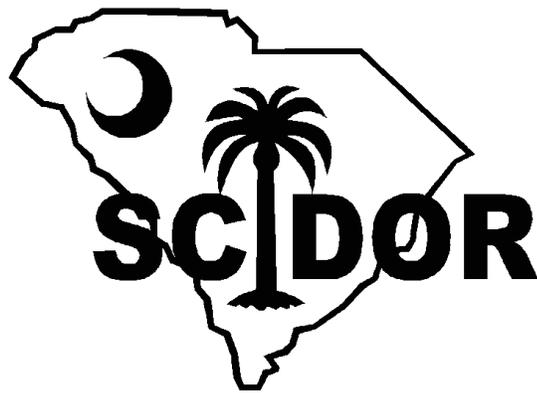


Business Tax Guide



*South Carolina Department of Revenue
Governor Nikki Haley
James F. Etter, Director*

Visit Our Web Site – www.sctax.org
South Carolina Business One Stop – www.scbos.sc.gov

2011 Edition

South Carolina Department of Revenue Taxpayer Service Centers

Charleston

1 Southpark Circle
Suite 100
Charleston, S.C. 29407
Phone: 843-852-3600
Fax: 843-556-1780

Columbia

301 Gervais Street
Columbia SC 29214
Telephone: (803) 898-5000
Fax: (803) 898-5822

Florence

1452 West Evans Street
Florence, S.C. 29502
Phone: 843-661-4850
Fax: 843-662-4876

Greenville

545 North Pleasantburg Drive
Greenville, SC 29607
Telephone: (864) 241-1200
Fax: (864) 232-5008

Myrtle Beach (Walk-ins only)

Old Myrtle Beach Air Force Base
1330 Howard Parkway
Myrtle Beach, SC 29577
Telephone: (843) 839-2960
Fax: (843) 839-2964

Rock Hill

454 South Anderson Road, Ste. 202
Business and Technology Center
Rock Hill, SC 29731
Telephone : (803) 324-7641
Fax: (803) 324-8289

About This Book

This publication is written in general terms for widest possible use. It is intended as a guide only, and the application of its contents to a specific situation will depend on the circumstances involved.

This publication may not be relied upon as a substitute for obtaining professional advice and researching original sources of authority. Nothing in this publication supersedes, alters or otherwise changes provisions of the South Carolina Code, regulations or department advisory opinions.

The South Carolina Department of Revenue would appreciate your comments or notifications of any errors. Such remarks should be sent to: Sara Unrue, Taxpayer Education Coordinator, SC Department of Revenue, PO Box 125, Columbia SC 29214 or via e-mail at TaxpayerEd@sctax.org

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South Carolina Department of Revenue

Post Office Box 125 • 301 Gervais Street • Columbia SC 29214

Congratulations on opening your business! Businesses, both large and small, are vital to South Carolina's long-range economic stability. We believe that by helping businesses succeed, we ultimately aid in the state's prosperity.

If you've registered online at www.scbos.sc.gov, or completed the Business Tax Application, form SCTC-111, you've taken the first step to receiving your new license or registration either online, in person, or through the mail.

If you personally received your license from one of our Taxpayer Service Centers, you've already made contact with a great resource – our staff of professionals. If you have questions or concerns please feel free to contact any of our Taxpayer Service Centers or visit our website at www.sctax.org.

The Department has six Taxpayer Service Centers across the state. See the inside front cover of this publication for the addresses, telephone and fax numbers for each location. We also have staff available at satellite locations at scheduled times—see *page 92* for those locations and times.

If you registered on line at our South Carolina Business One Stop (SCBOS) or by mail, this business tax guide is intended to give you as much information as you need. However, please feel free to call any of our Taxpayer Service Centers or our main office in Columbia, should you have additional questions or concerns.

The following are some of the ways you can help us serve you better:

➤ **File and pay online.** Filing online is easy and can be done anywhere, such as from your desk in the office, or from your computer at home. Payments can be made by MasterCard®, Visa, or with Electronic Funds Withdrawal (EFW.) There are no processing fees for making your payment online. You may also review your payment history on line when you use this method.

➤ **Use appropriate forms.** New businesses will receive a packet of preprinted forms within a few weeks. However, until they are received, please download forms from our website www.sctax.org. *Note: Sales & Withholding accounts will not receive paper forms. See page 9 for more information.*

➤ **Be sure to use your correct South Carolina License and Federal ID numbers.** Write them here so you'll have these very important numbers written down in more than one place.

My South Carolina Retail License #

My Federal ID #

My South Carolina Business/Corporate Tax #

Other #

My South Carolina Withholding #

➤ **File your returns even if you have no income to report or owe no tax.** Failure to do so may result in an estimated assessment of your tax liability as well as penalties and interest. Businesses that have zero sales or zero withholding can file zero returns on-line or by Business Tax TeleFile.

➤ **Make sure you've signed all forms and attached your checks.** Completely and carefully check that you've signed where necessary before mailing your forms.

Taxpayers' Bill of Rights

The Taxpayers' Bill of Rights gives you certain rights when dealing with the South Carolina Department of Revenue.

1. You have the right to apply for assistance from the Taxpayer Rights' Advocate within the Department of Revenue. The advocate or his designee is responsible for facilitating resolution of taxpayer complaints and problems.
2. You have the right to request and receive forms, instructions and other written materials in plain, easy-to-understand language.
3. You have the right to prompt, courteous service from us in all your dealings with the Department of Revenue.
4. You have the right to request and receive written information guides, which explain in simple and nontechnical language, appeal procedures and your remedies as a taxpayer.
5. You have the right to receive notices which contain descriptions of the basis for and identification of amounts of any tax, interest and penalties due.



Under the provisions of Section 12-4-340 of the 1976 code of laws, any outstanding liabilities due and owing to South Carolina Department of Revenue for more than 6 months may be assigned to a private collection agency for collecting actions.

For additional information about the Taxpayers' Bill of Rights contact the Taxpayer Rights Advocate at the South Carolina Department of Revenue (803) 898-5444 or by mail at Taxpayer Rights Advocate, Department of Revenue, PO Box 125, Columbia SC 29214 or e-mail through our website www.sctax.org.

Checklist for New Businesses In South Carolina

For additional assistance, a complete listing of contact information and telephone numbers is located in the Government Assistance Section of this guide (p. 78).

❑ Will you sell or lease any goods or provide any services?

- You may need a retail license (you may obtain this online at www.scbos.sc.gov)
- You should collect and report the sales tax on any sales you make
- Most services are not subject to sales tax – check to see if this applies to your specific situation

❑ Will you have any employees?

- Register as a withholding agent with the Department of Revenue online through www.scbos.sc.gov and the Internal Revenue Service to withhold income taxes from your employees' wages
- You should register to pay unemployment contributions with the Department of Employment and Workforce. This registration can also be done online through www.scbos.sc.gov
- You may need to register with the Workers Compensation Commission. There may be other state, federal and local government agencies where you may need to register. Visit www.wcc.sc.gov for more information or to register

❑ Will you purchase any items for your business?

- If the items are to be used in your business and you did not pay sales tax at the time of purchase, you should pay sales and use tax
- If you resell items with a markup, sales and use tax is due, even if you paid tax when you bought it

❑ Does your business own equipment, furniture or fixtures?

- File a business personal property return each year. "Personal property" is a technical term for items other than real estate and inventory

❑ Will you be selling beer, wine or liquor?

- You must obtain an alcoholic beverage license. (If you are a wholesaler of alcoholic beverages, tobacco, gasoline or soft drinks, special tax rules may apply to you.)

❑ Does your business provide overnight accommodations?

- Register to collect and remit the accommodations tax on all your room rentals, vacation cottages or home rentals

❑ Is your business a place of amusement?

- Apply for an admissions tax license

❑ Will you own and operate coin devices, operated game machines or table games including “juke boxes,” pool tables or foosball tables?

- Register games and owner with the South Carolina Department of Revenue

❑ Do you sell tires, batteries, oil or appliances?

- Register to collect the solid waste excise tax on your sales

❑ Will your business incorporate?

- Register with the Secretary of State
- Register with the South Carolina Department of Revenue

❑ Will you purchase a business from a previous owner?

- Check with the South Carolina Department of Revenue to confirm that the former business has paid all its taxes. This is called a Certificate of Compliance.

Why Do Some New Businesses Fail?

Your new business is more likely to succeed if you avoid the following pitfalls. Some of the reasons new businesses fail are:

1. Failure to pay taxes in a timely manner
2. Filing \$0 Business Personal Property return when the business has depreciable assets reflected on the income return
3. Failure to file and pay Business Personal Property return
4. Failure to pay sales tax on marked-up items
5. Failure to pay use tax on items used in the business
6. Failure to use correct identification number
7. Not using your preprinted forms with identification numbers
8. Failure to advise Department of Revenue of address change
9. Failure to file \$0 returns to the Department of Revenue



We want your business to succeed!

Here are some things you need to do to help make that happen:

- **Read this guide thoroughly – it contains very important information**
- Get assistance whenever you need it! See the list of contact information in the Government Assistance section of this guide.

A Word About Forms

The state and federal forms used in this guide are for informational and educational purposes.

YOU WILL NOT BE MAILED A SALES OR WITHHOLDING TAX BOOKLET IN 2011!



The SC Department of Revenue will be promoting our electronic filing/payment options for sales tax and mailing a CD to taxpayers that contains fillable forms. This CD will perform simple calculations based on information entered by the user. The forms can be printed and mailed to the SC Department of Revenue.

Withholding tax booklets and coupon booklets will also no longer be mailed to withholding tax filers effective January 2011. The agency will be promoting our four electronic filing payment options available to you.

For a list of the electronic filing options, see pages 16-19 of this manual.

You may request state tax forms by using one of three methods:

1. Visit the South Carolina Department of Revenue website at www.sctax.org and go to the Forms and Instructions link on the right side of the page
2. Receive forms by fax when calling the South Carolina Department of Revenue Forms Request System statewide at (800) 768-3676 or 898-5320 in Columbia
3. Visit any of the six Taxpayer Service Centers located around the state

For copies of federal forms you may also use one of three methods:

1. Visit the Internal Revenue Service website at www.irs.gov
2. Using the IRS publication number, you may call (800) 829-3676
3. Visit the Internal Revenue Service office nearest you (see pg. 83)

For copies of other South Carolina state forms, visit the South Carolina Business One Stop at www.scbos.sc.gov. Once on the SCBOS website, scroll your mouse over the blue tab titled SCBOS Library. From the drop-down menu that appears, select Forms Directory and then SC Department of Revenue.

Forms of Business Organization

There are many types of business entities including sole proprietorship, partnership, limited liability partnership (LLP), corporation, limited liability company (LLC), and single member limited liability company.

◆ Sole Proprietorship

A sole proprietorship is a business that is owned by an individual who is solely responsible for all aspects of the business. The owner is personally responsible for all debts of the business, even in excess of the amount invested in the business.

◆ Partnership

A partnership is a legal entity that is jointly owned by two or more individuals. As in the sole proprietorship, the owners are personally responsible for all debts of the business, even those in excess of the amount invested in the business.

◆ Corporation

A corporation is a business that is formed and authorized by law to act as a single taxpayer, although constituted by one or more persons, and is legally endowed with rights and responsibilities. It is advisable to consult a lawyer when organizing a corporation to assure full compliance with state and federal laws.

◆ Limited Liability Company (LLC)

A limited liability company is an unincorporated business association that provides its owners (members) limited liability and flexible management and financial alternatives. An LLC allows you the choice of having the entity taxed as a partnership or as a corporation and provides the limited personal liability of corporations.

◆ Single Member Limited Liability Company

A single member limited liability company that does not elect to be taxed as a corporation for federal income tax purposes will be disregarded for state tax purposes. The revenue, expenses, income, assets, liabilities and equity of the disregarded entity will flow up from the owner to the limited liability company as if it were a division of the owner. Therefore, a single member who is a corporation will consider income from the Single Member LLC as income from one of its divisions. An individual member would consider the income from a Single Member LLC as if it were Schedule C income.

Record Keeping

The best time to set up a record-keeping system for a business is before you start the business. Experience clearly indicates that the use of an adequate record-keeping system increases the chances of business survival.

The key to successful record keeping is a commitment to a system that is:

- Simple to use
- Accurate
- Consistent
- Reliable
- Easy to understand
- Designed to provide information on a timely basis



However, no matter how simple and easy the system is, it will not happen by magic.

You must make it work. Practice the following rules and record keeping will be less of a chore:

- Keep all records in one place
- Develop a regular schedule for recording information

Every business should have up-to-date records that provide the following:

- Complete and accurate tax information
- An accurate record of the financial performance of the business
- A basis for sound planning for the future
- A basis for discussion with partners, potential lenders and others

Record Keeping Tips

Keep the following tips in mind as you develop your record keeping system:

- Get a receipt for everything, even paper and pencils.
- **No receipt means NO deduction.**
- Post all expenses regularly to avoid end-of-the-month and end-of-the-year pile up.
- Simplify record keeping by maintaining accurate, yet uncomplicated books.
- Give a sales slip to each customer. This serves as their receipt and your record.
- Use petty cash with care. Write a voucher each time money is used. Careless use of petty cash can take a large bite out of your profits.
- Be sure to have a business checking account. Pay all bills and deposit business receipts into the account. You can even pay yourself out of this account. Keep all records for six years for tax purposes.
- **NEVER CONSIDER TAX MONIES AS YOUR BUSINESS OPERATING CASH.**

What Records to Keep

Income. The money you receive from sales or services is income. Your records can help identify the source of income.

Receipts can be identified using sales slips, cash register receipts and invoices. It is helpful to categorize income as you receive it and to keep separate records of all sales tax collected.

Expenses. All funds paid out should be recorded. Each expenditure should be identified according to its use and whether it is a capital or non-capital expenditure.

Account receivable. You should keep a record of money owed to you and the reason. Most new businesses cannot afford to offer extensive credit. A system should also be developed to collect money owed to the business and to keep track of the age of the receivables.

Accounts payable. A record of goods or services received on account or credit is called an accounts payable. You must pay for these goods and services. Consider them a cost of business.

Inventory. Develop a system to record inventory. You will need to record the value of your beginning and ending inventory each year for tax purposes.

Depreciation of equipment and fixed assets. Many businesses need equipment, fixtures and facilities in order to function. The use of these items results in certain loss of value and at some future date these items will need to be replaced. This is a cost of business operations and must be a part of a complete record-keeping system.

Insurance records. Most businesses need liability and property loss insurance. You will need to keep a record of each policy, dates effective and annual premiums.

Payroll records. If you have employees, record keeping is more involved. It is necessary to keep records of payroll payments including the rate of pay, federal and state withholding tax, unemployment tax, workers compensation, pension plans, etc.

Establishing Good Business Practices & Procedures

The suggestions listed here can help a new business owner simplify the record-keeping process.

If these guidelines are used before the transactions begin to occur, confusion, duplication and lost tax benefits can be avoided.

Maintain separate business checking accounts, charge accounts and savings accounts.

This ensures that transactions are clearly identified as business, and a supporting document is created for each check written or deposit made. A checking account eliminates the need for cash payments which are difficult to track and support without records.

A separate checking account is only effective in tracking expenditures if you resist writing checks payable to "Cash" or yourself.

Pay all bills by electronic funds transfer (EFT), credit card or check.

This is your record of having paid bills and makes it easier to analyze expenditures.

Do NOT pay in cash.

Create a petty cash fund. For small expenses it is often practical to pay cash, retain the receipt, and reimburse yourself through a petty cash fund.

Be sure to document the receipts and reconcile the fund on a regular basis.

Develop a filing system.

Keep records supporting items in a tax return until the statute of limitations for that return expires (usually six years).

If you depreciate or sell an asset, you should keep records that verify your purchase as long as they are needed to figure the basis of the original or replacement of the property. Keep your old tax returns. They help jog the memory in preparing subsequent years' returns. Start with something simple and modify or expand as needed.

Prepare income deposit and disbursement procedures.

Sketch out the steps you follow when receiving cash, recording and depositing money.

Don't keep cash or checks lying around which can invite theft or loss. Endorse all checks for deposit only as soon as you receive them.

Decide on a routine for receiving bills or outstanding payables, checking the accuracy of the invoice, paying, recording the expenditure and filing the documentation associated with the transaction.

Set aside time on a monthly basis to review the accounts, balance the business checkbook and total the income and expenditure accounts.

Keep an accurate auto mileage log.

Nearly all small business owners are eligible for a vehicle expense deduction.

Record Retention

It may seem premature to worry about record retention during the start-up of a business, but remember that once records are discarded it is unlikely they can be replaced. Here are a few guidelines to ensure that you keep the appropriate records.

1. Records directly related to the preparation of tax returns should be kept a minimum of three years after the due date of the return. However, it is a better practice to keep such records for six years since the statute of limitations allows six years for audit under special circumstances.
2. Keep all tax returns as filed and amended indefinitely. Such returns are often important for carry-overs of tax credits and operating losses.
3. Records that are permanent should be kept in a fireproof file. Examples include cashbooks, fixed asset and depreciation schedules, general ledgers, journals and financial statements.
4. Canceled checks, bank statements, accounts payable and receivable records, inventory schedules, payroll records, sales and invoicing details should be kept for six years.

Postage Rate Information



When mailing forms be certain that the postage on your envelope is sufficient and your complete return address in the upper left corner. Also, please remember:

- Envelopes with insufficient postage will be returned to you by the post office and will not be considered timely filed if not received by the due date
- If your envelope contains more than three pages, it may require additional postage; consider taking it to the post office to determine the proper postage

For Additional Information

- ★ For more information pertaining to taxes, visit the Department of Revenue's home page on the Internet at www.sctax.org.
- ★ The Office of Taxpayer Education at the Department of Revenue offers a variety of tax and business-related seminars and workshops on a wide range of topics on a regular basis. Contact Taxpayer Education at (803) 898-5593 or visit the Department of Revenue website www.sctax.org and look under the Tax Workshops button to receive additional information.

South Carolina Business One Stop

www.scbos.sc.gov



With SCBOS you can:

- Establish a business entity with Secretary of State.
- Reserve/Register/Adopt business names with Secretary of State.
- Register as an employer with the Department of Employment and Workforce.
- Apply and renew Alcohol Beverage Licenses with Department of Revenue.
- Apply and renew Consumer Credit Grantor filings with Department of Consumer Affairs.

SCBOS is designed to be a one stop resource for new and established businesses to electronically meet state requirements for registration, licensing, permitting, and filing reports and returns with multiple South Carolina state agencies. SCBOS is also a great resource to find additional state and federal information for starting a business in South Carolina.

SCBOS currently features applications and filings for six state agencies including the Department of Revenue, Secretary of State, Department of Employment and Workforce, Department of Health and Environmental Control, Department of Consumer Affairs, and the Department of Plant Industry at Clemson University.

Once ready to get started using SCBOS, you will be required to create a new user profile or login to an existing account for returning users. If you already have a user profile established with the Department of Revenue, you may use the same login information to access SCBOS. Once logged into your SCBOS account, you will have direct access to the applications and filings offered thru SCBOS, in addition to the Department of Revenue e-Applications, like e-Sales and e-Withholding.

SCBOS also features a Help Center available to assist customers with any questions or issues they may be experiencing. The SCBOS Help Center is available Monday - Friday, 8:30am to 4:45pm. There are four ways customers and taxpayers may contact with the Help Center:



(803) 898-5690



scboshelp@scbos.sc.gov



Live Chat



(803) 737-6018

Electronic Services

Business Tax TeleFile for Reporting Zero Sales & Withholding Taxes

Sales tax filers who have zero gross proceeds of sales, rentals, use tax, and withdrawals for own use for the filing period may use our Business Tax TeleFile for Sales & Use Taxes. **Withholding** tax filers who have a zero payment amount due with the return for the filing period may also use the Business Tax TeleFile System for Withholding Taxes.



To start the process, please dial (803) 898-5918 and follow the recorded instructions. First time users are required to register on the system prior to filing their first return. The process for Sales Tax filers takes less than 5 minutes to complete. It takes about 10 minutes to complete the process for Withholding Tax filers.

If assistance is needed with sales tax related questions, you can contact the DOR Sales Tax Help Line at (803) 898-5788. For assistance with withholding tax related questions, please contact the DOR Withholding Tax Help Line at 803-898-5752.

For all TeleFile support issues, you should contact the Business Tax TeleFile Help Line at 803-896-1715 or contact us by e-mail at telefile@sctax.org.

Electronic Funds Transfer

Taxpayers can use touchtone, voice activated or internet methods for Automated Clearing House (ACH) debit payments through a partnering vendor. ACH Credit payments are also accepted when initiated through the taxpayer's financial institution. Make the following tax payments through this system:

- Withholding
- Corporate
- Other Miscellaneous Business Taxes

Advantages of participating in the EFT program include:

- Accurate timing of payment from your bank account
- Comprehensive audit trail for both the return and the payment

For information about registering for EFT, please call 1-800-476-0311, or e-mail BusinessEFT@sctax.org.

Electronic Funds Transfer (EFT)/Electronic Data Interchange (EDI)

The Department of Revenue has designed an Electronic Filing Program (EFT/EDI) for the transmission of your payment and filing your tax return information for **sales, use, accommodations, durable medical, local option and/or special local taxes**. This method requires taxpayers to use an approved software package. EDI allows keying or importing of tax information. Electronic payments can be made by using the ACH (Automated Clearing House) debit or credit method.

If you are interested in filing and paying one tax through EFT/EDI, you must file and pay all of these taxes through EFT/EDI. For example, you cannot file and pay sales tax through this program and pay local option through a conventional process.

Be aware that you must file both the return and the payment electronically; you cannot choose to do one part electronically and the other in a conventional method.

Advantages of participating in the EDI/EFT program include:

- Eliminates paperwork, no more paper returns and checks
- Reduces return error potential due to no re-keying; no manual intervention
- Accurate timing of payment from your bank account
- Comprehensive audit trail for both the return and the payment

For information about registering for Sales EFT/EDI, please call 1-800-476-0311, or e-mail BusinessEFT@sctax.org.



Electronic Sales

The South Carolina Department of Revenue Electronic Sales Tax System (ESales) is designed to give taxpayers a *FAST, FREE and SECURE* way to file and pay their sales, use, accommodations, local option and special local taxes on-line.

ESales will allow the filing of the following forms:

- ST-3 - Sales and Use Tax Return
- ST-3EZ – Simplified Sales Tax Return
- ST-388 - Sales, Use, Accommodations and Local Option Tax Return
- ST-389 – Schedule for Local Taxes
- ST-455 – Maximum Sales Tax Return
- ST-501 - Durable Medical Equipment and Related Supplies

The SC Department of Revenue's ESales System will allow you to make payments by EFW (Electronic Funds Withdrawal/Bank Draft) or credit card (MasterCard and VISA).

For more information, go to www.sctax.org and click on Electronic Services. Then, click on the Sales and Use link to see more details about ESales. For technical questions call 803-896-1715.

Electronic Payment over the Internet



You may also make Withholding Tax, Corporate Tax Declarations, Corporate Extensions, Individual Income (SC1040V's) and delinquent payments online by using our ePAY system from our website. There is no cost to you and no registration is required. Using the ePAY system, payments are submitted by credit card or by electronic funds withdrawal (bank draft).

For more information, go to www.sctax.org and click on Electronic Services. For technical questions call 803-896-1715.

South Carolina Department of Revenue
eWithholding

Electronic Withholding

As a South Carolina business owner, you can conveniently file your quarterly withholding tax return by using the South Carolina Department of Revenue Electronic Withholding System (eWH). EWithholding is designed to give tax filers a FAST, FREE, and SECURE way to file and pay your quarterly withholding return on-line.

EWithholding will allow the filing of the following forms:

- WH-1605 SC Withholding Quarterly Tax Return
- WH-1606 SC Withholding Fourth Quarter/Annual Reconciliation

The SC Department of Revenue's eWH system will allow you to make payment by EFW (Electronic Funds Withdrawal/Bank Draft) or credit card (MasterCard) and VISA).

For more information or for technical questions call 803-896-1715.

Individual Income Tax Electronic Filing

South Carolina accepts electronically filed state income tax returns. Non-resident, refund and balance due returns are accepted electronically. Refunds may be deposited directly into your bank account.

Visit the Department of Revenue website at www.sctax.org for more information on the three programs to file your South Carolina tax returns shown below.

- **SCnetFile for Extensions**



- File your South Carolina request for extension of time to file (SC4868) through the Department of Revenue's website (www.sctax.org)
- **Zero or balance dues extensions are accepted.**
- You can pay your balance due by credit card, electronic funds withdrawal or bank draft
- It's a free service

- **Online Filing**

- Easy access to tax preparation software
- Tailored to fit your state and federal tax returns
- Check the SC DOR website at www.sctax.org to see if you qualify to have your federal and South Carolina returns filed for FREE!

- **Electronic Filing**

- Taxpayers may electronically file federal and state returns through a tax practitioner
- It's fast, safe and easy

Sales & Use Tax

The Basics

Sales tax is imposed on the sale of goods and certain services in South Carolina. Use tax is imposed on goods and certain services purchased out of state and brought into South Carolina or on which no sales tax has been paid. The statewide sales and use tax rate is 6%. Counties may impose an additional local option sales and use tax and special local taxes if voters in that county approve the tax. Generally, all retail sales of tangible personal property are subject to the state's sales or use tax.

Sales Tax

Sales tax is imposed on the gross proceed of the sale. The sales tax also applies to the fair market value of tangible personal property previously purchased by the retailer at wholesale (for re-sale), but used by the retailer or any other person withdrawing tangible personal property to be used and consumed by them. In addition to applying to items one normally thinks of as tangible personal property - furniture, appliances, clothing, etc. - the sales and use tax also applies to communications like local telephone services, cable television services, satellite programming services, faxing services and paging services, as well as laundry and dry-cleaning services, accommodations and electricity.



An 11% sales tax applies to telephone services to 900 and 976 exchanges. The sales and use taxes imposed extend to gross proceeds accruing or proceeding from the business providing 900/976 telephone service and all revenues derived from this imposed tax must be credited to the general fund of the state.

Use Tax

Anyone who buys tangible personal property from out-of-state and brings it into South Carolina is responsible for paying a use tax at the rate of 6% plus any applicable local taxes on the sales price. Businesses that make non-taxed purchases out of state, report and pay the use tax on their monthly sales and use tax return, State Sales and Use Tax Return, form ST-3 and ST-455. Individuals that make non-taxed purchases out of state should report and pay the use tax on their Individual Income Tax Return (SC 1040) or the UT-3 form (Use Tax).

A taxpayer is liable for the use tax on goods purchased in another state. However, a taxpayer is allowed a credit for sales or use tax due and paid to another state against the use tax due this state. Generally, think of this being applicable for transactions where delivery of the goods takes place outside of South Carolina but the goods are intended for the use in South Carolina.

If the amount of the sales or use tax paid in the other state is less than the amount of tax due in this state, then the purchaser owes the difference to South Carolina.

Accommodations Tax

The rental of transient accommodations is subject to a statewide sales tax rate of 7% (2% accommodations tax imposed in addition to the 5% sales tax) and local taxes, if applicable. Additional guest charges are taxed at a rate of 6% and local taxes (if applicable)—the 2% accommodations tax does not apply to additional guest charges. If you rent out rooms or spaces at hotels, campgrounds, boarding houses, etc., the tax on accommodations applies. It also applies to rentals of your vacation home or second home.

Rentals of the same room to the same person for 90 continuous days are not subject to the tax. If you rent a room in your place of residence and the house has less than six bedrooms, the accommodations tax would not apply. If you rent transient accommodations for no more than one week each calendar quarter, a retail license is not required, but you still must report and pay the accommodations tax annually. Additional guest charges such as movie rentals, room service, valet services, etc. are subject to the 6% sales tax.

You are required to obtain a retail license and collect and pay the accommodations tax at the same time you file your sales tax return. Accommodations tax is also reported on the ST-388.

For additional information, go to the South Carolina Department of Revenue website, www.sctax.org and see SC Revenue Ruling 98-21.



Casual Excise Tax

South Carolina imposes a casual excise tax at the rate of 5% for the issuance of every title or other proof of ownership for motor vehicles, motorcycles, boats, motors [the tax is 6% for a motor that is purchased alone(not permanently attached to the Boat)] and airplanes transferred between individuals. Generally, the maximum casual excise tax is \$300 – for additional information; see SC Revenue Ruling #08-8.

The payment of this tax is a prerequisite to the titling, licensing, or registration for the above-mentioned items. Exempt from this tax are transfers between members of one's immediate family.

\$300 Maximum Tax

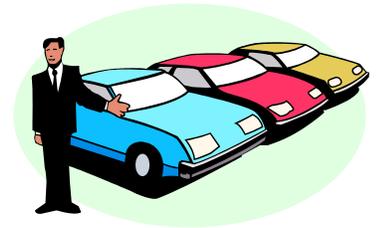
A maximum sales tax of \$300 is imposed on the sale or lease of motor vehicles, boats, aircraft, motorcycles, trailers or semi-trailers pulled by a truck tractor, horse trailers, recreational vehicles and certain self-propelled light construction equipment.

The \$300 maximum tax also applies to the sale of musical instruments and office equipment sold to religious organizations. Purchasers must submit a Religious Organization Affidavit for Musical Instruments/Office Equipment, form ST-382, to the seller for items purchased by religious organizations.

Special rules apply to the sale of mobile homes. Consult one of the Department of Revenue's Taxpayer Service Centers for assistance in calculating the sales tax on mobile home sales.

Sales of Motor Vehicles to Nonresidents

Sales of new or used motor vehicles, trailers, semi-trailers and pole trailers to residents of another state are taxed at the rate imposed by the purchaser's state of residence. The tax cannot exceed the \$300 maximum tax imposed by South Carolina.



For South Carolina sales tax purposes, sales to nonresidents of new or used motor vehicles, trailers, semi-trailers, and pole trailers that are registered and licensed in the purchaser's state of residence, are taxed at the lesser of the:

1. Sales tax which would be imposed on the purchaser's state of residence, or
2. Tax would be imposed under Chapter 36 of the South Carolina Code of Laws

No sales tax is due in South Carolina; however, if a nonresident purchaser cannot receive credit in their resident state for sales tax paid to South Carolina. Vehicle Affidavit for Nonresident, form ST-385 must be completed on each vehicle sold to a nonresident.

Modular Homes

The sale of modular homes regulated pursuant to Chapter 43 of Title 23 is exempt on 50% of the gross proceeds of the sale (as defined under code section 12-36-2120 (34), whether on-frame or off-frame. Furthermore, the provisions of Code Section 12-36-2110 (maximum tax section) do not apply to the sale of modular homes effective January 13, 2005.

- After allowing for the exemption, the manufacturer must collect the tax and remit it to the Department of Revenue. The tax is imposed on the remaining balance at the applicable state and local sales and use tax rate.

Local Tax Designation

Local Option Sales and Use Tax

Thirty-one counties in South Carolina impose an additional 1% local option sales tax.

The counties with the local option sales and use tax are:

Effective Date	Counties
July 1, 1991	Charleston, Colleton, Jasper, Hampton, McCormick and Marion
May 1, 1992	Abbeville, Allendale, Bamberg, Edgefield, Lancaster, Marlboro and Saluda
May 1, 1994	Chester and Florence
May 1, 1995	Pickens
May 1, 1996	Dillon, Lee and Sumter
May 1, 1997	Berkeley, Chesterfield, Clarendon, Darlington, Kershaw and Williamsburg
May 1, 1999	Barnwell, Laurens,
May 1, 2005	Richland and Calhoun
May 1, 2006	Fairfield
May 1, 2009	Cherokee

Additional counties may approve the local tax at that time through local elections. If voters approve the tax, the tax will become effective in that county on May 1 following the November election date. Items limited to the \$300 maximum sales and use tax are not subject to the local tax.

Special Local Sales Taxes

Voters may approve through a county referendum the following taxes:

- A local sales and use tax, not to exceed 1%, to be used for transportation needs such as roads and bridges. This tax may be imposed in addition to the local option sales and use tax. (Effective: June 13, 1997)

The following counties impose the special local sales and use tax for transportation projects:

Effective Date	Counties
May 1, 2005	Charleston (½%), Dorchester
May 1, 2007	Beaufort
May 1, 2009	Berkeley

- 1% local sales and use tax to fund specific capital projects such as roads, bridges, public facilities, recreation facilities, and water and sewer projects. This tax may be imposed in addition to the local option sales and use tax but may not be imposed along with any other local sales tax. This referendum may first be held in November 1998. The Department of Revenue will collect this tax. (Effective: July 1, 1997)

Effective Date	Counties
May 1, 1998	York
May 1, 1999	Newberry, Orangeburg
May 1, 2001	Aiken
May 1, 2007	Florence, Greenwood, Horry
May 1, 2009	Allendale, Chester, Lancaster, Sumter

- 1% local sales and use tax for schools. The state legislature has only approved the school tax to be voted upon in specific counties. As of the date of this publication, the authorized counties with a local school district tax imposed consist of:

Effective Date	Counties
July 1, 1996	Cherokee*
September 1, 2000	Chesterfield
December 1, 2002	Jasper
February 1, 2004	Darlington
June 1, 2004	Clarendon
March 1, 2005	Lexington
October 1, 2006	Lee
October 1, 2008	Dillon
March 1, 2009	Horry
March 1, 2011	Charleston

*(See SC Revenue Ruling #09-9 for more information on the Cherokee County local tax.)

➤ Food is exempt from the school district tax but not the capital projects tax, local option tax, and transportation tax.

- **Tourism Development:** The local tourism development sales and use tax is authorized under Code Section 4-10-910 et.seq. The local tourism and development tax is a general sales and use tax on all sales at retail (with a few exceptions) taxable under the state sales and use tax and may only be imposed by a municipality located in a county where revenue from the state accommodations tax is at least fourteen million dollars in a fiscal year. The tax is imposed specifically for tourism advertisement and promotion directed at non-South Carolina residents; however, in the third and subsequent years of this tax

a portion of the tax may be used for certain property tax rollbacks. The tax collected by the Department of Revenue on behalf of these municipalities.

As of the date of this publication, the authorized municipalities with a 1% tourism development tax imposed consist of:

Effective Date	Municipality
August 1, 2009	Myrtle Beach

Exemptions and Exclusions

Generally, all retail sales are subject to the sales and use tax. However, there are a number of exemptions from the tax, most notably, certain items used in farming and manufacturing, medicines sold by prescription and sales to the federal government.

Exclusions

Items excluded from the sales and use tax primarily include sales of goods for resale.

Other excluded items include certain property used in the manufacturing process, materials used to ship manufactured goods for sale and items brought into the state that are for use outside the state.

Sales to individuals 85 years of age or older are exempt from 1% of the state sales tax on the purchase of items for their personal use.



Exemptions

Business Exemptions

The following items are exempt from sales and use tax:

- Promotional maps, brochures, pamphlets of discount coupons for use by nonprofit chambers of commerce or convention and visitor bureaus, which are exempt from income taxation pursuant to Internal Revenue Code Section 501(c), for tax years beginning after 2005.
- Machines used in research and development. (Effective for tax years beginning after June 30, 2001)
- Coal, coke, fuel for manufacturers, transportation companies, electric power companies, processors
- Long-distance telephone calls, access charges and charges for telegraph messages, transactions at automatic teller machines
- Fuel for ships on high seas

- Wrapping paper, containers, etc. used incident to sale and delivery of tangible personal property
- Motor fuel taxed under motor fuel tax law
- Machines used to manufacture, process, recycle, compound, mine or quarry tangible personal property for sale, prevent and abate pollution
- Electricity used to manufacture, process, mine, or quarry tangible personal property for sale or used by cotton gins to manufacture tangible personal property for sale
- Railcars
- Certain vessels and barges
- Laundry supplies and machinery (*services are taxed under the law*)
- Vacation timeshare leasing plans
- Partial exemption for modular homes
- Movies sold or rented to movie theaters (*movie theaters are subject to the admissions tax*)
- Tangible personal property delivered outside of the state by South Carolina retailers
- Petroleum asphalt products transported and used outside South Carolina
- Shipping containers used by international shipping lines under contract with the South Carolina State Ports Authority
- Generally, the sale of all depreciable assets as a result of a sale of the entire business
- Supplies, equipment, machinery for use in filming/producing motion pictures
- Material handling systems and equipment used in the operation of a distribution facility or a manufacturing facility
- Parts and supplies used 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 becomes part of the aircraft*)
- Audio-visual masters, sales price defined, sales tax exemption, waivers
- Construction materials used in the construction of a new or expanded single manufacturing or distribution facility, or one that serves both purposes
- Computer Equipment used in connection with a technology intensive facility

The following when used by a qualified recycling facility:

1. Recycling property
2. Electricity, natural gas, fuels, gasses, fluids and lubricants
3. Ingredients or component parts of manufactured products
4. Property used for the handling or transfer of post-consumer waste or manufactured products, or in or for the manufacturing process; and
5. Machinery and equipment foundations

Government Exemptions

- Transactions prohibited from being taxed by federal or state law or the federal or state constitutions
- Sales to the federal government
- Materials necessary to assemble missiles used by the U.S. Armed Forces
- Sales of motor vehicles and motorcycles to nonresident military personnel
- Sales by the State General Services Division to other state agencies if the tax was paid on the purchase by General Services
- Parts and supplies used to repair or recondition aircraft owned by or leased to the federal government
- Sales to government contractors or someone with a written contract with the federal government

Educational or School Related Exemptions

- Exhibition rentals for museums (*for charitable, eleemosynary and government museums – use tax only*)
- Textbooks, books, magazines, periodicals, newspapers and access to on-line information for use in a course of study or for students' use in the school library, sold to public and private schools and colleges and public libraries
- These items may be in printed form or alternative forms such as audio tapes, videotapes, microfilm, or CD-ROM information
- Newspapers
- Meals sold to students in schools (*not for profit*)
- Television, radio and cable TV supplies, equipment, machinery and electricity
- Zoo plants and animals



Agricultural Exemptions

- Livestock
- Feed used to produce or maintain livestock
- Insecticides, chemicals, fertilizers, soil conditioners, seeds, seedlings, or nursery stock used in the production of farm products
- Containers and labels used in preparing agricultural products for sale; turpentine gum, gum resin, and gum spirit of turpentine
- Farm machinery
- Fuel used to cure agricultural products
- Farm products sold in their original state of production when sold by producer
- Electricity and gas used in the production of livestock and milk
- Electricity to irrigate crops
- Building materials, supplies, fixtures and equipment used to construct commercial housing of poultry or livestock

General Exemptions

- Newspapers, newsprint paper and the South Carolina Department of Agriculture's Market Bulletin
- Toll charges, telegraph messages and access charges (*long distance*)
- Vacation timeshares
- Electricity, natural gas, etc. used for residential purposes
- Hearing aids
- Festival concession sales by organizations devoted exclusively to public and charitable purposes
- Sales by certain nonprofit organizations
- Plants and animals sold to publicly supported zoos
- Medicines and prosthetic devices sold by prescription and medicines used in the treatment of cancer and other related diseases
- Prescription medicines and therapeutic radiopharmaceuticals used in the treatment of rheumatoid arthritis and prescription medicines used to relieve the effects of any such treatment.
- War memorials and monuments honoring U.S. armed services and affixed to public property
- Meals sold by certain nonprofit organizations to the elderly and disabled
- Food for the homeless or needy sold to certain nonprofit organizations or food that is subsequently sold or donated by the nonprofit organization to another nonprofit organization
- Certain trash bags required to be used
- Under a governmental solid waste disposal plan
- Free samples of prescription medicines distributed by the medicine manufacturer and medicines donated by the manufacturer to a college or university for research or treating indigent patients
- Goods sold to nonprofit hospitals that primarily treat children at no cost to the patient
- 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 patients
- Sweetgrass baskets made by artists of South Carolina with locally grown sweetgrass

Reporting and Paying the Tax

After you receive your retail license or purchaser's certificate of registration, you will receive preprinted forms for reporting and paying the sales and use tax. Please use these forms—it makes crediting your account much easier.

Returns and payments are due no later than the 20th of the month following the month in which the sales were made.

For example:

You have \$2000 worth of sales in the month of January. The sales tax return for the month of January is due February 1 and must be filed no later than February 20. The return must be postmarked on or before February 20 to be considered timely filed.

The tax is remitted for the month the sale was made regardless of whether the tax was collected from the customer in that month. Depending on the amount of tax paid, the Department of Revenue may authorize certain businesses to pay quarterly or annually, rather than monthly.

Reporting and Paying the Tax Electronically



As a South Carolina Business owner, you can conveniently file your sales tax return by using the South Carolina Department of Revenue Electronic Sales Tax System (ESales). ESales is designed to give taxpayers a FAST, FREE and SECURE way to file and pay their sales, use, accommodations, local option and special local taxes on-line.

ESales will allow the filing of the following forms:

- ST-3 - Sales and Use Tax Return
- ST-3EZ – Simplified Sales Tax Return
- ST-388 - Sales, Use, Accommodations and Local Option Tax Return
- ST-389 – Schedule for Local Taxes
- ST-455 – Maximum Sales Tax Return
- ST-501 - Durable Medical Equipment and Related Supplies

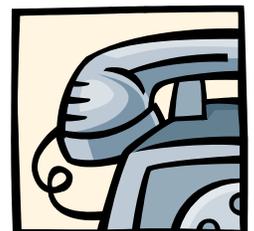


The SC Department of Revenue's ESales System will allow you to make payment by EFW (Electronic Funds Withdrawal/Bank Draft) or credit card (MasterCard and VISA).

For more information, go to www.sctax.org and click on Electronic Services. Then, click on the Sales and Use link to see more details about ESales. For technical questions call 803-896-1715 (option 1).

Business Tax TeleFile

Businesses with no (zero) gross proceeds of sales, rentals, use tax or withdrawals may file your sales tax return using the Business Tax TeleFile System. Business Tax TeleFile is available twenty-four hours a day/ seven days a week.



As a first time user you're required to register on the Business Tax TeleFile System before filing. Registration can be handled directly on the system during the initial telephone call. The registration and filing process takes less than five minutes. Subsequent filings take less than three minutes. The procedure is completely paperless; mailing additional documentation to the Department of Revenue is not required. You need to keep a copy of your report for your files, however.

To use the Business Tax TeleFile System, dial (803) 898-5918 and follow the instructions. If assistance is needed with sales tax related questions, you can contact the DOR Sales Tax Help Line at (803) 898-5788. For all TeleFile support issues, you should contact the Business Tax TeleFile Help Line at (803) 896-1715 (option 2) or contact us by e-mail at telefile@sctax.org.

Electronic Filing Program (EFT/EDI)

Businesses that have paid \$15,000 or more during any one filing period during the past year are required to pay electronically. Taxpayers with less than \$15,000 in tax due during a filing period may participate voluntarily with the Electronic Funds Transfer (EFT)/ Electronic Data Interchange (EDI) Program.



The Department of Revenue has designed an Electronic Filing Program (EFT/EDI) for the transmission of your payment and filing your tax return information for **sales, use, accommodations, durable medical, local option and/or special local taxes.**

If you are interested in filing and paying *one* tax through EFT/EDI, you must file and pay *all* of these taxes through EFT/EDI. For example, you cannot file and pay sales tax through this program and pay local option through a conventional process. Be aware that you must file both the return and the payment electronically; you cannot choose to do one part electronically and the other in a conventional method.

Electronic payments can be made by using the ACH (Automated Clearing House) debit or credit method.

Advantages of participating in the EDI/EFT program include:

- Eliminates paperwork, no more paper returns and checks
- Reduces return error potential due to no re-keying; no manual intervention
- Accurate timing of payment from your bank account
- Comprehensive audit trail for both the return and the payment

To register, please call 1-800-476-0311 or e-mail BusinessEFT@sctax.org.

Discount for Timely Payment

If returns are filed and the taxes paid in full by the due date, you will be allowed a discount on taxes due. For taxes less than \$100, you may take a 3% discount of the tax. For taxes of \$100 or more, your discount is 2% of the tax.

The maximum discount allowed per taxpayer (*all locations included*) during the state's fiscal year (*July 1 - June 30*) is \$3,000. The statute was amended (effective July 1, 2002) to increase that discount to a maximum of \$3,100 if the retailer files his sales and use tax returns electronically.

Nonresident retailers not required by law to collect South Carolina sales or use tax, but whom voluntarily register to do so, are allowed a maximum discount of \$10,000 each fiscal year. In calculating the maximum discount, begin with the June return filed in July and end with the May return filed in June.

Cash Deposit or Bond

Transient retailers who have no permanent business location from which retail sales are made may make a sufficient cash deposit or bond with the Department of Revenue to cover at least their annual sales tax liability. This cash deposit or bond must be made before receiving a retail license.

Sales Tax Holiday

If your business sells clothing, footwear and/or educational supplies, South Carolina's sales tax exemption may impact your business. The three-day sales tax exemption occurs from 12:01a.m. on the **first Friday in August** and ends at midnight the following Sunday.

The following items are sales tax exempt during this period:

- Clothing
- Clothing accessories including, but not limited to:
 - Hats
 - Scarves
 - Hosiery
 - Handbags
 - Footwear
- School supplies including, but not limited to:
 - Pens
 - Pencils
 - Paper
 - Binders
 - Notebooks
 - Books
 - Book bags
 - Lunch boxes
 - Calculators
 - Bed and bath linens

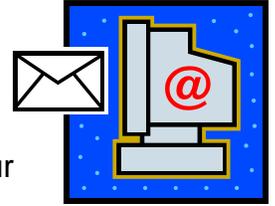


Sales of the following items are NOT sales tax exempt during this period:

- Jewelry
- Cosmetics
- Eye wear
- Wallets
- Watches
- Furniture
- Sales or lease of an item for use in a trade or a business

Note: Applicable local taxes still apply.

E-mail Notification



Do you want to receive e-mail notices of newsletters or hot topics related to Sales and Use Tax? To use our e-Mail notification service, sign up for our Sales and Use Tax Listserv at:

<http://www.sctax.org/Tax+Information/saleslist/salesanduselist.htm>

What Happens If You Don't File a Return?

PENALTIES AND INTEREST ARE IMPOSED IF YOU DON'T FILE!!

If you fail to comply with any of the tax rules administered by the Department of Revenue, your retail license may be revoked and you must close your business until all tax liabilities have been paid. Alcoholic Beverage Licenses (ABL) may be revoked or renewals denied, if there are outstanding tax liabilities.

Selected Forms to Use

There are a number of Sales and Use Tax forms to use based on the types of taxes you collect and where you are located.

ST-3	State Sales and Use Tax Return
ST-8	Single Sale Certificate
ST-8-A	Resale Certificate
ST-10	Application for Certificate
ST-382	Religious Organization Affidavit for Musical Instruments/Office Equipment
ST-385	Vehicle Affidavit for Nonresident
ST-387	Application for Sales Tax Exemption under Code Section 12-36-2120(41), "Exempt Organizations"
ST-388	State Sales, Use and Accommodations Tax Return
ST-389	Schedule for Local Option Sales and Use Tax Return
ST-403	State Sales, Use and Aviation Gasoline Tax Return
ST-455	Maximum Sales Tax Return
ST-501	Durable Medical Equipment and Related Supplies

For the most up-to-date forms, visit the South Carolina Department of Revenue website at www.sctax.org and go to Sales and Use > Forms.

Withholding

A person located, doing business, or having gross income in this State and an employer having an employee earning income within this State are subject to the South Carolina withholding laws. South Carolina requires withholding from:

- Wages (of more than the federal personal exemption amount)
- Prizes
- Royalties
- Winnings
- Nonresident contractors (*contracts exceeding \$10,000.00*)
- Rental payments made to nonresidents who own five or more residential units or one or more commercial properties in South Carolina
- Net proceeds going to nonresident sellers of real estate and associated tangible personal property located in South Carolina

How to Register for a Withholding Number

You must apply for a South Carolina Withholding number in order to establish an account in which to deposit your withholding payments. This can be done by selecting South Carolina business One Stop (SCBOS) on the DOR website, www.sctax.org or by completing the Business Tax Application, form SCTC-111. The number entitles you to be a **withholding agent**. The withholding number is permanent and will not be issued to any other business or person. Should the ownership of the business change, such as conversion from a partnership to a corporation, a new withholding number must be obtained. The withholding number will appear on all reports, returns and correspondence concerning the withholding agent and the account.

Your SC Withholding number will start with a 25 and is a 9 digit number.

You should reference this number on all returns, correspondence and when any phone calls are made to the agency.

You can apply for and receive your federal employer identification number at www.irs.gov.

Rule of Thumb: If you are required to get a new Federal Identification Number, then you are required to get a new SC Withholding Number.

W-4 (Exemption Certificate) Requirements

A federal form W-4, Withholding Exemption Certificate, should be on file for each employee to determine the amount of income tax to withhold from an employee's wages. Employers should withhold at the rate of zero exemptions if no exemption certificate (W-4) is provided by the employee. South Carolina has adopted the use of the federal form W-4. **We do not have a separate state W-4 form.** It is not required

that an employee file a separate form W-4 for state purposes, unless the employee claims a smaller number of exemptions from those claimed for federal purposes. Use the federal form W-4 and indicate on the face of the form that it is "For State Purposes Only." An employee is not allowed to claim a greater number of exemptions for state purposes than the exemptions claimed for federal purposes. Copies of W-4 forms are available from the Internal Revenue Service and are to be maintained in the employer's records.

If an employer receives a withholding exemption certificate (W-4) form and employee claiming ten (10) or more exemptions or the employer believes a certificate is incorrect, the employer must furnish a copy of the certificate to the South Carolina Department of Revenue within 30 days per SC Code of Law 12-8-1030(A)(1). The employer should withhold on the basis of the certificate until notified by the SCDOR to withhold at a different rate.

Withholding Tax Tables

Use the withholding tables to determine the amount of tax to withhold depending on the employee's salary, number of exemptions and frequency of payment (daily, weekly, biweekly, semimonthly or monthly).

All South Carolina withholding agents are required to withhold tax from employees' wages at the same time employees are paid (based on the date of the paycheck).

Withholding Payments

When to Make State Withholding Payments

For payment of withholding taxes, the South Carolina employer/withholding agent accounts are divided into two categories: RESIDENT and NONRESIDENT.

A resident employer/withholding agent is any individual or other entity whose principle place of business is in South Carolina. A nonresident employer/withholding agent is any individual or other entity whose principal place of business is outside South Carolina.

Resident employers/withholding agents are required to make payment of withholding taxes at the same time that their federal payments are due. ***Regardless of your state amount withheld, your payment is due at the same time that your federal payment is due.***

Nonresident employers/withholding agents are required to make payments either quarterly or monthly. If the South Carolina state tax liability is less than \$500 for the quarter, the payment is due by the last day of the month following the end of the quarter. Once the state withholding reaches \$500 or more during the quarter, it is due by the 15th of the following month.

How to Make State Withholding Payments

Withholding payments can be made through DOR ePay at www.sctax.org, by Electronic Funds Transfer (EFT) or by check.



You may submit your payment by electronic funds withdrawal (bank draft) or by credit card at the SC Department of Revenue website, www.sctax.org. Look for the DOR ePay logo. There is no cost to you and no registration is required.

EFT Payments may be made by using the internet or the telephone when using the Electronic Funds Transfer (EFT) method. However, to use this payment method, **you must register** with our EFT office at 1-800-476-0311 or 803-896-1715 if you are in the Columbia calling area.

Check You can make your payment directly to the SC Department of Revenue using the Withholding Tax Payment Coupon (WH-1601). Prepare your check (made payable to the SC Department of Revenue), complete the WH -1601 payment coupon indicating which quarter the payment is for and mail the check with the coupon directly to:

South Carolina Department of Revenue
Withholding
Columbia, SC 29214-0004

Electronic Payment Requirements

Withholding agents who withhold \$15,000 or more state tax per quarter or who make 24 or more withholding payments per year are required to electronically pay taxes using either ePAY or Electronic Funds Transfer (EFT). The Department of Revenue notifies withholding agents if they are required to make electronic payments. *Any withholding agent may voluntarily participate in the electronic programs.* For additional information regarding DOR ePAY, you may contact us at 803-896-1715 (option 1). For more information regarding EFT, contact the Electronic Services section at 1-800-476-0311 or 896-1715 if you are in the Columbia area.

Most Common Payment Errors

Most common errors made when making withholding payments with form WH-1601:

- a quarter is not entered on the coupon indicating in which quarter the payment is to be posted;
- an incorrect quarter or year is entered on the coupon;
- a federal withholding or unemployment payment is sent with the state withholding coupon;
- a current year coupon is not used.

Withholding Returns

Returns that are Required to be Filed

There are two (2) types of state withholding returns:

1. SC Withholding Quarterly Tax Return (WH-1605)
2. SC Withholding Fourth Quarter/Annual Reconciliation (WH-1606)

A withholding agent is required to file a return for each quarter that the withholding account is open. Quarterly returns (WH-1605) are due by the end of the month following the end of the quarter for the first, second and third quarters of the calendar year. The Fourth Quarter/Annual Reconciliation (WH-1606) is due by the last day of February following the calendar year. The Fourth Quarter/Annual Reconciliation has two (2) sections. The top section of the form is exactly like the WH-1605 Quarterly return. The fourth quarter information is listed in this section. The bottom section of the WH-1606 contains the annual information. *Both sections of the form must be completed.*

A quarterly withholding return must be filed if the withholding account is open even if no South Carolina withholding tax was withheld during the quarter.



Which Withholding Return to File

The SC Withholding Quarterly Tax Return (WH-1605) should be filed for the first, second and third quarters of the calendar year.

The SC Withholding Fourth Quarter/Annual Reconciliation (WH-1606) is a combined form and should be the final return filed for the year. *Do not file a WH-1605 for the fourth quarter.* Fourth quarter information is included on the WH-1606.

How to File Withholding Returns

Currently, there are three (3) ways to file a withholding return: 1) by filing electronically using e-Withholding at www.sctax.org, or 2) through our Business Tax Telefile system using a touchtone telephone or cell phone or, 3) by completing and mailing a withholding quarterly return.

**IF A WITHHOLDING ACCOUNT IS IN OPEN STATUS, A RETURN MUST BE FILED
EVEN IF NO SOUTH CAROLINA TAXES WERE WITHHELD
DURING THE QUARTER.**

When to File Withholding Returns

Due dates for returns are:

First Quarter	April 30 th
Second Quarter	July 31 st
Third Quarter	October 31 st
Fourth Quarter/Annual	Last day of February

Most Common Return Errors

The most common errors made when filing SC Withholding Quarterly Returns (WH-1605) and the Fourth Quarter/Annual Reconciliation (WH-1606) are:

- a number other than the SC Withholding number is written on the return. Please be sure to verify that you are using your correct state withholding number (a nine digit number beginning with “25”) on the return;
- filing a WH-1605 for the 4th quarter. A WH-1605 is never filed for the 4th quarter. Fourth quarter information is filed using the Form WH-1606;
- the amount on Line 1, total state quarterly tax withheld, includes amounts other than the state withholding;

Where to Mail Your Returns

Mail your returns to:
South Carolina Department of Revenue
Withholding
Columbia SC 29214-0004



What Happens If You Don't File a Return?

South Carolina Employer Withholding Tax Return (WH-1605 and WH-1606) is to be filed for any open withholding account even if zero tax is withheld. Failure to file the withholding return will result in a Failure to File delinquent notice being mailed. Penalties and interest will be assessed if quarterly withholding returns are not filed for open withholding accounts.

Reporting and Paying Withholding Tax Electronically

eWithholding



As a South Carolina business owner, you can conveniently file your quarterly withholding tax return by using the South Carolina Department of Revenue Electronic Withholding System (eWithholding). eWithholding is designed to give tax filers a FAST, FREE, and SECURE way to file and pay your quarterly withholding return on-line.

eWithholding will allow the filing of the following forms:

- WH-1605 SC Withholding Quarterly Tax Return
- WH-1606 SC Withholding Fourth Quarter/Annual Reconciliation

The SC Department of Revenue's eWithholding system will allow you to make payment by EFW (Electronic Funds Withdrawal/Bank Draft) or credit card (MasterCard and VISA).

For more information or for technical questions call 803-896-1715.

Business Tax TeleFile

Businesses with quarterly withholding returns that have zero payment due or refund due may file their withholding return using the Business Tax TeleFile System. Business Tax TeleFile is available twenty-four hours a day/ seven days a week.

As a first-time user you are required to register on the Business Tax TeleFile System before filing. Registration can be handled directly on the system during your initial telephone call. The registration and filing process takes only minutes. The procedure is virtually paperless.

If you file your WH-1606 (Fourth quarter/Annual Reconciliation) using the TeleFile system, submit your W-2s and/or 1099s with form WH-1612 (W-2/Magnetic Media Transmittal Document). ***If you used the TeleFile system to file your quarterly return, do not file the corresponding paper return. This will result in a duplicate filing and will potentially cause problems in your withholding account.***

To use the Business Tax TeleFile System, dial 803-898-5918 and follow the instructions. If additional assistance is needed, you can contact the Business Tax TeleFile coordinator in Columbia at 803-896-1715 (option 2).

Tax Service Providers

If you are a tax service provider or CPA who files for approximately 100 or more South Carolina withholding clients, you are mandated to file your clients withholding quarterly returns through our Batch Withholding program. This program provides an electronic means of filing Withholding quarterly returns with the SC Department of Revenue. For more information, contact the Electronic Services area at 803-896--1715 (option 2)

W-2s

A federal Withholding Tax Statement, form W-2 must be furnished to each employee before January 31 following the close of the calendar year or on the last day of employment.

The form W-2 must include the following information:

- name and address of the withholding agent;
- state and federal identification number of the withholding agent;
- name and address of the employee;
- Social Security number of the employee;
- total amount of wages or payments;
- total amount of tax withheld.

Copy one of the W-2 form must be sent to the South Carolina Department of Revenue along with form WH-1612 by February 28 (*or February 29 in leap years*).

Magnetic Media

Who Needs to File

South Carolina Code 12-8-1550 provides that where information required under Section 12-8-1540 (Wage and Tax Statements and 1099s) is required to be submitted to the Internal Revenue Service by non-paper methods, the information must also be submitted to the SC Department of Revenue on magnetic media.

- Employers with 250 or more W-2 forms must file these forms via magnetic media.
- Payers are required to submit 1099s to the Department of Revenue if South Carolina income tax withholding has been withheld. Payers who file 250 or more 1099s must magnetically file these informational returns.
- If submitting magnetic media, only MMREF format that is based on EFW2 specifications will be accepted.
- Forms W-2s or 1099s may be submitted via paper forms or via CD ROM.

See complete **Magnetic Media Specifications** in South Carolina Department of Revenue Package **RS-1**. A complete package is available on our website at www.sctax.org or through Fax on Demand forms ordering, 1-800-768-3676 or in Columbia 898-5320, Document Retrieval Number 9052. Anyone having Magnetic Media related questions should call 803-896-1450.

Where to Mail Magnetic Media

SC Department of Revenue
Mag Media
Columbia, SC 29214-0022



Selected Forms to Use

WH-1603	Withholding Tax Tables
WH-1603F	Computer Formula
WH-1605	Quarterly Tax Return (Quarters 1, 2 and 3)
WH-1606	Fourth Quarter/Annual Reconciliation of Income Tax Withheld
WH-1612	Transmitter Summary Report for Magnetic Media
W-2	Wage and Tax Statement (<i>federal form</i>)
W-4	Withholding Exemption Certificate (<i>federal form</i>)
Form 105	Information Guide - South Carolina Withholding Tax
SCTC-111	Business Tax Application
SCTC-111Ins	Instructions for Completing SCTC-111
C-278	Account Closing Form
SC8822	Change of Address/Business Location

Other South Carolina Taxes You May Need to File

Unemployment Insurance Contributions

Employers of one or more workers must pay a tax on wages paid to employees for purposes of providing unemployment compensation. This tax is administered and collected by the South Carolina Employment Security Commission.

South Carolina Department of Employment and Workforce

1550 Gadsden Street
Post Office Box 995
Attn: UI Technical Services
Columbia SC 29202
Telephone: (803) 737-3075

Workers' Compensation

Employers with four or more employees must purchase insurance or qualify as a self-insurer by meeting certain requirements in accordance with the rules and regulations of the South Carolina Workers' Compensation Commission. Workers' Compensation provides benefits to employees who have sustained a job-related injury or illness. The Workers' Compensation Commission collects premiums.

South Carolina Workers' Compensation Commission

1612 Marion Street
Post Office Box 1715
Columbia SC 29202
Telephone: (803) 737-5700

Property Tax

Property tax is generally administered and collected by local governments. Real property is subject to property taxes. Personal property that is used in business and certain personal property that is used for personal purposes such as motor vehicles, boats and airplanes are subject to property taxes. There is no state or local tax on intangible personal property or inventories.



Property taxes are generally assessed and collected by local governments, but the Department of Revenue assesses and collects some property taxes and oversees all property tax assessments to ensure equitable and uniform assessment throughout the state. Businesses must file a business personal property tax return with the Department of Revenue.

How the Tax is Calculated

Each class of property is assessed at a ratio unique to that type of property. The assessment ratio is applied to the market value of the property to determine the assessed value of the property. Each county, municipality or other taxing entity then applies its millage rate to the assessed value to determine the tax due. A mill is a unit of monetary value, equal to one-tenth of a cent, or one-thousandth of a dollar (.001).

For example, if the millage rate is 200 mills and the assessed value of the property is \$1,000, the tax on that property is \$200.

A state property tax is levied on private carlines and airlines based on the average statewide millage rate.

Assessment Ratios

The following assessment ratios are applied to the value of the property to determine the assessed value for purposes of taxation:

Manufacturing Property	10.5% of fair market value
Utility Property	10.5% of fair market value
Railroads, Private Carlines, Airlines and Pipelines	9.5% of fair market value
Primary Residences	4.0% of fair market value
Agricultural Property (<i>privately owned</i>)	4.0% of use value
Agricultural Property (<i>corporate owned</i>)	6.0% of use value
Other real estate	6.0% of fair market value
Personal property	10.5% of income tax depreciated value
Private Passenger Vehicles	6% of fair market value for the 2008 tax year

Business Personal Property

Merchants are required to file a Business Personal Property Return with the county or the Department of Revenue annually. The taxpayer should contact the Department of Revenue or the county to determine which jurisdiction to file the return. All furniture, fixtures and equipment are to be reported at acquisition cost with a deduction allowed for depreciation.



The Business Personal Property Return filed with DOR can be filed electronically through South Carolina Business One Stop at <https://www.scbos.sc.gov>

The return is due on the last day of the fourth month following the close of the tax year. No extension of time for filing will be granted.

Exemptions

South Carolina law provides for a number of property tax exemptions. To obtain an exemption, application must be made to the Department of Revenue on Application for Exemption, form PT-401.

The properties listed below are exempt from property tax:

Exemptions as they relate to institutions of learning

All property of:

- Schools
- Colleges and other institutions of learning except where the profits of the institutions are applied to private use

The property of all charitable institutions

In the nature of hospitals, institutions caring for:

- The infirmed
- The disabled
- The aged
- Children
- Indigent persons except where the profits of the institutions are applied to private use

The property of all:

- Libraries
- Churches
- Parsonages
- Burial grounds
 - all property which extends beyond the premises actually occupied by the

church if no profit or benefit from any operation flows through to any private stockholder or individual or no income producing ventures are located on the property

Exemptions as they relate to certain individuals

The dwelling house and up to one acre of surrounding land is exempt for:

- A Veteran who is permanently and totally disabled from a service-connected disability
- A former law enforcement officer who is permanently and totally disabled from a service connected disability in this State as defined in Section 23-23-10 (E)(1).
- A former firefighter, including a volunteer firefighter who is permanently and totally disabled from a service connected disability in this State as defined in Chapter 80 of Title 40.
- The exemption is passed to the surviving spouse of a member of the armed forces of the United States who meet the qualifications of a veteran, law enforcement officer or firefighter.
- Qualified surviving spouse also means the surviving spouse of a member of the armed forces of the United States who was killed in action who at the time of death owned the dwelling in fee or jointly with the now surviving spouse. All criteria must be met to qualify for the exemption.
- The law enforcement officer and firefighter must have been employed in the State of South Carolina when declared permanently and totally disabled as a result of a service connected disability.

Two motor vehicles for persons listed below may qualify for an exemption if all requirements are met.

- Prisoner of War (World War I, World War II, Korean Conflict and Vietnam Conflict)
- A permanent and totally service connected disabled veteran
- Recipients of the Medal of Honor
- Persons required to use wheelchairs

Exemptions as they relate to organizations

Nonprofit organizations involved in the following:

- Water supply
- Sewage disposal
- A combination of both water supply and sewage disposal
- American Legion
- Veterans of Foreign Wars
- Disabled American Veterans
- Fleet Reserve Association
- Marine Corps League
- Other similar veterans' organizations
- YMCA and YWCA



- Salvation Army
- Boy Scouts
- Girl Scouts
- Palmetto Junior Homemaker Association
- New Homemakers of South Carolina
- South Carolina Association of Future Farmers of America
- New Farmers of South Carolina
- Religious, charitable, eleemosynary, educational or literary society, corporation or association, when the property is held primarily for holding meetings and conducting business
- Property owned by religious, charitable, eleemosynary, educational or literary society, corporation or association, if property is acquired to construct or renovate a residential structure for sale to economically disadvantaged persons
 - The exemption will not exceed fifty (50) acres per county and the sale cannot be for profit
- Property owned by religious, charitable, eleemosynary, educational or literary society, corporation or association, extends to the real property that is held for a future use by the organization that would qualify for the exemption or held for investment by the organization in sole pursuit of the organization's exempt purposes and while held this property is not rented or leased for a purpose unrelated to the exempt purposes as defined in SC Code Section 12-37-220 (B)(16)(c).

Real property leased on a nonprofit basis to a(n):

- State agency
- County
- Municipality or other political subdivision used for public purposes
 - the exemption does not apply to property used for office space or warehousing
- Volunteer fire departments and rescue squads when property is used exclusively for that purpose or property leased to a department or squad by an entity itself exempt from property taxes
- Nonprofit museums used exclusively for such purpose
- Property of nonprofit or eleemosynary community theater companies, symphony orchestras, county and community arts councils and other similar companies, which is used exclusively for promotion of the "arts"
- Charitable trusts and foundations if property is used for charitable purposes

The following exemptions as they relate to personal effects and the home

- Household goods and furniture used in the owner's home
- Household goods and furniture used in a timeshare residential units
- Clothing
- A homestead exemption of \$50,000 is available to residents who are 65 years of age, who are totally disabled or who are totally blind

The following exemptions pertain to the farm

- All agricultural products owned by the producer
- Livestock and poultry
- Farm machinery and equipment
- Greenhouses



The following exemptions pertain to business concerns

- New manufacturing facilities and additions costing at least \$50,000 to existing manufacturing facilities are exempt from the ordinary county taxes for a period of five years
- Corporate headquarters, corporate office facilities and distribution facilities are exempt from ordinary county taxes for five years if the cost of new construction or additions is \$50,000 or more and 75 or more full-time jobs are created
- Manufacturers' inventories
- Merchants' inventories
- Personal property of an air carrier operating a hub in South Carolina is exempt for 10 years
- Water, air or noise pollution equipment and facilities

Other property tax exemptions

- Real property leased on a nonprofit basis to a state agency, county, municipality or other political subdivision used for a public purpose other than office space or warehousing
- Property leased to and operated by the S.C. Public Service Authority for generating or transmitting electricity
- Personal property used for public display loaned or leased on a nonprofit basis to a(n):
 - State agency
 - County
 - Municipality
 - Other political subdivision
 - Organization exempt from federal income tax under Internal Revenue Code (IRC) Section 501-514
- Carnival equipment owned, leased or used by a foreign corporation or nonresident for a period of not more than six months if property tax has been paid in another state
- Other property owned by churches if no income producing ventures are located on the property and no profit or benefit is derived by any individual
- Nonprofit community-owned recreation facilities open to the general public
- Personal property in transit with '*no situs*' status
- Intangible personal property

Fee-in-Lieu of Property Taxes

Industries investing at least \$2.5 million (\$1 million in some counties) in South Carolina may negotiate for a fee-in-lieu of taxes, resulting in a savings of about 40% of property taxes otherwise due.

The project may be financed with industrial revenue bonds and structured as a purchase-leaseback. The county may hold title to the fee assets. Under certain fee agreements, the title remains with the company.

A company must make the minimum investment over a period of five years to qualify.

A county may grant up to an additional 5 years to complete a project. An additional minimum investment may be required to be met within a certain period of time.

In addition, the fee agreements may be negotiated as a fixed millage rate for the term of the fee agreement or a millage rate that varies every five years in accordance with the prior five year average millage for the site.

Tax Returns

Tax returns reporting business personal property, manufacturers' property and utility companies' property must be submitted by businesses to the Department of Revenue by the last day of the fourth month after the close of the taxpayer's accounting period. No extension of time for filing can be granted.

Selected Forms to Use

PT-100	Business Personal Property Tax Return
PT-139	Water and Sewer Companies Property Tax Return
PT-300	Manufacturer's Property Tax Return
PT-401	Property Tax Exemption Application
PT-417	Private Carline Tax Return
PT-418	Airline Property Tax Return
PT-420	Utility and Railroad Company Property

For the most up-to-date forms, visit the South Carolina Department of Revenue website at www.sctax.org and go to the Forms and Instructions button.

What Happens If You Don't File a Return?

**PENALTIES ARE IMPOSED IF YOU DO NOT FILE
INCLUDING THE ISSUANCE OF AN
ESTIMATED PROPERTY TAX ASSESSMENT!**

Alcoholic Beverages

What Are the Basic Requirements for a Beer and Wine Permit or a Liquor Permit?



A sole proprietor applicant must:

- Be at least twenty-one (21) years of age,
- Be a legal resident of the United States,
- Be a legal resident of South Carolina for at least thirty (30) days prior to making application to the South Carolina Department of Revenue,
- Be of good moral character. This includes the applicant, principals, officers, agents, etc.
- Not have any outstanding liabilities with the South Carolina Department of Revenue

A corporate entity that is an applicant must:

- Disclose all corporate principals
- Have a certificate of good standing as a S. C. corporate entity or
- Be registered to do business in S.C. if a foreign corporate entity
- Have all corporate principals of good moral character
- Neither have a corporate tax liability or an individual tax liability of a corporate principal with the S.C. Department of Revenue

➤ Depending on the type of license, the location must meet certain requirements.

For more information on obtaining an ABL license, visit
www.scbos.sc.gov/Run_Your_Business/Add_Licenses_Permits_Registrations.aspx

Alcoholic Liquors and Beer/Wine License/Permit Fees

The alcoholic liquors tax is imposed on all manufacturers, wholesalers and retailers of alcoholic liquors. Anyone selling alcoholic liquors must apply to the Department of Revenue for a license, or apply using www.scbos.sc.gov.

The license fees are:

License Type	Nonrefundable Filing Fee	License Fee
Brewery or winery	\$ -300-	\$ 400.00 biennially
Wholesale beer and/or wine	\$ 300.00	\$ 2,200.00 biennially
Liquor manufacturer	\$ 200.00	\$ 50,200.00 biennially
Liquor Micro Distillery	\$ 200.00	\$ 5,200.00 biennially
Wholesale liquor	\$ 200.00	\$ 20,200.00 biennially
On premises beer & wine	\$ 300.00	\$ 600.00 biennially
Off premises beer & wine	\$ 300.00	\$ 600.00 biennially
Brewpub	\$ 300.00	\$ 2,200.00 biennially
7-day off-premises beer & wine	\$ 300.00	\$ 2,200.00 biennially
Sunday/Sabbath beer & wine	\$ 300.00	\$ 650.00 biennially
Business (restaurant/hotel/motel) liquor by the drink	\$ 200.00	\$ 1,700.00 biennially
Nonprofit private club liquor by the drink	\$ 200.00	\$ 1,700.00 biennially
Retail liquor store	\$ 200.00	\$ 1,400.00 biennially
Alcoholic liqueurs (cooking license)	\$ -0-	\$ 250.00 biennially
*Certification fee	\$	\$ 5.00
120 day temporary beer & wine	\$ -0-	\$ 25.00
120 day temporary liquor by the drink	\$ -0-	\$ 25.00
120 day temporary retail liquor	\$ -0-	\$ 25.00

*(Certification fee is required, in addition to filing fees, if you are applying for a license at a location that is currently licensed to sell liquor by the drink or retail liquor.)

Licenses must be renewed every two years. Renewal is determined by the county in which the license is located.

Manufacturers, wholesalers and retailers must pay tax on alcoholic liquors as follows:

Excise Tax

Per 8 ounces of alcohol	\$.17
Liquor by the drink	5% of gross sale
Per liter	\$.71825
Standard case (wholesalers)	\$1.81
Standard case (payable by retailers to wholesalers)	\$2.99
Standard case (additional tax paid by wholesalers)	\$.56
Surtax	9%

Beer and Wine Tax

All wholesale distributors, retailers, breweries and wineries doing business within South Carolina are required to be licensed by the Department of Revenue.

Wholesale distributors are required to pay beer and wine tax, the tax rates are:

Beer per Ounce	\$.006
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Wine U.S. Sized Containers:

Per 8 oz. up to 1 gallon	\$.06
Per gallon	\$.90
Additional tax per 8 oz.	\$.012
Additional tax per gallon	\$.18

Wine Metric Sized Containers:

Per liter	\$.2535
Additional tax per liter	\$.0507

Each wholesaler is required to report all beer and wine sold or disposed of within this state and **pay the tax due no later than the 20th of the month following the month the sales occurred.**

What Type of Establishments Can Be Licensed for a Liquor by the Drink License?



Restaurants must be primarily engaged in the preparation and serving of meals, have seating for not less than forty (40) people simultaneously at tables, which must be usable and suitable for the consumption of meals year round, a separate kitchen area that is used for solely for the storage and preparation of meals, not less than 21 cu. feet of cold storage and have a Grade A health permit from the South Carolina Department of Health and Environmental Control (DHEC). For additional requirements, refer to S.C. Ann. §§61-6-20; 61-6-1610; and Code Reg. 7-401.3.

Hotels and motels must rent lodging to the public of at least twenty (20) rooms on a regular basis.

Private clubs must be established for social, benevolent, patriotic recreational, or fraternal purposes, have a limited membership, be governed by bylaws, not open to the general public and must have a nonprofit charter in good standing with the South Carolina Secretary of State.

Retail liquor stores must meet structural requirements of South Carolina Code Section 61-6-1510 and may sell liquor at wholesale to restaurants and bars only after they have applied for a wholesale basic permit under the Federal Alcohol Administration Act.

Alcoholic Beverage License Renewals On-Line

Businesses which currently have their ABL License, and have been sent their 60 day notification for renewal may renew on-line using our SC Business One Stop. The Department of Revenue will not renew a license if there is an outstanding tax liability with the Department or the Internal Revenue Service. If there has been a change of ownership, possession or control of the business or the corporation or a business address change since the original issuance of the license, the renewal is not allowed, you must reapply.

Renewals are permitted for the following license types:

- PBB - Brew Pub Beer/Wine
- PBW - On Premises Beer/Wine
- PBG - Off Premises Beer/Wine
- PBP - Beer/Wine Producer
- P7B - 7 Day Week Off Premises Beer/Wine
- PAL - Alcoholic Cooking Liquors
- PLP - Liquor Producer/Importer (outside SC)
- PLR - Liquor Producer Representative
- PML - Liquor Manufacturer
- PMD – Liquor MicroDistillery
- PRL - Retail Store Liquor
- PWL - Wholesale Liquor
- PSB - Business Mini Bottle
- PSC - Non Profit Private Club Mini Bottle

Corporate Income Taxes

The Initial Annual Report of Corporations, form CL-1, must be submitted by both domestic and foreign corporations. The report should be submitted when filing:

- The Articles of Incorporation
- An Application for Authority to Transact Business in South Carolina
- On or before sixty (60) days after commencing business in South Carolina

➤ The minimum license fee of \$25 must be paid at the time the report is filed.

Tax Rate

The tax rate on South Carolina net corporate income is 5%. The starting point in determining South Carolina taxable income is the corporation's federal taxable income.

The license fee rate is .001% of the corporation's capitalization plus \$15. The corporation's capital stock and paid in capital accounts are subject to this tax.

The minimum license fee is \$25 and is paid a year in advance with the year's corporate tax report.

Most Common Modifications to Federal Taxable Income

1. Interest on state or local obligations other than South Carolina are additions to income
2. State and local income taxes or state and local franchise taxes measured by net income, any income taxes, or any taxes measured by or with respect to net income must be added back to federal taxable income
3. Add back federal net operating loss (NOL). South Carolina allows a South Carolina NOL carryover but no carry-back
4. If a corporation is claiming a reduction in salaries and wages due to the federal jobs credit, subtract this amount for South Carolina purposes
5. South Carolina does not recognize deductions for bonus depreciation, domestic production activities, or qualifying shipping activities

Summary of Corporate Income Tax Credits:

DRIP/TRICKLE IRRIGATION SYSTEMS CREDIT: For purchasing and installing conservation tillage equipment, drip/trickle irrigation system or dual purpose combination truck and crane equipment. **(TC-1)**

CREDIT FOR STATE CONTRACTORS SUBCONTRACTING WITH SOCIALLY AND ECONOMICALLY DISADVANTAGED SMALL BUSINESSES: For state contractors that subcontract with socially and economically disadvantaged small businesses. **(TC-2)**

WATER RESOURCES CREDIT: For investing in the construction of water storage and control structures for soil and water conservation, wildlife management, agriculture and aquaculture purpose. **(TC-3)**

NEW JOBS CREDIT: For qualifying employers that create ten or more jobs. **(TC-4)**

SMALL BUSINESS ALTERNATIVE JOB CREDIT: For qualifying small businesses that create 2 or more full-time jobs. **(TC-4SA)**

SMALL BUSINESS JOB CREDIT: For qualifying small businesses that create and maintain 2 or more full-time jobs. **(TC-4SB)**

SCENIC RIVER CREDIT: For donating certain lands adjacent to designated rivers or sections of a river. **(TC-5)**

INFRASTRUCTURE CREDIT: For construction or improvements of water lines, sewer lines and road projects eventually dedicated to public use or qualifying private entity. **(TC-6)**

CORPORATE HEADQUARTERS CREDIT: For qualifying costs related to establishing a corporate headquarters in South Carolina or expanding or adding to an existing headquarters. **(TC-8)**

EMPLOYER CHILD CARE CREDIT: For employers that establish child care programs to benefit employees or donate to a non-profit corporation providing child care. **(TC-9)**

ECONOMIC IMPACT ZONE CREDIT: For placing qualifying property in service in an economic impact zone. **(TC-11)**

FAMILY INDEPENDENCE PAYMENTS CREDIT: For employers hiring qualifying recipients of Family Independence Payments. **(TC-12)**

ADDITIONAL FAMILY INDEPENDENCE PAYMENTS CREDIT: For employers hiring qualified Family Independence Payment recipients in a least developed county. **(TC-12A)**

COMMUNITY DEVELOPMENT CREDIT: For investing amounts not claimed as charitable deductions in qualifying development corporations or financial institutions. **(TC-14)**

RECYCLING PROPERTY CREDIT: For taxpayers constructing or operating a qualified recycling facility when investing in recycling property. **(TC-17)**

RESEARCH EXPENSES CREDIT: For taxpayers claiming a federal research expenses credit. **(TC-18)**

QUALIFIED CONSERVATION CONTRIBUTION CREDIT: For donating a qualifying gift of land for conservation or a qualified conservation contribution of a real property interest. **(TC-19)**

BROWNFIELD VOLUNTARY CLEANUP PROGRAM CREDIT: For costs of voluntary cleanup activity by a nonresponsible party. **(TC-20)**

CERTIFIED HISTORIC STRUCTURE CREDIT: For rehabilitation projects that qualify for the federal credit. **(TC-21)**

TEXTILES REHABILITATION CREDIT: For rehabilitating an abandoned textile manufacturing facility. **(TC-23)**

COMMERCIALS CREDIT: For production companies producing commercials in South Carolina. **(TC-24)**

MOTION PICTURES CREDITS: For investing in motion picture projects or motion picture production or post-production facilities in South Carolina after June 30, 2004. **(TC-25)**

VENTURE CAPITAL INVESTMENT CREDIT: For lending money to the SC Venture Capital Authority **(TC-26)**

SC QUALITY FORUM CREDIT: For participating in quality programs of the SC Quality Forum. **(TC-28)**

PORT CARGO CREDIT: For increasing usage by volume at state ports. **(TC-30)**

RETAIL FACILITIES REHABILITATION CREDIT: For revitalizing abandoned retail facilities. **(TC-31)**

MERCURY SWITCH DISPOSAL CREDIT: For vehicle recycler or scrap recycling facility participating in End-of-Life Vehicle Solution (ELVS) Program for each mercury switch collected and admitted for disposal. **(TC-33)**

CORPORATE TAX MORATORIUM: For qualifying taxpayers that make a substantial investment and creates at least 100 new, full-time jobs, a 10 year, or in some cases, a 15 year moratorium on corporate income taxes. **(TC-34)**

ALTERNATIVE MOTOR VEHICLE CREDIT: Taxpayers with federal credit allowed under Internal Revenue Code 30B, will receive SC Credit. **(TC-35)**

INDUSTRY PARTNERSHIP FUND CREDIT: For contributing to the SC Research Authority's Industry Partnership Fund. **(TC-36)**

WHOLE EFFLUENT TOXICITY TESTING CREDIT: For a manufacturing facility incurring costs in complying with whole effluent toxicity testing. **(TC-37)**

SOLAR ENERGY OR SMALL HYDROPOWER SYSTEM CREDIT: For installing a solar energy system or small hydropower system in a South Carolina facility. **(TC-38)**

ETHANOL OR BIODIESEL PRODUCTION CREDIT: For producers of corn-based or non-corn-based ethanol or soy-based or non-soy-based biodiesel. **(TC-40)**

RENEWABLE FUEL FACILITY CREDIT: For constructing a renewable fuel production or distribution facility in South Carolina. **(TC-41)**

APPRENTICESHIP CREDIT: For employing an apprentice. **(TC-45)**

HYDROGEN INFRASTRUCTURE DEVELOPMENT FUND CREDIT: For contributions to the South Carolina Hydrogen Infrastructure Development Fund. **(TC-47)**

PLUG-IN HYBRID VEHICLE CREDIT: For in-State purchase or lease of a plug-in hybrid vehicle. **(TC-48)**

CELLULOSIC ETHANOL OR ALGAE-DERIVED BIODIESEL RESEARCH AND DEVELOPMENT CREDIT: For qualified expenditures for research into and development of feedstocks and processes for cellulosic ethanol and for algae-derived biodiesel. **(TC-49)**

BIOMASS RESOURCE CREDIT: For costs incurred by corporation for purchases and installation of equipment used to create power, etc. for commercial use. **(TC-50)**

VENISON FOR CHARITY CREDIT: For processing deer meat for charity. **(TC-51)**

FIRE SPRINKLER SYSTEM CREDIT: For installing a fire sprinkler system. **(TC-52)**

ENERGY EFFICIENT MANUFACTURED HOME CREDIT: \$750 credit for new purchase of an Energy Star manufactured home. **(TC-53)**

THESE CREDITS CAN ALSO BE USED AGAINST CORPORATE LICENSE FEES: Infrastructure Credit **(TC-6)**

Corporate Headquarters Credit **(TC-8)**
Recycling Property Credit **(TC-17)**
Research Expenses Credit **(TC-18)**
Certified Historic Structure Credit **(TC-21)**
Textiles Rehabilitation Credit **(TC-23)**
Venture Capital Investment Credit **(TC-26)**
Mercury Switch Disposal Credit **(TC-33)**
Industry Partnership Fund Credit **(TC-36)**
Hydrogen Infrastructure Development Fund Credit **(TC-47)**
Biomass Resource Credit **(TC-50)**

Refundable Income Tax Credits

Resident Milk Producer Tax Credit: A resident taxpayer in the business of producing milk for sale may be eligible for a refundable income tax credit against corporate income tax based on the amount of milk produced and sold. See I-334, the Milk Credit form.

Agricultural Use of Anhydrous Ammonia Credit: A resident taxpayer engaged in the business of farming is eligible for a refundable income tax credit equal to the amount expended to obtain the additive required to comply with Code Section 44-53-375(E)(2)(a)(ii) for the agricultural use of anhydrous ammonia. The refundable credit may be claimed against corporate income taxes. See I-333, the Ammonia Additive Credit form.

Filing Requirements

Corporations are required to file one of the following forms (whichever is applicable):

- SC1120 for corporations
- SC1120S for 'S' corporations
- SC1120U for utilities.
- SC1101B for banks
- SC1104 for savings and loan associations

NOTE: Insurance companies files tax returns with the Department of Insurance.

Each of these forms has three sections and every corporation must complete each section.

1. Computation of income tax liability
2. Computation of license fee, and
3. Annual Report

Tax-exempt organizations file form SC990T with South Carolina only if they have unrelated business income. These tax exempt organizations with unrelated business income must file returns using the SC990T no later than the 15th day of the fifth month

following the close of the taxable year.

Corporate income tax returns are due no later than the 15th day of the third month following the close of the taxable year.

Corporations with a multi-state business are taxed only on income earned or derived within South Carolina. This portion is determined by allocation and apportionment of income. South Carolina generally requires use of one of the following apportionment methods:

1. A **three-factor apportionment method** (based on property, payroll, and double-weighted sales) for taxpayers whose principal business in this State is manufacturing, or any form of collecting, buying, assembling, or processing goods and materials within this State; or selling, distributing, or dealing in tangible personal property.

If the sales ratio does not exist, the denominator of the fraction is the number of existing ratios. If sales exist but one of the other ratios does exist, the denominator of the fraction is the number of existing ratios plus one.

NEW! Beginning with Tax Year 2007, manufacturers, sellers, distributors and renters of tangible property began moving from 3-factor apportionment toward sales only apportionment of income remaining after allocation. The 3-factor apportionment method uses a property factor, a payroll factor and a double-weighted sales factor, and divides the result by 4. With the change, the taxpayer may use the 3-factor result or claim a percentage of the benefit of apportionment on the basis of sales alone. The percentage for Tax Year 2010 is 80%, and 3-factor apportionment will be eliminated entirely in Tax Year 2011.

2. **Special apportionment factors** apply to railroad companies, motor carriers, telephone service companies, pipeline companies, airline companies, and shipping lines.

3. A **gross receipts apportionment method** for all taxpayers other than those described in 1 and 2.

A business that operates in more than one state may petition the Department of Revenue to use a method other than the standard apportionment method in determining its South Carolina taxable income. This also applies to businesses planning a new facility or the expansion of an existing facility in South Carolina. However, for the business, the special allocation and apportionment method is only effective for five years.

The business must enter into a contract regarding the allocation and apportionment method.

The Advisory Coordinating Council for Economic Development must certify that the benefits of the facility outweigh the costs and that the facility will have a significant beneficial effect on the region for which it is planned.

Extension to File

If any corporate income tax or license fee is anticipated to be due, the taxpayer must use South Carolina extension form SC1120-T.

An extension can also be filed electronically through **SC DOR ePAY**.

If no income tax or license fee is anticipated to be due and the taxpayer has requested a federal extension, the federal extension will be accepted as a South Carolina extension if the corporate return is received within the time as extended by the Internal Revenue Service.

Corporations filing a consolidated return should file a single South Carolina extension SC1120-T and attach a schedule listing the corporations to be included in the South Carolina consolidation. A federal extension will be accepted if all corporations filing in South Carolina are included in one or more federal extensions. A schedule must also be attached listing the corporations included in the South Carolina consolidation.

A copy of the federal or South Carolina extension(s) must be attached to the return when filed.

There is no extension for payment of corporate income tax or license fee. Any income tax or license fee due must be paid by the prescribed due date to avoid the assessment of late penalties and interest.

Estimated Tax Payments

Declaration of estimated tax payments are required by the 15th day of the 4th, 6th, 9th and 12th months following the beginning of the taxable year.

The total of the estimated payments must equal 100% of the final tax liability, based on requirements for federal estimated income in IRC Section 6655. No estimated tax payment is required if the estimated tax is less than \$100 annually.

Electronic Payment Over the Internet

You may also make Corporate Tax declaration payments online by using our ePAY system from our website. There is no cost to you and no registration is required. Using the ePAY system, payments are submitted by credit card or by electronic funds withdrawal (bank draft). Go to our website at www.sctax.org to use the program.

Consolidated Returns

Consolidated returns are permitted for the following: (1) parent companies and substantially controlled subsidiaries, or (2) two or more corporations under substantially the entire control of the same interest, provided all parties have the same accounting year and are subject to tax under Code Section 12-6-530.

“Substantially controlled” means the ownership of at least 80% of the voting power of all classes of stock of all corporations that are a party to a consolidated return.

County Rankings, Moratorium and Reduced Investment Counties

South Carolina’s 46 counties are ranked and designated annually for job tax credit purposes based on unemployment rates, per capita income, and legislative considerations.

A 10- or 15-year moratorium on corporate income or insurance premium taxes is available to a qualifying taxpayer in a county with average annual unemployment rate of at least twice the State average during each of the last two completed calendar years, based on the most recent unemployment rates available, or in a county with one of the three lowest per capita incomes based on the average of the three most recent years of available average per capita income data.

The minimum required investment necessary to qualify for the fee in lieu of property tax under the “Little Fee,” provided in South Carolina Code Section 4-12-30(B)(3), and the “Simplified Fee,” provided in South Carolina Code Section 12-44-30(14), is \$2.5 million. This investment amount, however, is reduced to \$1 million for a company investing in a county with an average annual unemployment rate of at least twice the State average during each of the last 24 months, based on data available on November 1.

Each year, the Department releases a list of all County Rankings, Moratorium Counties, and Reduced Investment Counties. You can find the list at www.sctax.org > **Dept. Advisory Opinions > An Alphabetical Index > Income Taxes > Job Tax Credit.**

Limited Liability Companies & Partnerships

Limited Liability Companies --The Basics

A limited liability company (LLC) is an unincorporated business association that provides its owners (members) limited liability and flexible management and financial alternatives. An LLC can provide the favorable pass-through tax treatment of partnerships and the limited personal liability of corporations. An LLC is formed when one or more initial members sign Articles of Organization and deliver that to the Secretary of State along with the filing fee.

If an LLC is a corporation for federal income tax purposes, it is a corporation for South Carolina income tax purposes. Likewise, if an LLC is a partnership for federal income tax purposes, it is a partnership for South Carolina income tax purposes. South Carolina has adopted all of the partnership provisions (sub chapter K) of the Internal Revenue Code and IRC Section 7701 that defines partnership and corporation.

United States Treasury regulations govern how an organization is classified for federal tax purposes. There are United States Department of Treasury regulations for determining the classification of an unincorporated business organization as either a partnership or a corporation for federal income tax purposes.

These regulations replaced the prior four-factor test of:

- Continuity of life
- Centralized management
- Limited liability and
- Free transferability of interests

Under these regulations an unincorporated entity can choose to be taxed as a partnership (or disregarded as an entity entire separate from its owner if it is a single member LLC) or be taxed as a corporation. This new classification process is referred to as “check the box.” For South Carolina income tax purposes, the South Carolina Department of Revenue follows the “check the box” regulations.

The following definitions will be used:

◆ **Partnership** includes an LLC taxed for SC income tax purposes as a partnership.

◆ **Partner** includes any member of an LLC taxed for SC income tax purposes as a partnership.

◆ **Corporation** includes an LLC or professional or other association taxed for SC income tax purposes as a corporation.

◆ **Shareholder** includes any member of an LLC taxed for SC income tax purposes as a corporation.



◆ **A Limited Liability Partnership (LLP)** is formed when an application is filed by a majority of the partners or any one or more partners authorized to execute it, and delivered to the Secretary of State with a \$100 filing fee.

An LLP's registration is effective for one year only. Each year the LLP must file a renewal application within the 60-day period preceding the expiration date.

The Secretary of State is not required to notify an LLP that its registration is up for renewal.

◆ **A Single Member Limited Liability Partnership** that is not taxed as a corporation for federal purposes will be ignored for all South Carolina tax purposes. Therefore, a single member who is a corporation will include income from the Single Member LLC from one of its divisions. An individual member would consider the income from a Single Member LLC as if it were Schedule C income.

Partnerships -- The Basics

A partnership is a legal entity that is jointly owned by two or more individuals. The owners are personally responsible for all debts of the business, even those in excess of the amount invested in the business.

Liability for Returns

Every partnership in South Carolina, whether domestic or foreign, doing business or owning business in South Carolina must make a return of income on the Partnership Return of Income, form SC1065 not later than the 15th day of the fourth month following the close of the accounting period.

The income or loss of a partnership will be computed in the same manner and on the same basis as in the case of the individual.

Taxpayers carrying on business in a partnership are liable for income tax only in their individual capacity, and each partner must include in their return their distributive share, whether distributed or not, of the net income or loss of the partnership for the taxable year. If the taxable year of a partner is different from that of the partnership, the amount included will be based on the partnership income of the year ending with the taxpayer's taxable year.

Information to be Furnished to the Partners

An SC1065 K-1 must be provided to each partner and is prepared by the partnership to show each partner's share of the entity's income. Each item is adjusted as required by South Carolina law and allocated or apportioned to SC or to states other than South Carolina. Provide each nonresident partner with a federal Form 1099-MISC with "SC only" written at the top, showing the amount of the nonresident partner's withholding.

When and Where Do I File?

A South Carolina Partnership return of income should be completed after the federal partnership return is completed, but is due no later than the 15th day of the fourth month after the close of the taxable year.

**Returns should be mailed to
the following address:**

**SC Department of Revenue
Partnership Returns
P O Box 125
Columbia SC 29214-0008**



Failure to file your return on time may subject the Partnership to a penalty. If additional time is still needed to file your SC1065, you may file form SC8736 by the date due of your return.

The South Carolina Department of Revenue will accept the federal extension for a partnership in lieu of SC8736.

If you intend to use the federal extension in lieu of South Carolina's extension, it is not necessary to send South Carolina a copy of the federal form by the due date of your tax return. Simply attach a copy of the federal extension when you file the tax return within the extended period.

Partners' returns are extended separately. A copy of each federal K-1 is required to be attached to form SC1065.

Partners with income or loss must file a tax return regardless of tax liability. See SC1065 K-1 on information to be furnished to partners.

What Happens if You Don't File?

A taxpayer who fails to remit tax when due will be charged interest from the time the tax was due until paid in its entirety. Penalties may be applied for late payment of tax and for late filing of returns. Penalties may also be applied for negligence and for disregard of regulations.

Selected Forms to Use

SC616	Certification of Eligibility for South Carolina New Jobs Tax Credit
SC990-T	Return of Organization Exempt from Income Tax
SC1065	Partnership Return of Income

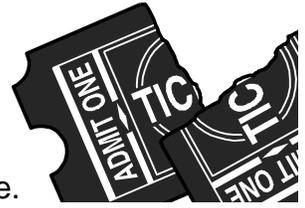
SC8736	Partnership Extension
SC Sch. TC-1	Drip/Trickle Irrigation Systems Credit
SC Sch. TC-2	Minority Business Credit
SC Sch. TC-3	Water Resources Credit
SC Sch. TC-4	New Jobs Tax Credit
SC Sch. TC-5	Scenic River Tax Credit
SC Sch. TC-6	Infrastructure Credit
SC Sch. TC-9	Credit for Child Care Program
SC Sch. TC-11	Economic Impact Zone Property Investment Credit
SC Sch. TC-12	Credit for Employers Hiring AFDC Recipients
SC Sch. TC-12A	Additional Credit for Employees Hiring AFDC Recipients
SC Sch. TC-14	Community Development Tax Credit
SC Sch. TC-17	Recycling Property Tax Credit
SC Sch. TC-18	Research Expenses Credit
SC Sch. TC-19	Credit for Qualified Conservation Contribution of Real Property
SC Sch. TC-20	Credit for Expenses Incurred through Brownfields Voluntary Cleanup Program
SC Sch. TC-21	Credit for a Certified Historic Structure
SC Sch. TC-23	Credit for Textile Rehabilitation
SC Sch. TC-24	Commercials Credit
SC Sch. TC-25	New Motion Picture Credit
SC Sch. TC-26	Venture Capital Investment Credit
SC Sch. TC-27	Health Insurance Credit
SC Sch. TC-28	SC Quality Forum Credit
SC Sch. TC-30	Port Cargo Volume Increase
SC Sch. TC-31	Retail Facilities Revitalization Credit
SC Sch. TC-35	Alternative Motor Vehicle Credit
SC Sch. TC-36	Industry Partnership Fund Credit
SC Sch. TC-37	Whole Effluent Toxicity Testing Credit
SC Sch. TC-38	Solar Energy or Small Hydropower System Credit
SC Sch. TC-40	Ethanol or Biodiesel Production Credit
SC Sch. TC-41	Renewable Fuels Property Tax Credits
SC Sch. TC-45	Apprenticeship Credit
SC Sch. TC-47	Hydrogen Infrastructure Development Fund Tax Credit
SC Sch. TC-48	Plug-In Hybrid Vehicle Credit
SC Sch. TC-49	Cellulosic Ethanol or Algae-Derived Biodiesel Research and Development Credit
SC Sch. TC-51	Venison for Charity Credit
SC Sch. TC-52	Fire Sprinkler System Credit
SC Sch. TC-53	Energy Efficient Manufactured Home Credit
I-333	Anhydrous Ammonia Additive Credit
I-334	Milk Credit
I-348	Composite Filing Instructions

For the most up-to-date forms, visit the South Carolina Department of Revenue website at www.sctax.org and go to the Forms button under the tax type.

Miscellaneous Taxes & Fees

Admissions Tax

Admissions tax must be collected by all places of amusement when an admission price has been charged. The tax is 5% of the paid admissions. If you operate a place of amusement, you must obtain an admissions tax license. There is no charge for the license. You may be required to obtain a retail license.



Examples of “places of amusement” are: nightclubs, college and professional sporting events, amusement parks, golf courses, miniature golf or “putt-putt” courses, tennis courts, bowling alleys, water slides, movie theaters, musical concerts, health clubs, spas, gyms, swimming pools, skating rinks, baseball batting cages and craft shows.

Exemptions from the admissions tax are:

1. Stage plays or pageants in which only local or nonprofessional talent or players perform
2. Certain Junior American Legion athletic events
3. High school or grammar school athletic events
4. Admissions to the State Fair or county or community fairs
5. Admissions charged by eleemosynary and nonprofit organizations organized exclusively for religious, charitable, scientific or educational purposes or the presentation of performing artists by an accredited college or university (*except athletic events of a college or university, and admissions to rides, places of amusement, shows, exhibits and other facilities at a circus, carnival or community fair, except when the proceeds are donated to a hospital*)
6. Nonprofit public swimming pools
7. Hunting or shooting preserves
8. Privately owned fish ponds or lakes
9. Circuses operated by nonprofit organizations organized exclusively for religious, charitable, scientific or educational purposes when the proceeds will be used for those same purposes
10. Properties or attractions on the National Register of Historical Places
11. Classical musical performances of a nonprofit organization operated exclusively to promote classical music

12. Admissions to events sponsored by nonprofit organizations organized exclusively for religious, charitable, scientific, civic, fraternal or educational purposes, when the entire net proceeds are donated to an organization operated exclusively for charitable purposes
13. Admissions charged by nonprofit community theater companies, community symphony orchestras, county and community arts councils and other commissions and companies promoting the arts
14. Boats that charge a fee for pleasure fishing, excursion, sightseeing and private charter.
15. Admissions to physical fitness centers that provide only aerobics, calisthenics, weight-lifting equipment, exercise equipment, running tracks, racquetball, handball, squash or swimming pools for aerobics or lap swimming.

Reporting and Paying the Tax

Filers of Admission Tax must complete and submit to the Department of Revenue an Admissions/Theater Tax Return, form L-511 and are required to maintain a copy of this return for audit purposes. This return is due on the 1st day of the month following period covered by the return, and becomes delinquent on the 21st day.

The tax is five percent (5%) of net receipts.

What Happens If You Don't File?

Failure to file this return will result in a penalty of 5% for the first month plus 5% for each additional month not to exceed an aggregate of 25%. Failure to pay will result in penalties of ½ of 1% per month not to exceed 25%.

Interest on all overdue accounts will be assessed at the rate provided under Sections 6621 and 6622 of the Internal Revenue Code. Rates will change quarterly depending on the prime rate. In addition interest will be compounded daily.

Bingo Tax

Nonprofit groups organized for fraternal, religious or charitable purposes which have been certified as tax exempt by the Internal Revenue Service and domiciled in South Carolina for at least three years may conduct bingo in South Carolina. The organization must also have been active in this State for at least two years.

Authorized nonprofit organizations may apply for a bingo license on form L-2058. There are six categories of bingo licenses which vary in prize limits, number of allowable sessions and costs.

The Department of Revenue authorizes the purchase of bingo cards/paper from licensed distributors. The bingo tax is 10% of each dollar of face value of the cards on Class AA, B, D & E. The bingo tax is 4% of each dollar of face value of the cards on Class C games. The tax is 5% of each dollar of face value of the cards on a Class F game. If the tax is not paid within 15 days, the organization will not be able to obtain bingo cards.

Type of License	License Cost (ONE TIME FEE)
Class AA	\$4,000
Class B	\$1,000
Class C	No Cost
Class D	\$100 (10 days or less)
Class D	\$200 (more than 10 days)
Class E	\$500
Class F	\$100

Class AA, B, and C licensed organizations must designate a promoter, who must be licensed. However, if a Class C licensed organization is authorized by the department to use hard bingo cards, a licensed promoter is not required. The promoter must complete an application Form L-2057 to obtain a license.

The promoter's license is \$1,000 annually. Each organization licensed to operate bingo must file quarterly financial reports.

At least fifty percent of the gross proceeds from the sale of bingo cards taken in by a bingo operation during a single session must be returned to the players in the form of prizes.

In February 2004, the General Assembly passed legislation which allows bingo to be played on electronic devices, in addition to the traditional bingo dabbled on paper.

Deed Recording Fee

The County Clerk of Court or Register of Deeds imposes a recording fee when any lands, tenements or other realty is transferred to another person. The fee is \$1.85 for each \$500 or fractional part thereof, of the real estate's value. The value is the consideration paid or to be paid in money or money's worth for the realty.

The following transfers of realty are exempt from the deed-recording fee:

- Realty valued at \$100 or less
- Transfers to the federal, state or local government, including school districts;
- Transfers exempted under federal or South Carolina laws and Constitutions;
- In which no gain or loss is recognized by Section 1041 of the Internal Revenue Code;
- Transfers that are made to partition realty;
- Individual grave space at a cemetery;
- Contract for the sale of timber to be cut;
- Transfers to a corporation, partnership or
- a trust in order to become or as a stockholder, partner or trust beneficiary of the entity provided no consideration is paid for the transfer other than stock in the corporation, interest in the partnership, beneficiary interest in the trust or the increase in value in stock or interest held by the grantor;
- Transfers from a family partnership to a partner or from a family trust to a beneficiary so long as no consideration is paid;
- Statutory merger or consolidation from a constituent corporation to the continuing or new corporation;
- Merger or consolidation from a constituent corporation to the continuing or new partnership; and
- A corrective deed or quitclaim deed used to confirm title already vested in the grantee provided that no consideration is paid;
- Transferring realty subject to a mortgage to the mortgagee whether by a deed in lieu of foreclosure executed by the mortgagee or deed pursuant to foreclosure proceedings;
- Transferring realty from an agent to the agent's principal in which the realty was purchased with funds of the principal, provided that a notarized document that is also filed with the deed that establishes that fact that the agent and principal relationship existed at the time of the original purchase as well as for the purpose of purchasing the realty.

For additional information about deed recording, you can review the deed recording manual by visiting the Department of Revenue's website at www.sctax.org, then go to "DOR Services – Publications" and then click on Information for Tax Professionals – Deed Recording Fee Manual.



Business License Taxes

Tobacco Products

The business license tax applies to all tobacco products sold in South Carolina. All persons selling, purchasing, distributing or importing tobacco products in South Carolina are required to pay the business license tax. The tax is paid only once. If tobacco products are purchased from a licensed distributor, then the retailer would owe no tax.

A business license is required for all persons selling, purchasing or distributing tobacco products in South Carolina at wholesale or through vending machines. A separate license is required for each business location. Apply for the license on form L-915. Manufacturers' sales representatives who conduct business in South Carolina must obtain a license by making application on form L-917.

Persons who sell tobacco products through vending machines need only one license, but they must maintain a current listing of locations of each vending machine.

Persons who own and stock vending machines on their own premises are not required to obtain a license.

The tax rates on tobacco products are:

Cigarettes	.0285/cigarette (57 cents/pack of 20)
All other tobacco products	5% of manufacturing prices



Every person first receiving untaxed cigarettes and/or other tobacco products for sale or distribution in South Carolina must file a monthly report and remit the tax.

Cigarette packages do not require tax stamps.

The tax is paid with a monthly report, Monthly Tobacco Tax Return, form L-922, due on or before the 20th day of the month following the month in which sales were made. The Department of Revenue may require tobacco tax be reported and paid during regular periods other than monthly.

➤ A discount for timely filing tobacco tax returns and paying the tax due is 3.5% of the tax due.

Electric Power Tax

Every person who sells electric power for resale and every public utility and cooperative that sells electric power to the consumer must pay an electric power tax. The tax does not apply to electric power purchased from vendors previously taxed under the statute. The tax is 5/10 of one mill (.0005) upon each kilowatt-hour of electric power sold.

Every person subject to the tax is required to file Form L-814-A, Electric Power Excise Tax Return, showing the amount of electricity sold during the month. The return and the tax due must be filed by the 20th of the month following the month in which the electricity was sold. A biannual report is due in January and July of each year listing exempt sales to industrial customers for the preceding six months.

Estate Tax

The estate tax is on the privilege of transferring property at death. The State Estate Tax is the amount of credit for state death taxes allowed on the Federal Estate Tax return. The State Estate Tax return is due nine months after the date of decedent's death.

Forest Renewal Tax

The forest renewal tax is assessed on all primary forest products harvested from South Carolina and is paid by the processor of the primary forest products. The amount of tax to be collected for the fiscal year is determined by the Forestry Commission's budget requirement. The tax is collected based on fiscal quarters beginning with quarter ending September 30th through quarter ending March 31st or until the required revenue is reached. The Forestry Commission provides to the Department of Revenue a list of processors required to report and pay this tax. The date due for this quarterly return is the 25th of the month following the end of the quarter. Processors are required to maintain product records for three fiscal years.



The tax rates are:

Softwood products measured in board ft.	50¢ per 1,000-board ft.
Softwood products measured in cords	20¢ cents per cord
Hardwood products measured in board ft.	25¢ per 1,000-board ft.
Hardwood products measured in cords	7¢ cents per cord

➤ Use the Primary Forest Products Tax Report, form L-2012 to remit tax due.

Low-level Radioactive Waste Tax

A tax is levied on the disposal of low-level radioactive waste at the facility in Barnwell County for long-term disposal. The operator of a regional disposal facility should submit payment to the SC Department of Revenue within 30 days of the end of the fiscal year. The amount of the payment is equal to the total revenues received for waste disposed in that fiscal year (with interest accrued on cash flows in accordance with instructions from the State Treasurer) minus allowable costs, operating margin, and any payment already made from such revenue for reimbursement of administrative costs to state agencies and the compact commission. The DOR will deposit the payment with the State Treasurer.

Solid Waste Excise Tax

Retailers of tires and batteries and wholesalers of appliances and motor oil are required to report and pay the solid waste excise tax on the sale of these items. The tax is \$2 per tire, battery and appliance sold and eight cents for each gallon of motor oil sold.

➤ The tax is reported on form ST-390. Register for the tax by checking block 8-A on form SCTC-111.

Highway Use Tax

South Carolina is a member of the International Fuel Tax Agreement (IFTA).

The IFTA is a base-state agreement administered by the South Carolina Department of Public Safety and designed to simplify the administration of the state fuel use tax for interstate motor carriers.

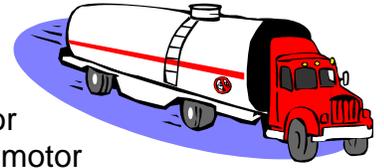
Motor carriers who travel exclusively within South Carolina (i.e., 100% of miles in South Carolina) no longer have to file highway use returns and do not have to become licensed under IFTA. If an occasional trip out of South Carolina is required, the South Carolina intrastate carrier has the option of purchasing trip permits with each state or becoming licensed under IFTA.

All motor carriers based in South Carolina and operating qualified motor vehicles in two or more IFTA states are required to be licensed under IFTA.

If you are an IFTA carrier based in another member jurisdiction outside South Carolina, your South Carolina highway use tax account is closed. You will report South Carolina fuel use information to your base jurisdiction IFTA. If you are not an IFTA carrier and are based in another jurisdiction, you will be required to continue filing highway use tax returns with South Carolina or obtain trip permits. For more information concerning IFTA registration or IFTA tax reports, call (803) 896-3870. Or, you can mail your requests or reports to P. O. Box 1993, Blythewood, SC 29106.

Motor Fuel User Fee

A motor fuel user fee of 16 cents per gallon is imposed upon all gasoline used or consumed in this state and upon all diesel fuel used or consumed in this state in producing or generating power for propelling motor vehicles.



All suppliers and importers doing business in South Carolina are responsible for collecting the user fee and reporting and remitting it to the Department of Revenue. The reports and user fee must be filed by the 22nd day of each month following the month in which the delivery is made.

Terminal suppliers, permissive suppliers, terminal operators, exporters, transporters, importers and tank-wagon operators are required to obtain a license before operating and pay applicable fees. Application should be made on form L-2045.

Fuel vendors or purchasers of motor fuel may obtain a refund of the motor fuel user fee paid for the following uses:

- Motor fuel sold for use in commercial shrimp boats
- Motor fuel sold for use in state school buses or other state vehicles used in the South Carolina school bus transportation program
- Motor fuel sold to the federal government
- Motor fuel used in the manufacture of fuel oil
- Motor fuel used in trucking equipment for non-highway purposes (i.e., power take off units)
- Taxable diesel that has been contaminated by dye so as to be unsalable or unusable as highway fuel
- Diesel fuel used as heating oil or in trains

➤ Use the Application for Distributor's License of Motor Fuels, form L-2045 to register. This license takes thirty (30) days to process.

Dry Cleaning Facility Registration Fees and Surcharges

Owners of dry-cleaning facilities must pay registration fees for each of their “wet-side” locations.

The initial and annual registration fees are based upon the number of employees at the facility the previous year and are computed as follows:

Number of Employees	Registration Fee
1-4	\$750
5-10	\$1,500
11 or more	\$2,250

Fees may be paid on an annual or quarterly basis. Use the Dry Cleaning Facility Registration Application, form L-2093 to register

An environmental surcharge is due on the privilege of producing in South Carolina or importing into the state perchloroethylene (tetrachloroethylene) and Stoddard (petroleum) solvent. A person importing or producing one of these solvents must register with the Department of Revenue for purposes of remitting the surcharge and pay a \$30 registration fee.



The surcharge imposed is \$10 a gallon on perchloroethylene and \$2 a gallon on Stoddard solvent. The surcharge is due on the first day of the month after the month of production, importation or removal from a storage facility. It must be paid on or before the 20th of the month on Solvent Surcharge Return, form ST-397.

Individual Income Tax

South Carolina's income tax structure follows the federal income tax laws. South Carolina generally accepts the adjustments, exemptions and most deductions allowed on your federal return. Your federal taxable income is the starting point in determining your state income tax liability.

You are required to file a South Carolina income tax return if you earn income in South Carolina and are required to file a federal return. Even if you are not required to file a federal return and you have taxes withheld from your wages, you should file a state income tax return in order to obtain a refund. For calendar year taxpayers, individual income tax returns are due on April 15 of each year.



Business income must be reported on Schedule C of the federal tax return.

**Attach a copy of your federal return to your state return
when you file a Federal Schedule C, D, E or F
or a SC Schedule NR, SC1040TC, I-319, or I-335**

Additions to Income

The following are examples of items that must be added back to your federal taxable income for South Carolina purposes:

- Any out-of-state losses, if subtracted on your federal return
- Interest income from state and local obligations other than those in South Carolina
- South Carolina income tax paid if itemized and deducted on your federal return
- Expenses related to National Guard and military reserve income

For a complete list, see form SC1040 and instructions; a copy is available at the Department of Revenue website, www.sctax.org.

Deductions from Income

The following are examples of items that may be deducted from your federal taxable income for South Carolina purposes:

- Income from an out-of-state business if included on your federal return
- Interest income from U.S. obligations
- A taxpayer may take a deduction of up to \$3,000 from income received from a qualified retirement plan. At age 65, the deduction increases up to \$10,000 annually.
- South Carolina resident taxpayers age 65 and older are allowed a deduction of up to \$15,000 from any source of income. This differs from the retirement deduction in that the \$3,000/\$10,000 deduction is allowed only against retirement income. This deduction must be offset by any amount claimed as a retirement deduction.
- National Guard or armed forces reserve annual training and drill pay (*pay for tours of active military duty is not deductible*)
- Disability retirement income received due to permanent and total disability
- Social Security benefits if included as income on the federal return
- 44% of net capital gains with a one-year holding period (beginning with tax year 2001)
- A deduction for each dependent claimed on your federal return who has not reached age six by December 31 of the tax year (the deduction is equal to 100% of the federal personal exemption)

For a complete list of deductions, see form SC1040 and instructions. A copy is available on the Department of Revenue website, www.sctax.org under Forms and Instructions.

South Carolina Individual Income Tax Rates for 2010

Rates apply to Line 6 of the SC1040

OVER	BUT NOT OVER	%	LESS
\$0	\$2,740	0%	\$0
\$2,740	\$5,480	3%	\$82
\$5,480	\$8,220	4%	\$137
\$8,220	\$10,960	5%	\$220
\$10,960	\$13,700	6%	\$329
\$13,700	7%	\$466

Income Tax Credits

South Carolina has a number of income tax credits, and some examples are listed below:

- A two-wage earner credit allows a maximum credit of \$210 if both spouses work
- A \$300 maximum credit is allowed for expenses paid by an individual for his own support or the support of another to an institution (in any state) providing nursing facility level of care or paid to a provider for in-home or community care
- A credit is allowed for income taxes paid to another state on income earned in the other state and taxed by both states
- A child and dependent care credit allows you to claim 7% of your allowable federal expenses for the care of a child or an elderly person, if that care is necessary for you to work. A maximum credit of \$210 is allowed for one child and or dependent and \$420 for two or more.

For a complete list, see form SC1040, SC1040TC and instructions to each. Copies are available on the Department of Revenue website, www.sctax.org under Forms and Instructions.

Estimated Tax Payments

Declaration of estimated tax is the method you use to pay tax on income that is not subject to withholding. This includes income from self-employment, interest, dividends, alimony, rent, capital gains and prizes. You may also have to pay estimated tax if enough tax is not being withheld from your salary, pension or other income. Generally you should make estimated tax payments if you figure your estimated tax liability will be \$100 or more. If your estimated tax liability will exceed \$100, you must pay in at least 90% of the tax to be shown on your current income tax return or 100% of the tax shown on your last year's income tax return, whichever is less. The 100% rule is modified to be 110% of last year's tax liability for an individual with an adjusted gross income of more than \$150,000 as shown on the return for the preceding tax year.

Estimated tax payments are due April 15, June 15, September 15 and January 15 for calendar year taxpayers.

Part-Year Residents

If you moved into South Carolina during the year, you are a part-year resident. As a part-year resident, you may consider yourself a full-year resident or a nonresident. You may choose the filing method that is most advantageous to you. If you elect to be a full-year resident, file the form SC1040. Report all your income as though you were a resident for the entire year. You will be allowed a credit for taxes paid to another state. If you elect to be a nonresident, file your form SC1040 with the Schedule NR. You will be taxed only on income earned in South Carolina and your deductions and exemptions will be prorated.

Extension to File

If you need more time to file a South Carolina income tax return, and you owe additional state income tax use SC4868 to request an extension of time to file SC1040. File this request on or before April 15. This extension will allow you an automatic six months to file your return. If you filed a federal extension and no income tax is anticipated to be due, the Department of Revenue will accept a copy of the federal extension. Attach the federal extension to your SC tax return when the return is filed.



SCnetFile will allow taxpayers to file extensions using form SC4868 on our website, www.sctax.org.

Any balance due can be paid by credit card (MasterCard and VISA) or Electronic Funds Withdrawal. Remember that an extension only allows you additional time to file your return. Your tax must still be paid by April 15 to avoid penalties and interest. Visit our website www.sctax.org for more details.

Reporting and Paying the Tax

In addition to mailing paper returns, South Carolina also allows electronic methods of filing individual income tax returns. Taxpayers using an electronic filing option have until May 1 to file or pay their balance due without penalties and interest. Failure to file or pay the balance due by May 1 will result in penalties and interest from April 15 until the return is filed and the tax is paid. **THIS INCENTIVE DOES NOT APPLY TO FEDERAL RETURNS OR TO SC TAXPAYERS THAT FILE PAPER RETURNS.**

South Carolina accepts electronically filed state income tax returns filed jointly with federal returns, as well as state-only filings. Refund and balance due returns are accepted electronically. Refunds may be deposited directly into your bank account.

You may use one of two programs to file your South Carolina tax return (SC1040) electronically. Visit the Department of Revenue website at www.sctax.org for more information on each of these options. They are:

- **Online Filing**
 - Easy access to tax preparation software
 - Tailored to fit your state and federal tax returns
 - Go to www.sctax.org to see if you qualify to have your federal and South Carolina returns filed for FREE!

- **Electronic Filing**
 - Taxpayers may electronically file federal and state returns through a tax practitioner
 - It's fast, safe and easy

State and Federal Agencies Offering Assistance

State Online Assistance

www.scbos.sc.gov

South Carolina Business One-Stop (SCBOS contains information and forms needed for opening a business in South Carolina.



At www.scbos.sc.gov, you will find links to other agencies and institutions offering assistance to business owners and those considering starting a new business.

SC.gov

For quick and easy access to all aspects of South Carolina Government, as well as links to other local, county and national sites, visit the official South Carolina state government website at www.sc.gov.



Simply enter a few words describing the information you need and a powerful search engine will scan thousands of state government web pages to find just the site you need. Use the custom features to focus on the issues that directly impact your business and your life.

State Agencies

- For information on fire safety, service stations, fire extinguishers and liquefied petroleum gas, contact:

SC Department of Labor, Licensing and Regulation

Division of Fire and Life Safety

141 Monticello Trail

Columbia SC 29203

Telephone: (803) 896-9800

Website: www.llr.state.sc.us

Some LLR licenses available at www.scbos.sc.gov

- For information on Articles of Incorporation, foreign corporations authorized to conduct business in this state, security registration and trademark registration, contact:

Secretary of State's Office

Physical Address: Edgar Brown Building

1205 Pendleton Street, Suite 525

Columbia, SC 29201

Mailing Address: SC Secretary of State's Office
1205 Pendleton Street, Suite 525
Columbia, SC 29201

Telephone: (803) 734-2158

Website: www.scsos.com

To apply online: www.scbos.sc.gov

- For information on Occupational Safety and Health (OSHA), labor-management services, employment standards, licensing for elevators and amusement rides, and migrant and seasonal farm workers, contact:

SC Department of Labor, Licensing and Regulation

Physical Address: Synergy Business Park
Kingstree Building
110 Centerview Dr.
Columbia, SC 29210

Mailing Address: Post Office Box 11329
Columbia, SC 29211

Telephones: General Information
(803) 896-4300

OSHA (803) 896-7665

Website: www.llr.state.sc.us

Some LLR licenses available at www.scbos.sc.gov

- For information on professional licensing and regulations, contact:

SC Department of Labor, Licensing and Regulation

Physical Address: Synergy Business Park
Kingstree Building
110 Centerview Dr.
Columbia, SC 29210

Mailing Address: Post Office Box 11329
Columbia, SC 29211

Telephone: (803) 896-4300

Website: www.llr.state.sc.us

Some LLR licenses available at www.scbos.sc.gov

- For information on public employment service, contact:

SC Department of Employment and Workforce

Physical Address: 1550 Gadsden Street
Columbia, SC 29201

Mailing Address: Post Office Box 995
Columbia SC 29202

Telephone: (803) 737-2400

Website: <http://dew.sc.gov/>

To apply online: www.scbos.sc.gov

- For information on water pollution control, air quality, solid waste, hazardous materials, water supply, shellfish, recreational waters and radiological health, contact:

SC Department of Health and Environmental Control

Sims-Aycock Building

2600 Bull Street

Columbia SC 29201

Telephone: (803) 898-3432

Website: www.scdhec.gov

Some DHEC licenses are available at www.scbos.sc.gov

- For information concerning any business activities in coastal areas, contact:

SC Department of Health and Environmental Control

Office of Ocean and Coastal

Resource Management

Charleston (Main) Office:

1362 McMillan Ave Ste 400

Charleston SC 29405

Telephone: (843) 953-0200

Beaufort Office:

104 Parker Drive

Beaufort, SC 29906

Telephone (843) 846-9400

Myrtle Beach Office:

927 Shine Ave.

Myrtle Beach, SC 29577

Telephone (843) 238-4528

Website: www.scdhec.gov/environment/ocrm

- For information on industrial revenue bonds, contact:

SC Department of Commerce

Business Development and Assistance Division
1201 Main St Suite 1600
Columbia SC 29201-3200
Telephone: (803) 737-0400 or (800) 868-7232
Website: www.sccommerce.com

- For information on electric and communication services, contact:

Public Service Commission

101 Executive Center Drive Suite 100
Synergy Executive Park
Saluda Building
Columbia SC 29210
Telephone: (803) 896-5100
E-mail: contact@psc.sc.gov
Website: www.psc.sc.gov

- For information on credit services, motor club services, physical fitness services, pawnbrokers and mortgage loan brokers, contact:

SC Department of Consumer Affairs

Physical Address: 3600 Forest Drive, 3rd Floor
Columbia, SC 29204

Mailing Address: Post Office Box 5757
Columbia SC 29250

Telephone: (803) 734-4200 in Columbia or (800) 922-1594

Website: www.scconsumer.gov

Some Department of Consumer Affairs licenses are available at
www.scbos.sc.gov

- For information on private security or private investigation business and regulations of pistols, contact:

SC Law Enforcement Division

Regulatory Services

Physical Address: 4400 Broad River Road
Columbia SC 29210

Mailing Address: Post Office Box 21398
Columbia SC 29221

Telephone: (803) 737-9000
Website: www.sled.sc.gov

- For information on groundwater in capacity use areas; construction in navigable waters; oil and gas exploration, drilling and production; water use reporting; water well logging; state climatology; scenic rivers; drought plans, and inter-basin transfers of waters, contact:

SC Department of Natural Resources

Land, Water and Conservation Division
Physical Address: Rembert C. Dennis Building
1000 Assembly St
Columbia, SC 29201

Mailing Address: Post Office Box 167
Columbia SC 29202

Telephone: (803) 734-9100
Website: www.dnr.sc.gov

- For information on registering aircraft in South Carolina, contact:

SC Aeronautics Commission

Physical Address: Columbia Metropolitan Airport
2553 Airport Blvd
West Columbia, South Carolina 29170

Telephone: (803) 896-6260 or (800) 922-0574
Website: www.scaeronautics.com

Federal Agencies

- For information concerning federal tax issues including employers' withholding, income tax, excise tax, and tax forms contact:

Internal Revenue Service

Telephone: (800) 829-4933 (statewide)
Website: www.irs.gov

South Carolina IRS offices:

City	Street Address	Days/Hours of Service	Telephone *
Columbia	1835 Assembly St. Columbia, SC 29201	Monday-Friday - 8:30 a.m.-4:30 p.m. Services Provided	(803) 765-5544
Florence	401 W. Evans St. Florence, SC 29501	Monday-Friday - 8:30 a.m.-4:30 p.m. (Closed for lunch 12:30 p.m.-1:30 p.m.) Services Provided	(843) 664-8889
Greenville	440 Roper Mountain Rd. Greenville, SC 29615	Monday-Friday - 8:30 a.m.-4:30 p.m. Services Provided	(864) 286-7095
Myrtle Beach	601 19th Ave. N. Myrtle Beach ,SC 29577	Monday-Friday - 9:30 a.m.-4:30 p.m. (Closed for lunch 12:00 noon-1:00 p.m.) Services Provided	(843) 626-2700
Charleston	1 Poston Rd. Suite 200 Charleston, SC 29407	Monday-Friday - 8:30 a.m.-4:30 p.m. Services Provided	(843) 566-0209

- For information on Social Security taxes, contact:

Social Security Administration

Strom Thurmond Federal Building
1835 Assembly Street, 11th Floor
Columbia SC 29201

Telephone: (800) 772-1213 statewide or (866) 964-7594

Website: www.ssa.gov

- For information on federal labor laws, including the minimum wage, contact:

United States Department of Labor

Wage and Hour Division
Strom Thurmond Federal Building
1835 Assembly Street, Room 1072
Columbia SC 29201-9863

Telephone: (803) 765-5981 or (866) 487-9243

Website: www.dol.gov

- The United States Small Business Administration provides financial, technical and management assistance to help Americans start, run and grow their businesses. The Columbia office serves the entire state. For more information contact:

United States Small Business Administration

South Carolina District Office
Strom Thurmond Federal Building
1835 Assembly Street, Room 1425
Columbia SC 29201
Telephone: (803) 765-5377
Website: www.sba.gov

Local Government Regulations

Business License - Business licenses are required for all businesses within a city or municipal district. Many counties do not have business license requirements, but it is wise to check with the county in which your business will be located. Contact city hall or county offices for more information.

Building Code – State law mandates that all jurisdictions adopt the Southern Standard Building Code Package (building, plumbing, gas, mechanical and the National Electrical Code). Adoption of all other codes must have prior approval by the South Carolina Building Code Council. The local building official should review all plans.

Building Change Permit – If changes are required in the building that houses your business, you must apply for a building change permit with the city or county building inspection department. Fees are charged based on the cost of the changes.

Zoning - The city and county zoning divisions maintain information on designated areas. Special permits may be obtained to locate a business in an area zoned for another use. Local planning commissions usually handle requests for changes in area zoning. Local officials must approve all changes in zoned use.

Fire Prevention - The Bureau of Fire Prevention conducts fire safety inspections in all commercial buildings as required by law. The purpose of inspection is to seek out and eliminate conditions that would endanger life and property. Public education and awareness on fire safety is also a vital part of the Bureau of Fire Prevention. Contact your local fire department for more information.

Food Permit - Any food-related business, such as restaurants and grocery stores, must comply with the city, county and state food ordinances. Contact your city or county health department for additional information.

Small Business Development Centers

Small Business Development Centers (SBDC) provide assistance to new and existing business owners. For additional information, contact the Small Business Development Center nearest you or go to their website at www.sba.gov.

State SBDC Director's Office
The University of South Carolina
The Moore School of Business
1705 College Street
Columbia, SC 29208

Phone: (803) 777-5118 e-mail: sbdc@moore.sc.edu

Aiken Area SBDC

USC-Aiken
471 University Parkway, Box 9
School of Business
Aiken, SC 29801
(803) 641-3646

Greenville Area SBDC

Renaissance Center
Park Plaza Building
135 South Main Street, Suite 600
Greenville, SC, 29601
(864) 354-4182

Beaufort Area SBDC

USC-Beaufort
801 Carteret Street
Beaufort, SC 29902
(843) 521-4143

Greenwood Area SBDC

Upper Savannah Area Office
600 Monument Street, Suite 106
Greenwood, SC, 29648
(864) 992-5743

Charleston Area SBDC

At The Citadel
5900 Core Drive, Suite 104 North
Charleston, SC 29406 (843) 740-6160
charlestonsbdc@moore.sc.edu

Hilton Head Area SBDC

USC-Beaufort South Campus
One University Boulevard
Bluffton, SC 29909
(843) 208-8259

Clemson Area SBDC

Clemson University
College of Business & Public Affairs
425 Surrine Hall
Clemson, SC 29634-1392
(864) 656-3227

Myrtle Beach Area SBDC

Wall Building
Coastal Carolina University
PO Box 261954
Conway, SC 29528-6054
(843) 349-4010

Florence Area SBDC

Florence/Darlington Technical College
P.O. Box 100548
Florence, SC 29501-0548
(843) 661-8256

Orangeburg Area SBDC

South Carolina State University
School of Business
Algernon S. Belcher Hall
300 College St., Campus Box 7176
Orangeburg, SC 29117
(803) 536-8445

Rock Hill Area SBDC

Winthrop University
 118 Thurmond Building
 Rock Hill, SC 29733
 (803) 323-2283

Sumter Area SBDC

USC Sumter
 200 Miller Road, Room 216
 Sumter, SC 29150-2498
 (803) 938-3833

Spartanburg Area SBDC

Spartanburg Human Resource Center
 142 South Dean Street, Suite 216
 Spartanburg, SC 29302
 (864) 316-9162

Occupational and Professional Licensing

South Carolina's occupational and professional licensing boards are responsible for the examination and licensing of people in various industries. Most boards require that candidates meet certain educational and/or technical background requirements before becoming licensed. Call the appropriate board at the telephone number listed (below) for specific information.

Each of the licensing boards listed below are located in Columbia and all of the telephone numbers are Area Code 803.

Licensing Board	Telephone Number
Accountancy	896-4770
Architectural Examiners	896-4408
Athletic Commission	896-4571
Auctioneers Commission	896-4501
Barber Examiners	896-4490
Building Codes Council	896-4688
Chiropractic Examiners	896-4665
Perpetual Care Cemetery Board	896-0379
Contractors	896-4501
Cosmetology	896-4572
Professional Counselors, Marriage, and Family Therapists	896-4665
Dentistry	896-4665
Dietetics	896-4665
Engineers and Land Surveyors	896-4422
Environmental Certification	896-4675
Foresters	896-4501
Funeral Services	896-0379
Geologists	896-4501
Landscape Architectural Examiners	896-4618
Long-term Health Care Administrators	896-4544

Manufactured Housing	896-4682 or 800-927-2891
Massage/Bodywork Therapy	896-4501
Medical Examiners	896-4500
Nursing	896-4550
Occupational Therapy	896-4665
Opticianry	896-4665
Optometry	896-4665
Pharmacy	896-4722
Physical Therapy	896-4665
Pilotage-Port of Charleston Harbor Pilot	896-4643
Podiatry Examiners	896-4665
Psychology	896-4665
Pyrotechnic Safety	896-4300
Real Estate	896-4404
Real Estate Appraisers	896-4400
Residential Builders	896-4696
Soil Classifier	896-4618
Social Work	896-4665
Speech Language Pathology & Audiology	896-4665
Veterinary Medical Examiners	896-4665

County Auditors, Assessors and Treasurers

To find the most up-to-date information about counties and county officials go to www.sccounties.org. Click on 'SC Counties' and search for a county website.

State Tax Departments

You may obtain information on all of the state tax departments by contacting the Federation of Tax Administrators at either their website www.taxadmin.org or by telephone at (202) 624-5890.

South Carolina Department of Revenue
Forms Request System
(Fax on Demand)
(800) 768-3676 (statewide)
(803) 898-5320 (in Columbia)

The South Carolina Department of Revenue forms request system (fax on demand) allows you to call using either your fax telephone or regular touch tone telephone to order single copies of forms. Dial the appropriate telephone number listed above and follow the menu.

If you call from your fax telephone, the system faxes the forms immediately. If you use a regular touch-tone telephone, the system will request a fax number and will fax the forms after normal business hours (11:00 p.m. - 8:00 a.m.). You also have the option of leaving a message on voice mail and your forms will be mailed to you within three (3) working days.

You may also request the fax menu listing all information available on the forms request system. This menu will be sent to you immediately whether you are using a fax or touchtone telephone. A maximum of six (6) forms may be requested in any one call. The system will make up to three (3) attempts to fax the requested forms.

If you do not have a plain paper fax machine, you must copy your document onto plain paper before submitting to the South Carolina Department of Revenue. We are unable to process returns that are requested on thermal fax paper.

Frequently Requested Forms

Document Retrieval Number

SC1040	Individual Income Tax Return	4003
SC1040I	Individual Income Tax Return Instructions	4002
SC1040TT	Tax Tables.....	4007
SC1040X	Amended Return	4012
SC4868	Request for Extension of Time	4019

Or go to our website for forms: www.sctax.org

Department of Revenue Telephone Directory

(Unless otherwise indicated, all numbers use area code 803)



DOR CALL CENTER	898-5000
Director, James Etter	898-5040
Deputy Director, Harry Cooper	898-5140
AUDIT DIVISION	
Administrator – Ricky Taylor	898-5604
Statewide Audit Manager	898-5681
Manager, Office Audit	898-5671
Supervisor, Non-Resident Audit	898-5619
Nexus/Discovery Unit	898-5617
Audit Techniques & Technology	898-5681
Estate and Gift—Any Question	898-5834
COLLECTION DIVISION	
Administrator – Allen Blackmon	898-5605
Statewide Collection Manager	898-5621
Manager, Central Office Collections	898-5816
TAXPAYER ADVOCATE SECTION	
Taxpayer Advocate	898-5444
Problems Resolution Office	898-5199
Compliance & Recovery	898-5381
GENERAL COUNSEL - Policy	
Administrator – Rick Handel	898-5132
GENERAL COUNSEL – Litigation	
Administrator – Milton Kimpson	898-5131
REGULATORY	
Manager – Dana Krajack	898-5172
Bingo Enforcement	898-5393
Alcoholic Beverage Licensing Litigation	898-5733
Alcoholic Beverage License (Beer, Wine & Alcoholic Liquors)	898-5864

OFFICE OPERATIONS DIVISION	
Administrator – Laura Watts	898-5038
CORPORATE TAX	
Corporate Income Tax	896-1730
Delinquents, Notices, And Warrants	896-1730
Debt Match And Reinstatements	896-1730
Technical Corporate, Partnership, Withholding & Fiduciary Questions	898-5786
ELECTRONIC SERVICES	
Electronic Filing (Individual Income Tax)	896-1715
Electronic Fund Transfers (EFT)—all business taxes except Sales	1-800-476-0311
Electronic Data Interchange (EDI) – Sales Tax and Motor Fuel	1-800-476-0311
Fed/State Electronic Filing (Taxpayers)	896-1715
Fed/State Electronic Filing (Electronic Return Originators ONLY)	896-1855
Magnetic Media Filing (W-2)	896-1450
SCnetFile for Extensions	896-1715
ESales (System Problems Only)	896-1715
EPay (Systems Problems Only)	896-1715
SCBOS	898-5690
Business Tax Telefile (Registration & Filing)	898-5918
Business Tax Telefile (Sales Tax Help Line)	898-5788
Business Tax Telefile (Withholding Tax Help Line)	898-5752
Business Tax Telefile Help Line	896-1715
E-mail -- telefile@sctax.org	
INDIVIDUAL INCOME TAX	
Automated Refund Inquiries	898-5300
Copies Of Tax Returns Requested By Taxpayers	896-1166
Debt Matches Under The Offset Program	# Shown On Notice To Taxpayer
Fax On Demand	1-800-768-3676 or 898-5320
General Information	898-5709
Individual Declarations Of Estimated Tax	898-5709
Notice Of Adjustments And Information Letters	898-5709

(Computer Generated)	
Partnerships	896-1590
Taxpayer Advocate (Problem Resolution Office)	898-5199
Refund Inquiries	898-5709
Request For Forms	(800) 768-3676
Tax Helpline	898-5280 or
Outside Columbia Dialing Area	(800) 763-1295
Technical Questions – Individual	898-5838
MISCELLANEOUS TAXES	
Admission	896-1970
Deed Recording Fee	896-1970
Electric Power	896-1970
Hospital Tax (Indigent Care)	896-1970
Motor Fuel Refunds	896-1990
Motor Carrier Property Tax	898-5222
PSC Utility Tax	896-1970
Primary Forest	896-1970
Solid Waste Tax	898-5845
Tobacco	896-1970
SALES/USE AND ACCOMMODATIONS TAX	
Accommodations Tax	898-5788
Extensions	898-5788
Failure to File	898-5788
Form St 236 Or Refunds	898-5788
General Questions	898-5788
Local Option Sales Tax	898-5788
Rental Surcharge	898-5788
Technical Questions on Sales, Use, Local Option, Accommodation & Miscellaneous Tax Questions	898-5744
WITHHOLDING	
General Information	898-5752
Booklet Reorder	898-5752
Address Correction	898-5752
Specific/Technical Withholding Questions	898-5786
Enterprise Zone Act/Rural Development Act Credit	896-1450

BUSINESS TAX REGISTRATION	
Registration/Database Maintenance	896-1350
Register For Sales, Use, Withholding, Corporate, And Highway Use Taxes	896-1350

LEGISLATIVE & LOCAL GOVERNMENT SERVICES DIVISION	
Administrator – Meredith Cleland	898-5402
Business Personal Property	898-5222
Manufacturing Assessments	898-5055
General Questions	898-5482

TAXPAYER SERVICE CENTERS	
Charleston	843-852-3600
Columbia	803-898-5000
Florence	843-661-4850
Greenville	864-241-1200
Myrtle Beach	843-839-2960
Rock Hill	803-324-7641

Can't make it to one of our Service Centers?

Other Locations Where You Can Meet In Person With a DOR Representative

AIKEN

Clemson Extension Office Suite
Room 514
1555 E. Richland Avenue
Thursdays Only
8:30am - 12:00pm
803-649-9920

ANDERSON

107 South Main St – Room 111
Mondays – 8:30 am – 12:00 pm and 1:00 pm – 5:00 pm
864-260-4347

BARNWELL

Barnwell County Annex Building
1st and 3rd Monday of each month
9:00 am – 12:30 pm
803-541-1031

BENNETTSVILLE

SC Dept. of Motor Vehicles
Hwy 9 West
2nd Thursday Only – 9:30 am – 12:00 pm
843-454-9272

CAMDEN

Kershaw County Courthouse
1121 Broad Street
2nd Wednesday of each Month from 9:00 Am - 12:00 PM
803-425-1500

CHESTER

Chester Co. Government Complex
Room #40
1476 J.A. Cochran By-Pass
2nd Thursday of each month – 9:00 am – 12:00 pm
803-377-4177

DILLON

Disaster Preparedness Agency
205 West Howard Street
2ND Wednesday Only – 9:00 am – 12:00 pm
843-774-1414

GAFFNEY

Cherokee County Administration Building
210 N. Limestone Street
2nd Tuesday each month – 9:00 am – 12:00 pm
864-487-2766

GEORGETOWN

County Courthouse
County Delegations Office
715 Prince Street
Mondays – 9:00 am – 12:00 pm

GREENWOOD

17 Park Plaza – Next to Greenwood Courthouse
Thursday – 8:30 am – 12:00 pm
864-943-1545

KINGSTREE

County Courthouse, 2nd floor Break Room
2nd Wednesdays Only – 9:00 am – 12:00 pm

LANCASTER

Clemson Extension Service Bldg
107 S. French St.
Tuesday – 9:00 am – 12:00 pm
803-283-2169

LAURENS

Laurens County Judicial & Services Complex
100 Hillcrest Square
2nd Wednesday each month – 1:00 pm – 5:00 pm

MCCORMICK

McCormick County Courthouse
Tuesday – 8:30 am – 1:00 pm
864-465-2195 ext. 2931

ORANGEBURG

Orangeburg County Annex Building
Wednesday – 8:30 am – 1:00 pm
803-533-5885

SUMTER

115 Harvin Street, Room 609
2nd Wednesday Only – 9:00 am – 12:00 pm
803-773-7812

UNION

Union County Courthouse
210 West Main Street
2nd Wednesday each month – 1:00 pm – 5:00 pm

WALHALLA

60 Short Street
Mondays - 8:30 am – 12:00 pm
864-859-0335

Tax Returns and Other Correspondence should be mailed to:

SC Department of Revenue

Post Office Box 125

Columbia SC 29214

www.sctax.org