured within this State, and used or consumed within this State by the manufacturer.

(5) gross proceeds accruing or proceeding from the sale or recharge at retail for prepaid wireless calling arrangements.

(a) “Prepaid wireless calling arrangements” means communication services that:

(i) are used exclusively to purchase wireless telecommunications;

(ii) are purchased in advance;

(iii) allow the purchaser to originate telephone calls by using an access number, authorization code, or other means entered manually or electronically; and

(iv) are sold in units or dollars which decline with use in a known amount.

(b) All charges for prepaid wireless calling arrangements must be sourced to the:

(i) location in this State where the over‑the‑counter sale took place;

(ii) shipping address if the sale did not take place at the seller’s location and an item is shipped; or

(iii) either the billing address or location associated with the mobile telephone number if the sale did not take place at the seller’s location and no item is shipped.

(6) gross proceeds accruing or proceeding from the sale or renewal of warranty, maintenance, or similar service contracts for tangible property, whether or not such contracts are purchased in conjunction with the sale of tangible personal property.

(7) gross proceeds accruing or proceeding from the sale or renewal of warranty, maintenance, or similar service contracts for tangible personal property, whether or not the contracts are purchased in conjunction with the sale of tangible personal property.

(C) Notwithstanding other provisions in this article or Article 13, Chapter 36, of this title, the sales or use tax imposed by those articles does not apply to the gross proceeds accruing or proceeding from charges for or use of data processing. As used in this subsection, “data processing” means the manipulation of information furnished by a customer through all or part of a series of operations involving an interaction of procedures, processes, methods, personnel, and computers. It also means the electronic transfer of or access to that information. Examples of the processing include, without limitation, summarizing, computing, extracting, storing, retrieving, sorting, sequencing, and the use of computers.

**SECTION 12‑36‑920.** Tax on accommodations for transients; reporting.

(A) A sales tax equal to seven percent is imposed on the gross proceeds derived from the rental or charges for any rooms, campground spaces, lodgings, or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to transients for a consideration. This tax does not apply where the facilities consist of less than six sleeping rooms, contained on the same premises, which is used as the individual’s place of abode. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person for a period of ninety continuous days are not considered proceeds from transients. The tax imposed by this subsection (A) does not apply to additional guest charges as defined in subsection (B).

(B) A sales tax of five percent is imposed on additional guest charges at any place where rooms, lodgings, or accommodations are furnished to transients for a consideration, unless otherwise taxed under this chapter. The term additional guest charges includes, but is not limited to:

(1) room service;

(2) amenities;

(3) entertainment;

(4) special items in promotional tourist packages;

(5) laundering and dry cleaning services;

(6) in‑room movies;

(7) telephone charges;

(8) rentals of meeting rooms; and

(9) other guest services.

(C) Real estate agents, brokers, corporations, or listing services required to remit taxes under this section shall notify the department if rental property, previously listed by them, is dropped from their listings.

(D) When any business is subject to the sales tax on accommodations and the business has more than one place of business in the State, the licensee shall report separately in his sales tax return the total gross proceeds derived from business done within and without the corporate limits of municipalities. A taxpayer who owns or manages rental units in more than one county or municipality shall report separately in his sales tax return the total gross proceeds from business done in each county or municipality.

(E) The taxes imposed by this section are imposed on every person engaged or continuing within this State in the business of furnishing accommodations to transients for consideration.

**SECTION 12‑36‑930.** Sale of motor vehicle to resident of another state.

(A) The tax imposed by this article on sales of motor vehicles, as defined in Section 56‑1‑10, trailers, semitrailers, or pole trailers of a type to be registered and licensed, to a resident of another state, is the lesser of:

(1) an amount equal to the sales tax, which would be imposed in the purchasers state of residence, or

(2) the tax that would be imposed under this chapter.

(B) At the time of the sale, the seller shall:

(1) obtain from the purchaser a notarized statement of the purchasers intent to license the vehicle, within ten days, in the purchasers state of residence; and

(2) retain a signed copy of the notarized statement. The purchaser shall give a copy to the sales tax agency of the purchasers state of residence.

(C) No tax is due if a nonresident will not receive credit in his state of residence for sales tax paid to this State under this section.

**SECTION 12‑36‑940.** Amounts that may be added to sales price because of tax.

(A) Each retailer may add to the sales price as a result of the five percent state sales tax:

(1) no amount on sales of ten cents or less;

(2) one cent on sales of eleven through twenty cents;

(3) two cents on sales of twenty‑one through forty cents;

(4) three cents on sales of forty‑one through sixty cents;

(5) four cents on sales of sixty‑one through eighty cents;

(6) five cents on sales of eighty‑one cents through one dollar;

(7) one cent additional for each twenty cents or major fraction of it over one dollar.

(B) The inability, impracticability, refusal, or failure to add these amounts to the sales price and collect them from the purchaser does not relieve the taxpayer from the tax levied by this article.

(C) For purposes of the state sales tax on accommodations and applicable combined state sales and local tax for counties imposing a local sales tax collected by the department on their behalf, retailers may add to the sales price an amount equal to the total state and local sales tax rate times the sales price. The amount added to the sales price may not be less than the amount added pursuant to subsection (A). In calculating the tax due, retailers may round a fraction of more than one‑half of a cent to the next whole cent and a fraction of a cent of one‑half or less must be eliminated. The inability, impracticability, refusal, or failure to add the tax to the sales price as allowed by this subsection and collect them from the purchaser does not relieve the taxpayer of his responsibility to pay tax.

**SECTION 12‑36‑950.** Presumption as to gross proceeds; burden of proof; resale certificate.

It is presumed that all gross proceeds are subject to the tax until the contrary is established. The burden of proof that the sale of tangible personal property is not a sale at retail is on the seller.

However, if the seller receives a resale certificate signed by the purchaser stating that the property is purchased for resale, the liability for the sales tax shifts from the seller to the purchaser.

The resale certificate must include the purchaser’s name, address, retail sales tax license number, and any other provisions or information considered necessary by the department.

The department may require the seller to provide information it considers necessary for the administration of this section.

ARTICLE 11.

ADDITIONAL SALES, USE, AND CASUAL EXCISE TAX

**SECTION 12‑36‑1110.** Additional sales, use and casual excise tax imposed on certain items; exceptions.

Beginning June 1, 2007, an additional sales, use, and casual excise tax equal to one percent is imposed on amounts taxable pursuant to this chapter, except that this additional one percent tax does not apply to amounts taxed pursuant to Section 12‑36‑920(A), the tax on accommodations for transients, nor does this additional tax apply to items subject to a maximum sales and use tax pursuant to Section 12‑36‑2110 nor to the sale of unprepared food which may be lawfully purchased with United States Department of Agriculture food coupons.

**SECTION 12‑36‑1120.** Revenue of taxes credited to Homestead Exemption Fund.

The revenue of the taxes imposed by this article must be credited to the Homestead Exemption Fund established pursuant to Section 11‑11‑155.

**SECTION 12‑36‑1130.** Prescribing amounts added to sales price to reflect additional taxes.

The Department of Revenue may prescribe amounts that may be added to the sales price to reflect the additional taxes imposed pursuant to this article.

ARTICLE 13.

USE TAX

**SECTION 12‑36‑1310.** Imposition of tax; rate; applicability; credit for tax paid in another state.

(A) A use tax is imposed on the storage, use, or other consumption in this State of tangible personal property purchased at retail for storage, use, or other consumption in this State, at the rate of five percent of the sales price of the property, regardless of whether the retailer is or is not engaged in business in this State.

(B) The use tax imposed by this article also applies to the:

(1) gross proceeds accruing or proceeding from the business of providing or furnishing a laundering, dry cleaning, dyeing, or pressing service, but does not apply to the gross proceeds derived from coin operated laundromats and dry cleaning machines;

(2) gross proceeds accruing or proceeding from the sale of electricity;

(3)(a) gross proceeds accruing or proceeding from the charges for the ways or means for the transmission of the voice or messages, including the charges for use of equipment furnished by the seller or supplier of the ways or means for the transmission of the voice or messages. Gross proceeds from the sale of prepaid wireless calling arrangements subject to tax at retail pursuant to item (5) of this subsection are not subject to tax pursuant to this item. Effective for bills rendered after August 1, 2002, charges for mobile telecommunications services subject to the tax under this item must be sourced in accordance with the Mobile Telecommunications Sourcing Act as provided in Title 4 of the United States Code. The term “charges for mobile telecommunications services” is defined for purposes of this section the same as it is defined in the Mobile Telecommunications Sourcing Act. All definitions and provisions of the Mobile Telecommunications Sourcing Act as provided in Title 4 of the United States Code are adopted. Telecommunications services are sourced in accordance with Section 12‑36‑1920.

(b)(i) For purposes of this item, a “bundled transaction” means a transaction consisting of distinct and identifiable properties or services, which are sold for one nonitemized price but which are treated differently for tax purposes.

(ii) For bills rendered on or after January 1, 2004, that include telecommunications services in a bundled transaction, if the nonitemized price is attributable to properties or services that are taxable and nontaxable, the portion of the price attributable to any nontaxable property or service is subject to tax unless the provider can reasonably identify that portion from its books and records kept in the regular course of business for purposes other than sales taxes;

(4) fair market value of tangible personal property brought into this State, by the manufacturer thereof, for storage, use, or consumption in this State by the manufacturer.

(5) gross proceeds accruing or proceeding from the sale or recharge at retail for prepaid wireless calling arrangements.

(a) “Prepaid wireless calling arrangements” means communication services that:

(i) are used exclusively to purchase wireless telecommunications;

(ii) are purchased in advance;

(iii) allow the purchaser to originate telephone calls by using an access number, authorization code, or other means entered manually or electronically; and

(iv) are sold in units or dollars which decline with use in a known amount.

(b) All charges for prepaid wireless calling arrangements must be sourced to the:

(i) location in this State where the over‑the‑counter sale took place;

(ii) shipping address if the sale did not take place at the seller’s location and an item is shipped; or

(iii) either the billing address or location associated with the mobile telephone number if the sale did not take place at the seller’s location and no item is shipped.

(6) gross proceeds accruing or proceeding from the sale or renewal of warranty, maintenance, or similar service contracts for tangible personal property, whether or not such contracts are purchased in conjunction with the sale of tangible personal property.

(C) When a taxpayer is liable for the use tax imposed by this section on tangible personal property purchased in another state, upon which a sales or use tax was due and paid in the other state, the amount of the sales or use tax due and paid in the other state is allowed as a credit against the use tax due this State, upon proof that the sales or use tax was due and paid in the other state. If the amount of the sales or use tax paid in the other state is less than the amount of use tax imposed by this article, the user shall pay the difference to the department.

**SECTION 12‑36‑1320.** Tax on transient construction property.

(A) A use tax at the rate of five percent is imposed on the storage, use, or other consumption in this State of transient construction property, as defined by Section 12‑36‑150.

(B) The owner, or if the property is leased, the lessee, of transient construction property is liable for the use tax.

(C) The tax is computed as follows:

(1) divide the length of time the property will be used in this State by the total useful life of the property;

(2) multiply the result from (1) above by the sales price of the property;

(3) multiply the amount in (2) above by five percent. The result of the computation is the tax due.

The useful life of transient construction property must be determined by the department in accordance with the experience and practices of the building and construction trade. In the absence of satisfactory evidence as to the period of use intended in this State, it is presumed that the property will remain in this State for the remainder of its useful life.

(D) A prorated amount of the sales and use tax legally due and paid to another state on transient construction property is allowed as a credit, but only if the other state grants substantially similar tax credits on the property purchased in South Carolina. The prorated tax credit is computed as follows:

(1) divide the length of time the property was used in the other state by the total useful life of the property;

(2) multiply the result from (1) above by the state sales tax legally due and paid the other state;

(3) the lesser of the result from (2) above or the tax computed in subsection (C) is the prorated credit amount.

(E) If the state in which the property was previously used does not prorate its use tax on, or depreciate the value for use tax purposes of, transient construction property used by South Carolina contractors operating in that state, the use tax, at five percent of the sales price, applies.

(F) Transient construction property purchased and substantially used in another state is not subject to the use tax if the owner of the property uses it to construct or repair his own buildings, structures, or other property located in this State.

(G) The use, storage, or consumption of the property, when purchased for use in this State, is subject to the full amount of use tax provided in Section 12‑36‑1310(A), regardless of the period of intended use in this State.

(H) The tax is due immediately upon transient construction property being brought into this State.

**SECTION 12‑36‑1330.** Tax on storage, use, or consumption of tangible personal property.

(A) Every person storing, using, or otherwise consuming in this State tangible personal property purchased at retail, is liable for the use tax, until the tax is paid to the State.

(B) A receipt from a retailer:

(1) maintaining a place of business in this State, or

(2) authorized by the department to collect the use tax, is sufficient to relieve the purchaser from further liability for tax to which the receipt refers.

(C) For the purposes of this chapter, a retailer authorized by the department to collect the use tax is regarded as a retailer maintaining a place of business in this State.

**SECTION 12‑36‑1340.** Collection of tax by retailer sellers.

Each seller making retail sales of tangible personal property for storage, use, or other consumption in this State shall collect and remit the tax in accordance with this chapter and shall obtain from the department a retail license as provided in this chapter, if the retail seller:

(1) maintains a place of business;

(2) qualifies to do business;

(3) solicits and receives purchases or orders by an agent or salesman; or

(4) distributes catalogs, or other advertising matter, and by reason of that distribution receives and accepts orders from residents within the State.

**SECTION 12‑36‑1350.** Time of collection of tax by retail seller; refunding or absorption of tax by seller prohibited; tax collected constitutes debt to state.

(A) Every seller making sales of tangible personal property for storage, use, or other consumption in this State, not otherwise exempted, shall at the time of making the sales or, if the storage, use, or consumption is not then taxable, at the time the storage, use, or other consumption is taxable, collect the use tax from the purchaser and give to the purchaser a receipt showing the amount subject to the tax and the amount of tax collected.

(B) The seller shall not advertise or state, in any manner, that the use tax, or any part of it:

(1) will be assumed or absorbed by the seller;

(2) will not be added to the selling price; or

(3) will be refunded.

(C) The tax required in this article to be collected by the seller constitutes a debt owed by the seller to this State.

**SECTION 12‑36‑1360.** Filing return; payment of tax directly to state.

Every person liable for the use tax under Section 12‑36‑1330(A) who has not paid the tax due to a seller required or authorized to collect the tax, must file a return and remit the tax to the State, in accordance with this chapter.

**SECTION 12‑36‑1370.** Presumption of applicability of tax.

(A) It is presumed that tangible personal property sold by any person for delivery in this State is sold for storage, use, or other consumption in this State, unless the seller takes from the purchaser a certificate, signed by and bearing the name and address of the purchaser, to the effect that the purchase was for resale.

(B) It is also presumed that tangible personal property received in this State by its purchaser was purchased for storage, use, or other consumption in this State.

ARTICLE 17.

CASUAL EXCISE TAX

**SECTION 12‑36‑1710.** Excise tax on casual sales of motor vehicles, motorcycles, boats, motors, and airplanes; exclusions; payment of tax as prerequisite to titling, licensing, or registration.

(A) In addition to all other fees prescribed by law there is imposed an excise tax for the issuance of every certificate of title, or other proof of ownership, for every motor vehicle, motorcycle, boat, motor, or airplane, required to be registered, titled, or licensed. The tax is five percent of the fair market value of the motor vehicle, motorcycle, airplane, boat, and motor.

(B) Excluded from the tax are:

(1) motor vehicles, motorcycles, boats, motors, or airplanes:

(a) transferred to members of the immediate family;

(b) transferred to a legal heir, legatee, or distributee;

(c) transferred from an individual to a partnership upon formation of a partnership, or from a stockholder to a corporation upon formation of a corporation;

(d) transferred to a licensed motor vehicle or motorcycle dealer for the purpose of resale;

(e) transferred to a financial institution for the purpose of resale;

(f) transferred as a result of repossession to any other secured party, for the purpose of resale;

(2) the fair market value of a motor vehicle, motorcycle, boat, motor, or airplane, transferred to the seller or secured party in partial payment;

(3) gross proceeds of transfers of motor vehicles, motorcycles, or airplanes specifically exempted by Section 12‑36‑2120 from the sales or use tax;

(4) motor vehicles, motorcycles, boats, motors, or airplanes, where a sales or use tax has been paid on the transaction necessitating the transfer.

(C) “Fair market value” means the total purchase price less any trade‑in, or the valuation shown in a national publication of used values adopted by the department, less any trade‑in.

(D) “Total purchase price” means the price of a motor vehicle, motorcycle, boat, motor, or airplane agreed upon by the buyer and seller with an allowance for a trade‑in, if applicable.

(E) “Immediate family” means spouse, parents, children, sisters, brothers, grandparents, and grandchildren.

(F) The department shall require every applicant for a certificate of title to supply information it considers necessary as to the time of purchase, the purchase price, and other information relative to the determination of fair market value. If the excise tax is based upon total purchase price as defined in this section, the department shall require a submission of a bill of sale and the signature of the owner subject to the perjury statutes of this State.

(G) The Department of Motor Vehicles and the Division of Aeronautics of the Department of Commerce may not issue a license or transfer of title without first procuring from the Department of Revenue information showing that the excise tax has been collected. The Department of Natural Resources may not license any boat or register any motor without first procuring from the Department of Revenue information showing that the excise tax has been collected.

**SECTION 12‑36‑1720.** Application of tax.

The excise tax applies only to the last sale before the application for title.

**SECTION 12‑36‑1730.** Wilful avoidance of tax; penalty.

A person who wilfully or knowingly makes a false statement for the purpose of avoiding all or a part of the casual excise tax imposed by this article or who assists another person to avoid all or a part of the casual excise tax levied by this article is guilty of a misdemeanor and, upon conviction, must be punished by a fine of not more than two hundred dollars or imprisoned not more than thirty days, or both. Offenses under this section are triable in magistrate’s court.

**SECTION 12‑36‑1740.** Penalty for failure to pay casual excise tax.

A person liable for the casual excise tax provided by this article who fails to pay the tax or comply with a lawful regulation of the department is liable for a penalty not to exceed five hundred dollars.

ARTICLE 19.

TELECOMMUNICATIONS SOURCING

**SECTION 12‑36‑1910.** Definitions.

For purposes of this article:

(1) “Air‑to‑ground radiotelephone service” means a radio service, as that term is defined in 47 CFR 22.99, in which common carriers are authorized to offer and provide radio telecommunications service for hire to subscribers in aircraft.

(2) “Call‑by‑call basis” means any method of charging for telecommunications services in which the price is measured by individual calls.

(3) “Communications channel” means a physical or virtual path of communications over which signals are transmitted between or among customer channel termination points.

(4) “Customer” means the person or entity that contracts with the seller of telecommunications services. If the end user of telecommunications services is not the contracting party, the end user of the telecommunications service is the customer of the telecommunication service, but this provision applies only for the purpose of sourcing sales of telecommunications services pursuant to Section 12‑36‑1920. “Customer” does not include a reseller of telecommunications service or a mobile telecommunications service of a serving carrier under an agreement to serve the customer outside the home service provider’s licensed service area.

(5) “Customer channel termination point” means the location where the customer either inputs or receives the communications.

(6) “End user” means the person who utilizes the telecommunication service. In the case of an entity, “end user” means the individual who utilizes the telecommunication service. In the case of an entity, “end user” means the individual who utilizes the service on behalf of the entity.

(7) “Home service provider” means the same as that term is defined in Section 124(5) of Public Law 106‑252 (Mobile Telecommunications Sourcing Act).

(8) “Mobile telecommunications service” means the same as that term is defined in Section 124(7) of Public Law 106‑252 (Mobile Telecommunications Sourcing Act).

(9) “Place of primary use” means the street address representative of the customer’s primary use of the telecommunications service, which must be the residential street address or the primary business street address of the customer. In the case of mobile telecommunications services, “place of primary use” must be within the licensed service area of the home service provider.

(10) ‘Post‑paid calling service” means the telecommunications service obtained by making a payment on a call‑by‑call basis either through the use of a credit card or payment mechanism like a bank card, travel card, credit card, or debit card, or by charge made to a telephone number which is not associated with the origination or termination of the telecommunications. A post‑paid calling service includes a telecommunications service that would be a prepaid calling service except it is not exclusively a telecommunication service.

(11) “Prepaid calling service” means the right to access exclusively telecommunications services, which must be paid for in advance and which enables the origination of calls using an access number or authorization code, whether manually or electronically dialed, and that is sold in predetermined units or dollars, of which the number declines with use in a known amount.

(12) “Private communication service” means a telecommunication service that entitles the customer to exclusive or priority use of a communications channel or group of channels between or among termination points, regardless of the manner in which the channel or channels are connected, and includes switching capacity, extension lines, stations, and other associated services provided in connection with the use of the channel or channels.

(13) “Service address” means:

(a) the location of the telecommunications equipment to which a customer’s call is charged and from which the call originates or terminates, regardless of where the call is billed or paid;

(b) if the location in item (a) is not known, service address means the origination point of the signal of the telecommunications services first identified by either the seller’s telecommunications system or in information received by the seller from its service provider, where the system used to transport the signals is not that of the seller;

(c) if the location in item (a) and item (b) is not known, the service address means the location of the customer’s place of primary use.

**SECTION 12‑36‑1920.** Sourcing of sale of telecommunications services.

For the purposes of telecommunications sourcing:

(1) Except for the defined telecommunication services in item (3), the sale of telecommunication service sold on a call‑by‑call basis must be sourced to (i) each level of taxing jurisdiction where the call originates and terminates in that jurisdiction or (ii) each level of taxing jurisdiction where the call either originates or terminates and in which the service address is also located.

(2) Except for the defined telecommunication services in item (3), a sale of telecommunications services on a basis other than a call‑by‑call basis, is sourced to the customer’s place of primary use.

(3) The sale of the following telecommunication services must be sourced to each level of taxing jurisdiction:

(a) A sale of mobile telecommunications services, other than air‑to‑ ground radiotelephone service and prepaid calling service, is sourced to the customer’s place of primary use as required by the Mobile Telecommunications Sourcing Act.

(b) A sale of post‑paid calling service is sourced to the origination point of the telecommunications signal as first identified by either (i) the seller’s telecommunications system, or (ii) information received by the seller from its service provider, where the system used to transport the signals is not that of the seller.

(c) A sale of a private communication service is sourced as follows:

(i) Service for a separate charge related to a customer channel termination point is sourced to each level of jurisdiction in which the customer channel termination point is located.

(ii) Service in which all customer termination points are located entirely within one jurisdiction or levels of jurisdiction is sourced in the jurisdiction in which the customer channel termination points are located.

(iii) Service for segments of a channel between two customer channel termination points located in different jurisdictions and the segments of channel are separately charged is sourced fifty percent in each level of jurisdiction in which the customer channel termination points are located.

(iv) Service for segments of a channel located in more than one jurisdiction or levels of jurisdiction and the segments are not separately billed is sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in the jurisdiction by the total number of customer channel termination points.

**SECTION 12‑36‑1930.** Application of article.

Notwithstanding another provision of law, this article applies to local sales and use taxes on telecommunication services collected and administered by the Department of Revenue on behalf of the local jurisdictions.

ARTICLE 21.

MAXIMUM TAX AND EXEMPTIONS

**SECTION 12‑36‑2110.** Maximum tax on sale or lease of certain items; calculation of tax on manufactured homes; maximum tax on purchase of certain property by religious organizations; maximum tax on sale or use of machinery for research and development.

(A) The maximum tax imposed by this chapter is three hundred dollars for each sale made after June 30, 1984, or lease executed after August 31, 1985, of each:

(1) aircraft, including unassembled aircraft which is to be assembled by the purchaser, but not items to be added to the unassembled aircraft;

(2) motor vehicle;

(3) motorcycle;

(4) boat;

(5) trailer or semitrailer, pulled by a truck tractor, as defined in Section 56‑3‑20, and horse trailers, but not including house trailers or campers as defined in Section 56‑3‑710 or a fire safety education trailer;

(6) recreational vehicle, including tent campers, travel trailer, park model, park trailer, motor home, and fifth wheel; or

(7) self‑propelled light construction equipment with compatible attachments limited to a maximum of one hundred sixty net engine horsepower.

In the case of a lease, the total tax rate required by law applies on each payment until the total tax paid equals three hundred dollars. Nothing in this section prohibits a taxpayer from paying the total tax due at the time of execution of the lease, or with any payment under the lease. To qualify for the tax limitation provided by this section, a lease must be in writing and specifically state the term of, and remain in force for, a period in excess of ninety continuous days.

(B) For the sale of a manufactured home, as defined in Section 40‑29‑20, the tax is calculated as follows:

(1) subtract trade‑in allowance from the sales price;

(2) multiply the result from item (1) by sixty‑five percent;

(3) if the result from item (2) is no greater than six thousand dollars, multiply by five percent for the amount of tax due;

(4) if the result from item (2) is greater than six thousand dollars, the tax due is three hundred dollars plus two percent of the amount greater than six thousand dollars.

However, a manufactured home is exempt from any tax in excess of three hundred dollars that may be due as a result of the calculation in item (4) if it meets these energy efficiency levels: storm or double pane glass windows, insulated or storm doors, a minimum thermal resistance rating of the insulation only of R‑11 for walls, R‑19 for floors, and R‑30 for ceilings. However, variations in the energy efficiency levels for walls, floors, and ceilings are allowed and the exemption on tax due above three hundred dollars applies if the total heat loss does not exceed that calculated using the levels of R‑11 for walls, R‑19 for floors, and R‑30 for ceilings. The edition of the American Society of Heating, Refrigerating, and Air Conditioning Engineers Guide in effect at the time is the source for heat loss calculation. Notwithstanding the provisions of this subsection, from July 1, 2009, to July 1, 2019, a manufactured home is exempt from any tax that may be due as a result of the calculation in this subsection if it has been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency’s energy saving efficiency requirements or has been designated as meeting or exceeding such requirements under each agency’s ENERGY STAR program. The dealer selling the manufactured home must maintain records, on forms provided by the State Energy Office, on each manufactured home sold that meets the energy efficiency levels provided for in this subsection. These records must be maintained for three years and must be made available for inspection upon request of the Department of Consumer Affairs or the State Energy Office.

The maximum tax authorized by this subsection does not apply to a single‑family modular home regulated pursuant to Chapter 43, Title 23.

(C) For the sale of each musical instrument, or each piece of office equipment, purchased by a religious organization exempt under Internal Revenue Code Section 501(c)(3), the maximum tax imposed by this chapter is three hundred dollars. The musical instrument or office equipment must be located on church property and used exclusively for the organizations exempt purpose. The religious organization must furnish to the seller an affidavit on forms prescribed by the department. The affidavit must be retained by the seller.

(D) Repealed.

(E) Equipment provided, supplied, or installed on a firefighting vehicle is included with the vehicle for purposes of calculating the maximum tax due under this section.

**SECTION 12‑36‑2120.** Exemptions from sales tax.

Exempted from the taxes imposed by this chapter are the gross proceeds of sales, or sales price of:

(1) tangible personal property or receipts of any business which the State is prohibited from taxing by the Constitution or laws of the United States of America or by the Constitution or laws of this State;

(2) tangible personal property sold to the federal government;

(3)(a) textbooks, books, magazines, periodicals, newspapers, and access to on‑line information systems used in a course of study in primary and secondary schools and institutions of higher learning or for students’ use in the school library of these schools and institutions;

(b) books, magazines, periodicals, newspapers, and access to on‑line information systems sold to publicly supported state, county, or regional libraries;

Items in this category may be in any form, including microfilm, microfiche, and CD ROM; however, transactions subject to tax under Sections 12‑36‑910(B)(3) and 12‑36‑1310(B)(3) do not fall within this exemption;

(4) livestock. “Livestock” is defined as domesticated animals customarily raised on South Carolina farms for use primarily as beasts of burden, or food, and certain mammals when raised for their pelts or fur. Animals such as dogs, cats, reptiles, fowls (except baby chicks and poults), and animals of a wild nature, are not considered livestock;

(5) feed used for the production and maintenance of poultry and livestock;

(6) insecticides, chemicals, fertilizers, soil conditioners, seeds, or seedlings, or nursery stock, used solely in the production for sale of farm, dairy, grove, vineyard, or garden products or in the cultivation of poultry or livestock feed;

(7) containers and labels used in:

(a) preparing agricultural, dairy, grove, or garden products for sale; or

(b) preparing turpentine gum, gum spirits of turpentine, and gum resin for sale.

For purposes of this exemption, containers mean boxes, crates, bags, bagging, ties, barrels, and other containers;

(8) newsprint paper, newspapers, and religious publications, including the Holy Bible and the South Carolina Department of Agriculture’s The Market Bulletin;

(9) coal, or coke or other fuel sold to manufacturers, electric power companies, and transportation companies for:

(a) use or consumption in the production of by‑products;

(b) the generation of heat or power used in manufacturing tangible personal property for sale. For purposes of this item, “manufacturer” or “manufacturing” includes the activities of a processor;

(c) the generation of electric power or energy for use in manufacturing tangible personal property for sale;

(d) the generation of motive power for transportation. For the purposes of this exemption, “manufacturer” or “manufacturing” includes the activities of mining and quarrying;

(e) the generation of motive power for test flights of aircraft by the manufacturer of the aircraft where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at a single manufacturing facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the single manufacturing facility during that seven‑year period; or

(f) the transportation of an aircraft prior to its completion from one facility of the manufacturer of the aircraft to another facility of the manufacturer of the aircraft, not including the transportation of major component parts for construction or assembly, or the transportation of personnel. This exemption only applies when:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at a single manufacturing facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the single manufacturing facility during that seven‑year period.

To qualify for the exemptions provided for in subitems (e) and (f), the taxpayer shall notify the department before the first month it uses the exemption and shall make the required investment and create the required number of full‑time new jobs over the seven‑year period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the seven hundred fifty million dollar investment requirement and has created the three thousand eight hundred full‑time new jobs or, after the expiration of the seven‑year period, that it has not met the seven hundred fifty million dollar investment requirement and created the three thousand eight hundred full‑time new jobs. The department may assess any tax due on fuel purchased tax free pursuant to subitems (e) and (f) but due the State as a result of the taxpayer’s failure to meet the seven hundred fifty million dollar investment requirement and create the three thousand eight hundred full‑time new jobs. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the seven hundred fifty million dollar investment requirement and created the three thousand eight hundred full‑time new jobs.

As used in subitems (e) and (f), “taxpayer” includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code.

(10)(a) meals or foodstuffs used in furnishing meals to school children, if the sales or use are within school buildings and are not for profit;

(b) meals or foodstuffs provided to elderly or disabled persons at home by nonprofit organizations that receive only charitable contributions in addition to sale proceeds from the meals;

(c) food stuffs, either prepared or packaged for the homeless or needy that are sold to nonprofit organizations, or food stuffs that are subsequently sold or donated by a nonprofit organization to another nonprofit organization. This subitem is only applicable to food stuffs which are eligible for purchase under the USDA food stamp program;

(d) meals or foodstuffs prepared or packaged that are sold to public or nonprofit organizations for congregate or in‑home service to the homeless or needy or disabled adults over eighteen years of age or individuals over sixty years of age. This subitem only applies to meals and foodstuffs eligible for purchase under the USDA food stamp program.

(11)(a) toll charges for the transmission of voice or messages between telephone exchanges;

(b) charges for telegraph messages;

(c) carrier access charges and customer access line charges established by the Federal Communications department or the South Carolina Public Service department; and

(d) transactions involving automatic teller machines;

(12) water sold by public utilities, if rates and charges are of the kind determined by the Public Service Commission, or water sold by nonprofit corporations organized pursuant to Chapter 36 of Title 33;

(13) fuel, lubricants, and supplies for use or consumption aboard ships in intercoastal trade or foreign commerce. This exemption 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;

(14) wrapping paper, wrapping twine, paper bags, and containers, used incident to the sale and delivery of tangible personal property;

(15)(a) motor fuel, blended fuel, and alternative fuel subject to tax under Chapter 28 of Title 12; however, gasoline used in aircraft is not exempt from the sales and use tax;

(b) if the fuel tax is subsequently refunded under Section 12‑28‑710, the sales or use tax is due unless otherwise exempt, and the person receiving the refund is liable for the sales or use tax;

(c) fuels used in farm machinery and farm tractors; and

(d) fuels used in commercial fishing vessels.

(16) farm machinery and their replacement parts and attachments, used in planting, cultivating or harvesting farm crops, including bulk coolers (farm dairy tanks) used in the production and preservation of milk on dairy farms, and machines used in the production of poultry and poultry products on poultry farms, when such products are sold in the original state of production or preparation for sale. This exemption does not include automobiles or trucks;

(17) machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale. “Machines” include the parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of the machines and which (a) are necessary to the operation of the machines and are customarily so used, or (b) are necessary to comply with the order of an agency of the United States or of this State for the prevention or abatement of pollution of air, water, or noise that is caused or threatened by any machine used as provided in this section. This exemption does not include automobiles or trucks. As used in this item “recycling” means a process by which materials that otherwise would become solid waste are collected, separated, or processed and reused, or returned to use in the form of raw materials or products, including composting, for sale. In applying this exemption to machines used in recycling, the following percentage of the gross proceeds of sale, or sales price of, machines used in recycling are exempt from the taxes imposed by this chapter:

Fiscal Year of Sale Percentage

Fiscal year 1997‑98 fifty percent

After June 30, 1998 one hundred percent;

(18) fuel used exclusively to cure agricultural products;

(19) electricity used by cotton gins, manufacturers, miners, or quarriers to manufacture, mine, or quarry tangible personal property for sale. For purposes of this item, “manufacture” or “manufacture” includes the activities of processors;

(20) railroad cars, locomotives, and their parts, monorail cars, and the engines or motors that propel them, and their parts;

(21) vessels and barges of more than fifty tons burden;

(22) materials necessary to assemble missiles to be used by the Armed Forces of the United States;

(23) farm, grove, vineyard, and garden products, if sold in the original state of production or preparation for sale, when sold by the producer or by members of the producers immediate family;

(24) supplies and machinery used by laundries, cleaning, dyeing, pressing, or garment or other textile rental establishments in the direct performance of their primary function, but not sales of supplies and machinery used by coin‑operated laundromats;

(25) motor vehicles (excluding trucks) or motorcycles, which are required to be licensed to be used on the highways, sold to a resident of another state, but who is located in South Carolina by reason of orders of the United States Armed Forces. This exemption is allowed only if within ten days of the sale the vendor is furnished a statement from a commissioned officer of the Armed Forces of a higher rank than the purchaser certifying that the buyer is a member of the Armed Forces on active duty and a resident of another state or if the buyer furnishes a leave and earnings statement from the appropriate department of the armed services which designates the state of residence of the buyer;

(26) all supplies, technical equipment, machinery, and electricity sold to radio and television stations, and cable television systems, for use in producing, broadcasting, or distributing programs. For the purpose of this exemption, radio stations, television stations, and cable television systems are deemed to be manufacturers;

(27) all plants and animals sold to any publicly supported zoological park or garden or to any of its nonprofit support corporations;

(28)(a) medicine and prosthetic devices sold by prescription, prescription medicines used to prevent respiratory syncytial virus, prescription medicines and therapeutic radiopharmaceuticals used in the treatment of rheumatoid arthritis, cancer, lymphoma, leukemia, or related diseases, including prescription medicines used to relieve the effects of any such treatment, free samples of prescription medicine distributed by its manufacturer and any use of these free samples;

(b) hypodermic needles, insulin, alcohol swabs, blood sugar testing strips, monolet lancets, dextrometer supplies, blood glucose meters, and other similar diabetic supplies sold to diabetics under the authorization and direction of a physician;

(c) disposable medical supplies such as bags, tubing, needles, and syringes, which are dispensed by a licensed pharmacist in accordance with an individual prescription written for the use of a human being by a licensed health care provider, which are used for the intravenous administration of a prescription drug or medicine, and which come into direct contact with the prescription drug or medicine. This exemption applies only to supplies used in the treatment of a patient outside of a hospital, skilled nursing facility, or ambulatory surgical treatment center;

(d) medicine donated by its manufacturer to a public institution of higher education for research or for the treatment of indigent patients; and

(e) dental prosthetic devices;

(f) prescription drugs dispensed to Medicare Part A patients residing in a nursing home are not considered sales to the nursing home and are not subject to the sales tax.

(29) tangible personal property purchased by persons under a written contract with the federal government when the contract necessitating the purchase provides that title and possession of the property is to transfer from the contractor to the federal government at the time of purchase or after the time of purchase. This exemption also applies to purchases of tangible personal property which becomes part of real or personal property owned by the federal government or, as provided in the written contract, is to transfer to the federal government. This exemption does not apply to purchases of tangible personal property used or consumed by the purchaser;

(30) office supplies, or other commodities, and services resold by the Division of General Services of the State Budget and Control Board to departments and agencies of the state government, if the tax was paid on the divisions original purchase;

(31) vacation time sharing plans, vacation multiple ownership interests, and exchanges of interests in vacation time sharing plans and vacation multiple ownership interests as provided by Chapter 32 of Title 27, and any other exchange of accommodations in which the accommodations to be exchanged are the primary consideration;

(32) natural and liquefied petroleum gas and electricity used exclusively in the production of poultry, livestock, swine, and milk;

(33) electricity, natural gas, fuel oil, kerosene, LP gas, coal, or any other combustible heating material or substance used for residential purposes. Individual sales of kerosene or LP gas of twenty gallons or less by retailers are considered used for residential heating purposes;

(34) fifty percent of the gross proceeds of the sale of a modular home regulated pursuant to Chapter 43 of Title 23, both on‑frame and off‑frame. For purposes of this item only, “gross proceeds of sale” equals the manufacturer’s net invoice price of the modular home sold, including all accessories built in to the modular home at the time of delivery to the purchaser and not including freight or deposit on returnable materials. The manufacturer shall collect the tax and remit it to the Department of Revenue;

(35) motion picture film sold or rented to or by theaters;

(36) tangible personal property where the seller, by contract of sale, is obligated to deliver to the buyer, or to an agent or donee of the buyer, at a point outside this State or to deliver it to a carrier or to the mails for transportation to the buyer, or to an agent or donee of the buyer, at a point outside this State;

(37) petroleum asphalt products, commonly used in paving, purchased in this State, which are transported and consumed out of this State;

(38) hearing aids, as defined by Section 40‑25‑20(5);

(39) concession sales at a festival by an organization devoted exclusively to public or charitable purposes, if:

(a) all the net proceeds are used for those purposes;

(b) in advance of the festival, its organizers provide the department, on a form it prescribes, information necessary to ensure compliance with this item.

For purposes of this item, a “festival” does not include a recognized state or county fair;

(40) containers and chassis, including all parts, components, and attachments, sold to international shipping lines which have a contractual relationship with the South Carolina State Ports Authority and which are used in the import or export of goods to and from this State;

(41) items sold by organizations exempt under Section 12‑37‑220A(3) and (4) and B(5), (6), (7), (8), (12), (16), (19), (22), and (24), if the net proceeds are used exclusively for exempt purposes and no benefit inures to any individual. An organization whose sales are exempted by this item is also exempt from the retail license tax provided in Article 5 of this chapter;

(42) depreciable assets, used in the operation of a business, pursuant to the sale of the business. This exemption only applies when the entire business is sold by the owner of it, pursuant to a written contract and the purchaser continues operation of the business;

(43) all supplies, technical equipment, machinery, and electricity sold to motion picture companies for use in filming or producing motion pictures. For the purposes of this item, “motion picture” means any audiovisual work with a series of related images either on film, tape, or other embodiment, where the images shown in succession impart an impression of motion together with accompanying sound, if any, which is produced, adapted, or altered for exploitation as entertainment, advertising, promotional, industrial, or educational media; and a “motion picture company” means a company generally engaged in the business of filming or producing motion pictures;

(44) electricity used to irrigate crops;

(45) building materials, supplies, fixtures, and equipment for the construction, repair, or improvement of or that become a part of a self‑contained enclosure or structure specifically designed, constructed, and used for the commercial housing of poultry or livestock.

(46) War memorials or monuments honoring units or contingents of the Armed Forces of the United States or of the National Guard, including United States military vessels, which memorials or monuments are affixed to public property;

(47) tangible personal property sold to charitable hospitals predominantly serving children exempt under Section 12‑37‑220, where care is provided without charge to the patient.

(48) solid waste disposal collection bags required pursuant to the solid waste disposal plan of a county or other political subdivision if the plan requires the purchase of a specifically designated containment bag for solid waste disposal;

(49) postage purchased by a person engaged in the business of selling advertising services for clients consisting of mailing, or directing the mailing of, printed advertising material through the United States mail directly to the client’s customers or potential customers or by a person to mail or direct the mailing of printed advertising material through the United States mail to a potential customer;

(50)(a) recycling property;

(b) electricity, natural gas, propane, or fuels of any type, oxygen, hydrogen, nitrogen, or gasses of any type, and fluids and lubricants used by a qualified recycling facility;

(c) tangible personal property which becomes, or will become, an ingredient or component part of products manufactured for sale by a qualified recycling facility;

(d) tangible personal property of or for a qualified recycling facility which is or will be used (1) for the handling or transfer of postconsumer waste material, (2) in or for the manufacturing process, or (3) in or for the handling or transfer of manufactured products;

(e) machinery and equipment foundations used or to be used by a qualified recycling facility;

(f) as used in this item, “recycling property”, “qualified recycling facility”, and “postconsumer waste material” have the meanings provided in Section 12‑6‑3460;

(51) material handling systems and material handling equipment used in the operation of a distribution facility or a manufacturing facility including, but not limited to, racks used in the operation of a distribution facility or a manufacturing facility and either used or not used to support a facility structure or part of it. To qualify for this exemption, the taxpayer shall notify the department before the first month it uses the exemption and shall invest at least thirty‑five million dollars in real or personal property in this State over the five‑year period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the thirty‑five million dollar investment requirement or, after the expiration of the five years, that it has not met the thirty‑five million dollar investment requirement. The department may assess any tax due on material handling systems and material handling equipment purchased tax‑free pursuant to this item but due the State as a result of the taxpayer’s failure to meet the thirty‑five million dollar investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the thirty‑five million dollar investment requirement.

(52) Parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers. This exemption does not extend to tools and other equipment not attached to or that do not become a part of the aircraft.

(53) motor vehicle extended service contracts and motor vehicle extended warranty contracts.

(54) clothing and other attire required for working in a Class 100 or better as defined in Federal Standard 209E clean room environment.

(55) audiovisual masters made or used by a production company in making visual and audio images for first generation reproduction. For purposes of this item:

(a) “Audiovisual master” means an audio or video film, tape, or disk, or another audio or video storage device from which all other copies are made.

(b) “Production company” means a person or entity engaged in the business of making motion picture, television, or radio images for theatrical, commercial, advertising, or education purposes.

(56) Machines used in research and development. “Machines” includes machines and parts of machines, attachments, and replacements which are used or manufactured for use on or in the operation of the machines, which are necessary to the operation of the machines, and which are customarily used in that way. “Machines used in research and development” means machines used directly and primarily in research and development, in the experimental or laboratory sense, of new products, new uses for existing products, or improvement of existing products.

(57)(a) sales taking place during a period beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday of:

(i) clothing;

(ii) clothing accessories including, but not limited to, hats, scarves, hosiery, and handbags;

(iii) footwear;

(iv) school supplies including, but not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators;

(v) computers, printers and printer supplies, and computer software;

(vi) bath wash clothes, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs and mats, pillows, and pillow cases.

(b) The exemption allowed by this item does not apply to:

(i) sales of jewelry, cosmetics, eyewear, wallets, watches;

(ii) sales of furniture;

(iii) a sale of an item placed on layaway or similar deferred payment and delivery plan however described;

(iv) rental of clothing or footwear;

(v) a sale or lease of an item for use in a trade or business.

(c) Before July tenth of each year, the department shall publish and make available to the public and retailers a list of those articles qualifying for the exemption allowed by this item.

(58) cooperative direct mail promotional advertising materials and promotional maps, brochures, pamphlets, or discount coupons by nonprofit chambers of commerce or convention and visitor bureaus who are exempt from income taxation pursuant to Internal Revenue Code Section 501(c) delivered at no charge by means of interstate carrier, a mailing house, or a United States Post Office to residents of this State from locations both inside and outside the State. For purposes of this item, “cooperative direct mail promotional advertising materials” means discount coupons, advertising leaflets, and similar printed advertising, including any accompanying envelopes and labels which are distributed with promotional advertising materials of more than one business in a single package to potential customers, at no charge to the potential customer, of the businesses paying for the delivery of the material.

(59) facilities for transmitting electricity that is transferred, sold, or exchanged by electrical utilities, municipalities, electric cooperatives, or political subdivisions to a limited liability company which is subject to regulation under the Federal Power Act (16 U.S.C. Section 791(a)) and which is formed to operate or to take functional control of electric transmission assets as defined in the Federal Power Act;

(60) a lottery ticket sold pursuant to Chapter 150 of Title 59;

(61) copies of or access to legislation or other informational documents provided to the general public or any other person by a legislative agency when a charge for these copies is made reflecting the agency’s cost of the copies. Funds received as revenue from the sale of materials or as reimbursements for the cost of providing certain supplies or services or refunds must be remitted to the State Treasurer as collected, but in no event later than twelve working days from the date of the receipt of any such funds.

(62) seventy percent of the gross proceeds of the rental or lease of portable toilets.

(63) prescription and over‑the‑counter medicines and medical supplies, including diabetic supplies, diabetic diagnostic equipment, and diabetic testing equipment, sold to a health care clinic that provides medical and dental care without charge to all of its patients.

(64) Sweetgrass baskets made by artists of South Carolina using locally grown sweetgrass.

(65)(a) computer equipment, as defined in subitem (c) of this item, used in connection with a technology intensive facility as defined in Section 12‑6‑3360(M)(14)(b), where:

(i) the taxpayer invests at least three hundred million dollars in real or personal property or both comprising or located at the facility over a five‑year period;

(ii) the taxpayer creates at least one hundred new full‑time jobs at the facility during that five‑year period, and the average cash compensation of at least one hundred of the new full‑time jobs is one hundred fifty percent of the per capita income of the State according to the most recently published data available at the time the facility’s construction starts; and

(iii) at least sixty percent of the three hundred million dollars minimum investment consists of computer equipment;

(b) computer equipment, as defined in subitem (c) of this item, used in connection with a manufacturing facility, where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at the facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the facility during that seven‑year period.

As used in this subitem, “taxpayer” includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code.

(c) For the purposes of this item, “computer equipment” means original or replacement servers, routers, switches, power units, network devices, hard drives, processors, memory modules, motherboards, racks, other computer hardware and components, cabling, cooling apparatus, and related or ancillary equipment, machinery, and components, the primary purpose of which is to store, retrieve, aggregate, search, organize, process, analyze, or transfer data or any combination of these, or to support related computer engineering or computer science research.

(d) These exemptions apply from the start of the investment in or construction of the technology intensive facility or the manufacturing facility. The taxpayer shall notify the Department of Revenue of its use of the exemption provided in this item on or before the first sales tax return filed with the department after the first such use. Upon receipt of the notification, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes under this item. Within six months after the fifth anniversary of the taxpayer’s first use of this exemption, the taxpayer shall notify the department in writing that it has or has not met the investment and job requirements of this item by the end of that five‑year period. Once the department certifies that the taxpayer has met the investment and job requirements, all subsequent purchases of or investments in computer equipment, including to replace originally deployed computer equipment or to implement future expansions, likewise shall qualify for the exemption described above, regardless of when the taxpayer makes the investments.

(e) The department may assess any tax due on property purchased tax free pursuant to this item but due the State if the taxpayer subsequently fails timely to meet the investment and job requirements of this item after being granted the exemption; for purposes of determining whether the taxpayer has timely satisfied the investment requirement, replacement computer equipment counts toward the investment requirement to the extent that the value of the replacement computer equipment exceeds the cost of the computer equipment so replaced, but, provided the taxpayer otherwise qualifies for the exemption, the full value of the replacement computer equipment is exempt from sales and use tax. The running of the periods of limitation within which the department may assess taxes provided pursuant to Section 12‑54‑85 is suspended during the time period beginning with the taxpayer’s first use of this exemption and ending with the later of the fifth anniversary of first use or notice to the department that the taxpayer either has met or has not met the investment and job requirements of this item;

(66) electricity used by a technology intensive facility as defined in Section 12‑6‑3360(M)(14)(b) and qualifying for the sales tax exemption provided pursuant to item (65) of this section, and the equipment and raw materials including, without limitation, fuel used by such qualifying facility to generate, transform, transmit, distribute, or manage electricity for use in such a facility. The running of the periods of limitation within which the department may assess taxes pursuant to Section 12‑54‑85 is suspended during the same time period it is suspended in item (65)(d) of this section.

(67) effective July 1, 2011, construction materials used in the construction of a new or expanded single manufacturing or distribution facility, or one that serves both purposes, with a capital investment of at least one hundred million dollars in real and personal property at a single site in the State over an eighteen‑month period, or effective November 1, 2009, construction materials used in the construction of a new or expanded single manufacturing facility where:

(i) the taxpayer invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at the facility over a seven‑year period; and

(ii) the taxpayer creates at least three thousand eight hundred full‑time new jobs at the facility during that seven‑year period.

To qualify for this exemption, the taxpayer shall notify the department before the first month it uses the exemption and shall make the required investment over the applicable time period beginning on the date provided by the taxpayer to the department in its notices. The taxpayer shall notify the department in writing that it has met the investment requirement or, after the expiration of the applicable time period, that it has not met the investment requirement. The department may assess any tax due on construction materials purchased tax free pursuant to this subitem but due the State as a result of the taxpayer’s failure to meet the investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the investment requirement.

As used in this subitem, “taxpayer” includes a person who bears a relationship to the taxpayer as described in Section 267(b) of the Internal Revenue Code.

(68) any property sold to the public through a sheriff’s sale as provided by law.

(69) the sale or renewal of a warranty, maintenance, or similar service contract for tangible personal property if the sale or purchase of the tangible personal property covered by the contract is exempt or excluded from the tax imposed by this chapter.

(70)(a) gold, silver, or platinum bullion, or any combination of this bullion;

(b) coins that are or have been legal tender in the United States or other jurisdiction; and

(c) currency.

The department shall prescribe documentation that must be maintained by retailers claiming the exemption allowed by this item. This documentation must be sufficient to identify each individual sale for which the exemption is claimed.

(71) any device, equipment, or machinery operated by hydrogen or fuel cells, any device, equipment, or machinery used to generate, produce, or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications, and any device, equipment, or machinery used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies. For purposes of this item:

(a) “fuel cells” means a device that directly or indirectly creates electricity using hydrogen (or hydrocarbon‑rich fuel) and oxygen through an electro‑chemical process; and

(b) “research and development” means laboratory, scientific, or experimental testing and development of hydrogen or fuel cell technologies. Research and development does not include efficiency surveys, management studies, consumer surveys, economic surveys, advertising, or promotion, or research in connection with literary, historical, or similar projects.

(72) any building materials used to construct a new or renovated building or any machinery or equipment located in a research district. However, the amount of the sales tax that would be assessed without the exemption provided by this section must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within twenty‑four months of the purchase of an exempt item.

“Research district” means land owned by the State, a county, or other public entity that is designated as a research district by the University of South Carolina, Clemson University, the Medical University of South Carolina, South Carolina State University, or the Savannah River National Laboratory.

(73) an amusement park ride and any parts, machinery, and equipment used to assemble, operate, and make up an amusement park ride or performance venue facility located in a qualifying amusement park or theme park and any related or required machinery, equipment, and fixtures located in the same qualifying amusement park or theme park.

(a) To qualify for the exemption, the taxpayer shall meet the investment and job requirements provided in subsubitem (i) of subitem (b) over a five‑year period beginning on the date of the taxpayer’s first use of this exemption. The taxpayer shall notify the Department of Revenue of its intent to qualify and use this exemption and upon receipt of the notification, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes under this item. Within six months after the fifth anniversary of the taxpayer’s first use of this exemption, the taxpayer shall notify the department, in writing, that it has or has not met the investment and job requirements of this item. If the taxpayer fails to meet the investment and job requirements, the taxpayer shall pay to the State the amount of the tax that would have been paid but for this exemption. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for this time period beginning with the taxpayer’s first use of this exemption and ending with notice to the department that the taxpayer has or has not met the investment and job requirements of this item.

(b) For purposes of this item:

(i) “Qualifying amusement park or theme park” means a park that is constructed and operated by a taxpayer who makes a capital investment of at least two hundred fifty million dollars at a single site and creates at least two hundred fifty full‑time jobs and five hundred part‑time or seasonal jobs.

(ii) “Related or required machinery, equipment, and fixtures” means an ancillary apparatus used for or in conjunction with an amusement park ride or performance venue facility, or both, including, but not limited to, any foundation, safety fencing and equipment, ticketing, monitoring device, computer equipment, lighting, music equipment, stage, queue area, housing for a ride, electrical equipment, power transformers, and signage.

(iii) “Performance venue facility” means a facility for a live performance, nonlive performance, including any animatronics and computer‑generated performance, and firework, laser, or other pyrotechnic show.

(iv) “Taxpayer” means a single taxpayer or, collectively, a group of one or more affiliated taxpayers. An “affiliated taxpayer” means a person or entity related to the taxpayer that is subject to common operating control and that is operated as part of the same system or enterprise. The taxpayer is not required to own a majority of the voting stock of the affiliate.

(74) durable medical equipment and related supplies:

(a) as defined under federal and state Medicaid and Medicare laws;

(b) which is paid directly by funds of this State or the United States under the Medicaid or Medicare programs, where state or federal law or regulation authorizing the payment prohibits the payment of the sale or use tax; and

(c) sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in this State.

(75) unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons. However, the exemption allowed by this item applies only to the state sales and use tax imposed pursuant to this chapter.

(76) sales of handguns as defined pursuant to Section 16‑23‑10(1), rifles, and shotguns during the forty‑eight hours of the Second Amendment Weekend. For purposes of this item, the “Second Amendment Weekend” begins at 12:01 a.m. on the Friday after Thanksgiving and ends at twelve midnight the following Saturday.

(77) Energy efficient products purchased for noncommercial home or personal use with a sales price of two thousand five hundred dollars per product or less.

(a) For the purposes of this exemption, an “energy efficient product” is any energy efficient product for noncommercial home or personal use consisting of any dishwasher, clothes washer, air conditioner, ceiling fan, fluorescent light bulb, dehumidifier, programmable thermostat, refrigerator, door, or window, the energy efficiency of which has been designated by the United States Environmental Protection Agency and the United States Department of Energy as meeting or exceeding each agency’s energy‑saving efficiency requirements or which have been designated as meeting or exceeding such requirements under each agency’s ENERGY STAR program, and gas, oil, or propane water heaters with an energy factor of 0.80 or greater and electric water heaters with an energy factor of 2.0 or greater.

(b) This exemption shall not apply to purchases of energy efficient products purchased for trade, business, or resale.

(c) The exemption provided in this item applies only to sales occurring during a period commencing at 12:01 a.m. on October 1, 2009, and concluding at 12:00 midnight on October 31, 2009, (National “Energy Efficiency Month”) and every year thereafter until 2019.

(d) Each year until 2019, the State Energy Office shall prepare an annual report on the fiscal and energy impacts of the October first through October thirty‑first exemption and submit the report to the General Assembly no later than January first of the following year.

(e) Beginning with the February 15, 2009, forecast by the Board of Economic Advisors of annual general fund revenue growth for the upcoming fiscal year, and annually after that, if the forecast of that growth then and in any adjusted forecast made before the beginning of the fiscal year equals at least five percent of the most recent estimate by the board of general fund revenues for the current fiscal year, then the exemption allowed by this item shall be allowed for the applicable year. If the February fifteenth forecast or adjusted forecast annual general fund revenue growth for the upcoming fiscal year meets the requirement for the credit, the board promptly shall certify this result in writing to the department.

(78) machinery and equipment, building and other raw materials, and electricity used in the operation of a facility owned by an organization which qualifies as a tax exempt organization pursuant to the Internal Revenue Code Section 501(c)(3) when the facility is principally used for researching and testing the impact of such natural hazards as wind, fire, water, earthquake, and hail on building materials used in residential, commercial, and agricultural buildings. To qualify for this exemption, the taxpayer shall notify the department of its intent to qualify and shall invest at least twenty million dollars in real or personal property at a single site in this State over the three‑year period beginning on the date provided by the taxpayer to the department in its notices. After the taxpayer notifies the department of its intent to qualify and use the exemption, the department shall issue an appropriate exemption certificate to the taxpayer to be used for qualifying purposes. Within six months of the third anniversary of the taxpayer’s first use of the exemption, the taxpayer shall notify the department in writing that it has met the twenty million dollar investment requirement or, that it has not met the twenty million dollar investment requirement. The department may assess any tax due on the machinery and equipment purchased tax free pursuant to this item but due the State as a result of the taxpayer’s failure to meet the twenty million dollar investment requirement. The running of the periods of limitations for assessment of taxes provided in Section 12‑54‑85 is suspended for the time period beginning with notice to the department before the taxpayer uses the exemption and ending with notice to the department that the taxpayer either has met or has not met the twenty million dollar investment requirement.

**SECTION 12‑36‑2130.** Exemptions from use tax.

Exempted from the use tax imposed by Article 13 of this chapter are the sales prices of:

(1) property the gross proceeds of sales of which are required to be included in the measure of the tax imposed by the provisions of Article 9 of this chapter and on which the tax has been paid by its seller or retailer.

(2) tangible personal property and exhibition rentals purchased or leased from sources outside this State by charitable, eleemosynary, or governmental organizations operating museums if the property purchased or leases entered into are directly related to museum purposes.

ARTICLE 25.

GENERAL PROVISIONS

**SECTION 12‑36‑2510.** Certificates allowing taxpayer to purchase tangible personal property tax free and be liable for taxes; procedures when claiming exemption.

(A)(1) Notwithstanding other provisions of this chapter, the department, at its discretion, may issue or authorize for the efficient administration of the sales and use tax law any type of certificate allowing a taxpayer to purchase tangible personal property tax free and be liable for any taxes.

(2) In addition to any other type of certificate the department considers necessary to issue, the department may issue at its discretion:

(a) Direct Pay Certificate: a direct pay certificate allows its holder to make all purchases tax free and to report and pay directly to the department any taxes due. The holder of a direct pay certificate is liable for any taxes due. If an exemption or exclusion is not applicable, the tax is due upon the withdrawal, use, or consumption of the tangible personal property purchased with the certificate.

(b) Exemption Certificate: an exemption certificate, as opposed to allowing its holder to make all purchases tax free, allows its holder to make only certain purchases tax free such as machinery, electricity, or raw materials. The holder of an exemption certificate is liable for any taxes due. If an exemption or exclusion is not applicable, the tax is due upon purchase, or upon the withdrawal, use, or consumption of the tangible personal property purchased with the certificate if the application of the exemption or exclusion cannot be determined at the time of purchase.

(B) To reduce the complexity and administrative burden of transactions exempt from sales or use tax, the following provisions must be followed when a purchaser claims an exemption by use of an exemption certificate:

(1) the seller shall obtain at the time of the purchase any information determined necessary by the department, including the reason the purchaser is claiming a tax exemption or exclusion;

(2) the department, at its discretion, may utilize a system where the purchaser exempt from the payment of the tax is issued an identification number which must be presented to the seller at the time of the sale;

(3) the seller shall maintain proper records of exempt or excluded transactions and provide them to the department when requested and in the form requested by the department.

(C) A seller that complies with the provisions of this section is relieved from any tax otherwise applicable if it is determined that the purchaser improperly claimed an exemption or exclusion by use of a certificate, provided the seller did not fraudulently fail to collect or remit the tax, or both, or solicit a purchaser to participate in an unlawful claim of an exemption. The liability for tax shifts to the purchaser who improperly claimed the exemption or exclusion by use of the certificate.

**SECTION 12‑36‑2520.** Tax liability when property delivered out of state; violations.

If the seller delivers tangible personal property to the purchaser in a state other than South Carolina and receives from the purchaser a statement, given under oath, that the property was purchased for storage, use, or consumption outside of South Carolina and that the property will not be returned for storage, use, or consumption in South Carolina, the sales or use tax due on the transactions will be transferred to the purchaser if the statement contains a description of the property, the date of sale, the amount of the purchase price, and the city and state of delivery. The statement must be retained by the seller and, upon request forwarded to the department. The department may forward a copy of the statement to the taxing authority of the state of delivery. If the property is subsequently stored, used, or consumed in this State, the purchaser, in addition to the sales or use tax, shall pay a penalty in an amount equal to fifty percent of the tax.

**SECTION 12‑36‑2530.** Documentation of entitlement to tax exemption for goods to be delivered out of state; tax on property delivered in state for removal from state by purchaser.

The department may require all retailers in this State making retail sales exempt pursuant to Section 12‑36‑2120(36) to furnish to the department copies of all invoices or suitable substitutes containing the name and address of the purchaser, a brief description of the goods sold, and the total amount of the sale regarding each retail sale of five hundred dollars or greater, not aggregated by amount over any period of time, with their monthly returns. Where, pursuant to a retail sale, tangible personal property is delivered in this State to the buyer or to an agent of the buyer other than a carrier, the retail sales tax applies notwithstanding that the buyer may transport subsequently the property out of the State.

**SECTION 12‑36‑2540.** Duty to keep records and books.

(A) Every person engaging in any business, for which a privilege or excise tax is imposed by this chapter, shall keep and preserve suitable records of the business, as considered necessary by the department, to determine the amount of tax due under this chapter. The taxpayer shall keep and preserve records, such as purchase invoices, for three years. Invoices must bear the name and address of the vendor.

(B) Any person selling both at wholesale and at retail shall keep books which separately show the gross proceeds of wholesale sales and the gross proceeds of retail sales. If the records are not separately kept, all sales must be considered retail sales.

(C) Every seller and every person storing, using, or otherwise consuming, in this State, tangible personal property purchased from a retailer shall keep records, receipts, invoices, and other pertinent papers in the form the department requires.

**SECTION 12‑36‑2550.** Use of overpayment of tax to offset underpayment or penalty.

Notwithstanding the provisions of this chapter, the department may offset overpayments for a period or periods, together with interest on the overpayments, against:

(1) underpayments for another period or periods, and

(2) penalties and interest on the underpayments.

**SECTION 12‑36‑2560.** Payment of tax on sales made on installment basis.

On all sales of retailers liable for the tax imposed by Article 9 of this chapter (sales tax) made on an installment basis which conform to the provisions of the Uniform Commercial Code in which the retailer takes a security interest, the vendor may elect to include in the return only the portion of the sales price actually received by the retailer during the taxable period or to include the entire sales price in the return for the taxable period during which the sale was consummated. Having once elected either method of reporting the sales, the taxpayer must continue unless and until permission has been received from the department to make a change. Nothing in this section may be construed to permit delay in reporting sales under other terms of credit or cash sales.

The department may, for any cause, require a taxpayer to include in his returns the entire sales price of articles sold on an installment basis which conforms to the provisions of the Uniform Commercial Code in which the retailer takes a security interest.

**SECTION 12‑36‑2570.** Time when tax payment due; monthly report.

(A) The taxes imposed under the provisions of this chapter, except as otherwise provided, are due and payable in monthly installments on or before the twentieth day of the month following the month in which the tax accrues.

(B) On or before the twentieth day of each month, every person on whom the taxes under this chapter are imposed shall render to the department, on a form prescribed by it, a true and correct statement showing, by location, the gross proceeds of wholesale and retail sales of his business, and sales price of the property purchased for storage, use, or consumption in this State, together with other information the department may require.

(C) At the time of making a monthly report, the person shall compute the taxes due and pay to the department the amount of taxes shown to be due. A return is considered to be timely filed if the return is mailed and has a postmark dated on or before the date the return is required by law to be filed.

(D) The department may permit the filing of returns every twenty‑eight days. These returns must be filed within twenty days following the period covered by the return.

(E) The department may enter into an agreement with a taxpayer which allows the taxpayer to remit the tax on statistical factors as set forth in the agreement. This method of reporting only applies to purchases by the taxpayer for its use, storage, or consumption, and not to purchases by the taxpayer for resale.

**SECTION 12‑36‑2580.** Special authorization to pay tax quarterly.

When the total tax for which any person is liable under this chapter does not exceed one hundred dollars for any month, a quarterly return and remittance, instead of a monthly return, may be made on or before the twentieth day of the month following the end of the quarter for which the tax is due, when specifically authorized by the department and under rules and regulations prescribed or promulgated by the department.

**SECTION 12‑36‑2590.** Department authorized to require returns and payment for other than monthly periods.

The department, if it considers it necessary, may require returns and payment of the tax for other than monthly periods.

**SECTION 12‑36‑2610.** Discount for timely payment of tax.

When a sales or use tax return required by Section 12‑36‑2570 and a local sales and use tax law administered and collected by the department on behalf of a local jurisdiction is filed and the taxes due on it are paid in full on or before the final due date, including any date to which the time for making the return and paying the tax has been extended pursuant to the provisions of Section 12‑54‑70, the taxpayer is allowed a discount as follows:

(1) on taxes shown to be due by the return of less than one hundred dollars, three percent;

(2) on taxes shown to be due by the return of one hundred dollars or more, two percent.

In no case is a discount allowed if the return, or the tax on it is received after the due date, pursuant to Section 12‑36‑2570, or after the expiration of any extension granted by the department. The discount permitted a taxpayer under this section may not exceed three thousand dollars during any one state fiscal year. However, for taxpayers filing electronically, the discount may not exceed three thousand one hundred dollars. A person making sales into this State who cannot be required to register for sales and use tax under applicable law but who nevertheless voluntarily registers to collect and remit use tax on items of tangible personal property sold to customers in this State is entitled to a discount on returns filed as otherwise provided in this section not to exceed ten thousand dollars during any one state fiscal year.

**SECTION 12‑36‑2620.** Sales and use taxes composed of two components.

The taxes imposed by Sections 12‑36‑910, 12‑36‑920(B), 12‑36‑1310, and 12‑36‑1320 are composed of two taxes as follows:

(1) a four percent tax, which must be credited as provided in Section 59‑21‑1010(A), and

(2) a one percent tax, which must be credited as provided in Section 59‑21‑1010(B). The one percent tax specified in this item does not apply to sales to an individual eighty‑five years of age or older purchasing tangible personal property for his own personal use, if at the time of sale, the individual requests the one percent exclusion from tax and provides the retailer with proof of age.

**SECTION 12‑36‑2630.** Seven percent sales tax on accommodations for transients composed of three components.

The tax imposed by Section 12‑36‑920(A) is composed of three taxes as follows:

(1) a four percent tax which must be credited as provided in Section 59‑21‑1010(A); and

(2) a one percent tax, which must be credited as provided in Section 59‑21‑1010(B). The one percent tax specified in this item (2) does not apply to sales to an individual eighty‑five years of age or older purchasing tangible personal property for his own personal use, if at the time of sale, the individual requests the one percent exclusion from tax and provides the retailer with proof of age; and

(3) a two percent local accommodations tax, which must be credited to the political subdivisions of the State in accordance with Chapter 4 of Title 6. The proceeds of this tax, less the department’s actual increase in the cost of administration and the expenses of the Tourism Expenditure Review Committee established pursuant to Section 6‑4‑35, must be remitted quarterly to the municipality or the county in which it is collected. The two percent tax provided by this item may not be increased except upon approval of two‑thirds of the membership of each House of the General Assembly. However, the tax may be decreased or repealed by a simple majority of the membership of each House of the General Assembly.

The tax imposed by Section 12‑36‑920 must be billed and paid in a single item listed as tax, without itemizing the taxes referred to in this section.

**SECTION 12‑36‑2640.** Casual excise tax composed of two components.

The tax imposed by Section 12‑36‑1710 is composed of two taxes as follows:

(1) a four percent tax which must be credited to the general fund of the State; and

(2) a one percent tax which must be credited as provided in Section 59‑21‑1010(B). The one percent tax specified in this item does not apply to the issuance of certificates of title or other proof of ownership to an individual eighty‑five years of age or older titling or registering a motor vehicle, motorcycle, boat, motor, or airplane for his own personal use, if at the time of sale, the individual requests the one percent exclusion from tax and provides the retailer with proof of age.

**SECTION 12‑36‑2645.** Taxes applicable to proceeds of 900/976 telephone service; tax rate; disposition of revenues.

The sales and use taxes imposed by this chapter also extend to gross proceeds accruing or proceeding from the business of providing 900/976 telephone service except that the applicable rate of the tax is ten percent. All revenues derived from the tax imposed by this section must be credited to the general fund of the State.

**SECTION 12‑36‑2646.** Retailers to post notice of tax exclusion available to individuals 85 years of age or over; penalties.

(A) Retailers shall post a sign at each entrance or each cash register which advises individuals eighty‑five years of age or older of the one percent exclusion from tax available under Sections 12‑36‑2620, 12‑36‑2630, and 12‑36‑2640.

(B) A retailer who fails to post the required signs is subject to a penalty of up to one hundred dollars for each month or portion of the month the sign or signs are not posted. Continued failure to post the signs after a written warning from the Department of Revenue may result in revocation of the retailer’s retail license in accordance with Section 12‑54‑90. Failure to post the signs does not give rise to a cause of action by an individual eighty‑five years of age or older who failed to request the exclusion and provide proof of age at the time of sale.

**SECTION 12‑36‑2650.** Taxes in this chapter not to supersede any other taxes, licenses, or charges.

The taxes imposed by this chapter are in addition to all other taxes, licenses, and charges and no provisions of this chapter may be construed to relieve a person from the payment of a license or privilege tax now or hereafter imposed by law.

**SECTION 12‑36‑2660.** Administration and enforcement of chapter.

The Department of Revenue shall administer and enforce the provisions of this chapter.

**SECTION 12‑36‑2670.** Persons permitted to administer oaths and take acknowledgments.

The director or his designee may administer an oath to a person or take the acknowledgement of a person with respect to a return or report required by this title or the regulations of the department.

**SECTION 12‑36‑2680.** Exemption certificate; exempt sale.

The department shall prescribe an exemption certificate for use by persons purchasing items exempt pursuant to items (5), (6), (7), (16), (18), (32), and (44) of Section 12‑36‑2120. This exemption certificate may be presented upon each purchase by the holder, or the retailer may keep a copy of the certificate on file. When an exempt sale is made pursuant to a certificate on file, the purchaser must note on the purchase invoice the exempt items and state that the items are to be used for exempt purposes. When the purchase order meets the requirements of this section, the liability for any tax determined to be due is solely the purchaser’s.

**SECTION 12‑36‑2690.** Role of distribution facility in determining physical presence in state for sales and use tax purposes.

(A) Notwithstanding another provision of this chapter, owning or utilizing a distribution facility within South Carolina is not considered in determining whether the person has a physical presence in South Carolina sufficient to establish nexus with South Carolina for sales and use tax purposes.

(B) For purposes of this section, a distribution facility is defined in Section 12‑6‑3360.