

Integra Asset Solutions, LLC - South Carolina Sales and Use Tax Rules Summary

Immaculate Tool & Die Shop

725 Andrews Rd, Fountain Inn, SC 29644

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 .]

Exempt Entities: Manufacturer

Certain purchases made by manufacturers are exempt. Purchases of materials that become an ingredient or component part of tangible personal property being manufactured are exempt as sales for resale. South Carolina exempts sales of machines used in manufacturing, processing, compounding, mining, or quarrying tangible personal property for sale. This exemption applies to parts of machines, attachments, and replacements used, or manufactured for use, on or in the operation of machines.

To qualify for this exemption the machine must meet the following three criteria:

- (1) be used in a manufacturing facility,
- (2) serve as an essential and indispensable component part of the manufacturing process, and
- (3) used in manufacturing tangible personal property for sale.

As a result, tools that

- (1) are considered to be machines, parts of machines, or attachments; and
- (2) meet the three requirements above likely qualify for this exemption.

Hand tools that do not meet these conditions are taxable.

Note that South Carolina also exempts material handling systems and material handling equipment used in the operation of a distribution facility or a manufacturing facility (however, this does not include recycling, mining, or quarrying). In order to qualify for the material handling exemption, the taxpayer must notify the state before the first month it uses the exemption and invest at least \$35 million dollars in real or personal property in the state within the next five years.

ST-8 Exemption Certificate: <https://dor.sc.gov/forms-site/Forms/ST8.pdf>

Exempt Entities: Reseller

Purchases made for the purpose of resale are exempt from sales tax. South Carolina imposes sales tax on retail sales of tangible personal property. Wholesale sales are exempt when the purchaser presents a resale certificate. 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 <https://dor.sc.gov/forms-site/Forms/ST8A.pdf>. 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.

http://www.mtc.gov/getattachment/Resources/Uniform-Sales-Use-Tax-Exemption-Certificate/Uniform-Sales-and-Use-Certificate-3_13_2019.pdf.aspx?lang=en-US

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 .]