

South Carolina Sales and Use Tax Rules Summary
Harvey Industries
2063 University Parkway Aiken, SC 29801

Tax Rate: 7%

Auctioneers of tangible personal property, whether owned by them or others, are “retailers” and need to collect tax on taxable sales. [S.C. Code Ann. §12-36-70(1)(a) ; S.C. Code Ann. §12-36-910 .]

EXEMPTIONS:

Manufacturing machinery and equipment –

The following are exempt from sales and use tax under Code Section 12-36-2120(17):

1. Machines used in manufacturing, processing, compounding, if the machine is integral and necessary to the manufacturing process and the product being manufactured is being manufactured “for sale.” Machinery, including every mechanical device or combination of mechanical powers, parts, attachments and devices to perform some function and produce a certain effect or result, is integral and necessary to the manufacturing process if it meets all of the following:
 - a. The machine is used at a manufacturing facility. This exemption only applies to machines used at a facility whose purpose is that of manufacturing a product “for sale.” It does not apply to machines used at a facility whose purpose is retailing, wholesaling, distributing, or some other non-manufacturing purposes.
 - b. The machine is used in, and serves as an essential and indispensable component part of the manufacturing process, and is used on an ongoing and continuous basis during the manufacturing process. A machine is not a part of the manufacturing process merely because it is integral and necessary to the manufacturer. For example, machines used for warehouse, distribution, or administrative purposes are integral and necessary to the manufacturer, but not part of the manufacturing process.
 - c. The machine must be substantially “used in manufacturing ... tangible personal property for sale.” The statute does not require that the machine be used exclusively in manufacturing; however, incidental manufacturing use will not qualify for the exemption. For purposes of the exemption, more than one-third of a machine's use in manufacturing is substantial.
2. Parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of machines are also exempt, provided the parts, attachments or replacements are used on or in the operation of such machines, manufactured for use on or in the operation of such machines, integral and necessary to the operation of such machines, and must be customarily so used. Included in the exemption are all parts and attachments without which the machine would do no work, and parts and attachments designed to increase the efficiency of the machine.

The following do not qualify for the machinery and equipment exemption:

1. Materials or equipment which might constitute a machine or machinery when not used for manufacturing, processing, compounding, mining, or quarrying tangible personal property for sale are not exempted.
2. Maintenance machines used at a manufacturing facility are not exempt from the tax. Machines that are used to maintain non-exempt machines (machines that are not integral and necessary to the manufacturing process), or are not used on an ongoing, continuous basis to maintain exempt manufacturing machines (machines that are integral and necessary to the manufacturing process) are maintenance machines and are not exempt from the tax as machines used in manufacturing tangible personal property for sale.

3. Machines used for warehouse, distribution, or administrative purposes are integral and necessary to the manufacturer, but not part of the manufacturing process.

Buyers claiming the manufacturing machinery and equipment exemption must provide a fully and properly completed and signed exemption certificate, Form ST-8. See "Forms" below to access the form.

Resale -

- Sales of tangible personal property to licensed retail merchants, jobbers, dealers, or wholesalers for resale and wholesale sales and are not subject to the retail sales tax.
- Sales of materials, containers, cores, labels, sacks, or bags used incident to the sale and delivery of tangible personal property, or used by manufacturers, processors, and compounders in shipping tangible personal property (for example, pallets used for shipping) are also exempt.
- The seller must receive a fully and properly completed resale certificate signed by the purchaser stating that the purchased item is for resale. A resale claim can be made using South Carolina Form ST-8A. A letter from the purchaser to the seller or a resale certificate from another state is acceptable provided that the letter or certificate contains the same information as Form ST-8A. In addition, the Uniform Sales and Use Tax Certificate published by the Multistate Tax Commission may be used since it contains the same information as Form ST-8A. See "Forms" below for the link to access the required forms.

Out-of-state sales/Export –

Retail sales tax applies to sales of tangible personal property delivered in South Carolina pursuant to a sale to the purchaser or to an agent or designee of the purchaser, other than a common carrier, even if the purchaser or the purchaser's agent or designee may subsequently transport the property out of South Carolina. [S.C. Code Regs. §117-334.5 .]

MOTOR VEHICLES:

If the buyer is a resident of SC, a maximum sales tax of \$300 is imposed on the sale or lease of motor vehicles. The buyer must provide proof of sales tax payment at the time of registration.

If the buyer is a non-resident, the following rules apply:

Sales of new or used motor vehicles, trailers, semi-trailers, pole trailers and horse 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 on motor vehicles and trailers (except pole trailers). When a nonresident will not receive credit for sales tax paid to South Carolina for a motor vehicle or trailer and his home state does not grant reciprocity to South Carolina residents, no sales tax will be charged. Form [ST-385](#) must be completed on each vehicle sold to a nonresident.

FORMS:

The following are the links to access the required forms:

- ST-8 Exemption Certificate: <http://www.sctax.org/NR/ronlyres/8E5600CB-5D82-4D9F-BF6E-4B198401C910/0/ST8.pdf>
- ST-8A Resale Certificate: <http://www.sctax.org/NR/ronlyres/2ED70AD4-519B-4097-ADF8-9D8D4F3CF003/0/ST8A.pdf>
- MTC Uniform Sales and Use Tax Certificate: http://www.mtc.gov/uploadedFiles/Multistate_Tax_Commission/Resources/Forms/Fillable-Uniform%20Sales%20and%20Use%20Certificate-67_2008.pdf
- Form ST-385, Affidavit for Intent To License Motor Vehicle, Trailer, Semitrailer or Pole Trailer Purchased in SC in Purchaser's State of Residence.

http://www.sctax.org/NR/rdonlyres/16B1461F-0703-4DB2-BD7C-7B18DCB8C969/0/ST385_032608.pdf