

STEP-BY-STEP INSTRUCTIONS FOR ST-388 (Rev. 10/16/07)



Please read this section before completing your form.

If you have a retail license or use tax registration you are **required to file** a tax return **even** if there is **NO TAX DUE** for the period.

WHEN FILING "NO SALES" RETURNS, please enter zeroes on Lines 1, 1A, 1B, and 3 of Column A, B and C only on the ST-388.

COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE ST-388 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 10.

IMPORTANT: If it is determined that no entry is needed on a line, PLEASE LEAVE LINE BLANK. Do not write on the lines that do not pertain to you.

All entries must be typed or hand printed. If using a **non-preprinted form**, see the introduction section under **Essential Information** for form ST-388 for instructions.

The State Sales Tax (5%), (6%), the Accommodation Tax (2%), and Local Tax Rates must be separately reported on the appropriate tax forms.

STEP 1

COMPLETING SALES AND USE TAX WORKSHEET #1

Lines 1 through 3

Line 1: Gross Proceeds of Sales, Accommodations/Rentals and Withdrawals for Own Use

Enter the total amount of all sales (taxable and nontaxable), leases and/or rentals made by the business for the reporting period. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED. Be sure to include your accommodations proceeds.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees.

Line 2: Out-of-State Purchases

Enter the total purchases of tangible personal property purchased from an out-of-state retailer for use, storage, or consumption in this state if an equal amount of sales tax or use tax was not paid at the time of purchase. If the tax rate in your county is greater than the tax rate paid out-of-state, contact SCDOR for additional information.

Line 3: Total

Add Lines 1 and 2. Enter total here and on Line 1 on the front of ST-388.

STEP 2

COMPLETING THE 6% SALES AND USE TAX WORKSHEET #2

SALES AND USE TAX WORKSHEET INSTRUCTIONS

Lines 4 through 12

Line 4: Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use

Enter the total amount of all sales, leases and/or rentals made by the business (taxable and nontaxable) for the reporting period. **Do not include your accommodations proceeds. Nontaxable sales are to be itemized on Line 7 and deducted on Line 8. DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees. However, it is important to note that when purchasing tangible personal property out-of-state at retail, there may be circumstances when additional tax is due. Purchases subject to use tax under this worksheet are reported on Line 5.

Line 5: Out-of-State Purchases Subject to Use Tax

Enter the total purchases of tangible personal property purchased from an out-of-state retailer for use, storage or consumption in this state on or after June 1, 2007 (not otherwise excluded), if an equal amount of sales tax or use tax was not paid at the time of purchase.

Line 6: Total Gross Proceeds at 6%

Add Lines 4 and 5. Enter total here and on Line 1A, Column A on the front of ST-388.

Line 7: Sales and Use Allowable Deductions

To claim a deduction relating to a sale, the sales transaction must be reported on Lines 1 and 2 of Worksheet #1 and 4 of this worksheet. Enter the type of deduction (see list below) and the dollar amount of the sale. South Carolina law provides for a deduction from gross proceeds of sales those items specifically exempt from tax. The list below is used to identify some of the items to be shown as a deduction. Any amount claimed as a deduction on your return must be itemized on this worksheet. You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the South Carolina Sales and Use Tax Code of Laws by contacting the Department's Main Office, the Taxpayer Service Centers or visit our website: www.sctax.org>Law and Policy**

Examples of Allowable Deductions: (Not all inclusive)

Sales for resale

Out-of-state sales

Exemptions:

Manufacturing

Agriculture

Federal Government

Medicine and prosthetic devices (by prescription)

Diabetic Supplies (by written authorization)

Gasoline sales

Installation charges (separately state on invoice)

Trade-ins

Excess over tax cap

Manufactured Home (35% exemption)

Food purchased with food stamps

Sales Tax Holiday exempt sales

1% tax reduction for purchases made by individuals age

85 and older for their own use

NOTE: This 1% tax reduction does not apply to local tax calculation.

Line 8: Total Amount of Deductions (Enter total of deductions here).

Line 9: Subtotal (Line 6 minus Line 8) If local tax is applicable, enter this amount on Line 1 of ST-389 worksheet.

Line 10: Unprepared Food Sales Effective November 1, 2007 sales of unprepared foods (previously taxed at 3%) are exempt of the State sales and use tax rate and must be entered here. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. As a result, sales that are subject to a local tax must be entered here on line 10 and on Form ST-389 (local sales tax worksheet). Sales reported for a period beginning October 1, 2006 and prior to November 1, 2007, must be entered here and on section 5 of Form ST-389 plus the ST-389 worksheet.

Line 11: Total Deductions and Subtractions (Add lines 8 and 10, enter total here and Line 2, Column A on front of return.)

Line 12: Net Sales and Purchases (Line 6 minus Line 11.)

STEP 3

COMPLETING THE 5% SALES AND USE TAX WORKSHEET #3

SALES AND USE TAX WORKSHEET INSTRUCTIONS

LINES 13 through 21

Line 13: Gross Proceeds of Sales, Accommodations/Rentals and Withdrawals for Own Use

Enter the total amount of all sales (taxable and nontaxable), leases and/or rentals made by the business for the reporting period. **Be sure to include your accommodations proceeds.** Nontaxable sales are to be itemized on Line 16 and deducted on Line 17. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

Line 14: Out-of-State Purchases Subject to Use Tax

Enter the total purchases of tangible personal property purchased from an out-of-state retailer for use, storage or consumption in this state prior to June 1, 2007, if an equal amount of sales tax or use tax was not paid at the time of purchase.

Line 15: Total Gross Proceeds

Add lines 13 and 14. Enter total here and on Line 1A, Column B on the front of ST-388.

Line 16: Sales and Use Tax Allowable Deductions

To claim a deduction relating to a sale, the sales transaction must be reported on Lines 1 and 2 of Worksheet #1 and Line 16 of this worksheet. Enter the type of deduction (see list below) and the dollar amount of the sale. South Carolina law provides for a deduction from gross proceeds of sales those items specifically exempt from tax. The list below is used to identify some of the items to be shown as a deduction. Any amount claimed as a deduction on your return must be itemized on this worksheet. You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the South Carolina Sales and Use Tax Code of Laws by contacting the Department's Main Office, the Taxpayer Service Centers or visit our website: www.sctax.org>Law and Policy**

Types of Allowable Deductions: (Not all inclusive)

- Sales to the Federal Government
- 1% tax reduction for purchases made by individuals age 85 and older for their own use

NOTE: This 1% tax reduction does not apply to 2% accommodations or local tax calculation.

Line 17: Total Amount of Deductions

Enter total of deductions here.

Line 18: Subtotal

(Line 15 minus Line 17)

If local tax and/or tax on unprepared food is applicable, add this amount on Line 1 of the ST-389 worksheet.

Line 19: Unprepared Food Sales Effective November 1, 2007 sales of unprepared foods (previously taxed at 3%) are exempt of the State sales and use tax rate and must be entered here. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. As a result, sales that are subject to a local tax must be entered here on line 19 and on Form ST-389 (local sales tax worksheet). Sales reported for a period beginning October 1, 2006 and prior to November 1, 2007, must be entered here and on section 5 of Form ST-389 plus the ST-389 worksheet.

Line 20: Total Deductions and Subtractions (Add lines 17 and 19, enter total here and Line 2, Column B on front of return.)

Line 21: Net Sales and Purchases (Line 15 minus Line 20.)

STEP 4

ST-388 COMPLETING THE ACCOMMODATIONS TAX WORKSHEET #3

Lines 22 through 25

Line 22: GROSS PROCEEDS OF SALES FROM RENTAL OF TRANSIENT ACCOMMODATIONS: Enter gross proceeds of sales from the rental of transient accommodations. Enter here and on Line 1B, Column C on the front of the return.

Line 23: ALLOWABLE DEDUCTIONS: Enter the type of transaction and the corresponding amount for the deduction.

Examples of deductions for Accommodations Tax are listed below:

- Golf packages
- Meeting rooms
- Some special promotion packages

Note: Remember that even though the transactions above are not subject to accommodations tax, they **ARE** subject to Sales Tax and Local Sales Taxes.

- Transient accommodations furnished to the same person for a period of ninety (90) or more consecutive days.

- Accommodations billed directly to the Federal Government.

Line 24: TOTAL AMOUNT OF DEDUCTIONS: Enter total here and on Line 2, Column C on front of return.

Line 25: NET SALES OF TRANSIENT ACCOMMODATION: Enter total here and on Line 3, Column C on front of return.

STEP 5**TRANSFERRING SALES TAX WORKSHEET INFORMATION TO THE FRONT OF ST-388****Lines 1 through 2****Line 1: Column A, Gross Proceeds of Sales/Rental, Use Tax and Withdrawals of Tangible Personal Property**

Enter the total amount of all sales (taxable and nontaxable), leases and/ or rentals made by the business for the reporting period subject to Sales Tax, Use Tax, and Accommodations Tax. Enter the total from Line 3 of your Worksheet #1. Do not include Sales Tax collected in this amount.

Line 1A: Column A, Gross Proceeds of Sales/Rentals and Withdrawals for Own Use

Enter the total amount of all sales (taxable and nontaxable) leases and / or rentals made by the business for the reporting period subject to the 6% tax requirements (Total from Line 6 of Worksheet #2). Do not include charges for accommodations in this total.

Line 1A: Column B, Gross Proceeds of Sales/Rentals and Withdrawals for Own Use

Subject to 5% tax reporting requirements: Enter the total amount of all sales subject to a 5% tax requirements and be sure to include charges for accommodations (Total from Line 15 of Worksheet #3).

Line 1B: Column C, Gross Proceeds of Sales from the Rental of Transient Accommodations

Enter the amount from Line 22 of Worksheet #4 (Reverse side of return).

Line 2: Column A, Total Amount of Deductions

Enter the total amount of deductions from sales worksheet (back of return) to the front of return as follows: Enter total from Line 11 of Worksheet #2 (back of return) to Line 2 of Column A (front of return); Line 20 of Worksheet #3 (back of return) to Line 2 of Column B (front of return); Line 24 of Worksheet #4 (back of return) to Line 2 of Column C (front of return).

STEP 6**CALCULATION OF TAX ON FRONT OF ST-388****Lines 3 through 8****Line 3: Net Taxable Sales**

Line 2 minus Line 1A of Column A and B, and Line 2 minus Line 1B of Column C.

Line 4: Tax Due

Multiply Line 3 amount by the tax rate shown at the head of each column and enter results on Line 4 of correct column. (i.e., Column A equals 6%, B equals 5%, and C equals 2%.)

Line 5: Taxpayer's Discount

A taxpayer's discount may be claimed when the return is filed and the tax due is paid in full on or before the due date of the return. **No discount** is allowed if the return or payment is received after the due date. The discount is computed as follows:

If your combined tax liability (Line 4, Columns A, B and C of ST-388 and Line 2, Column B last page of ST-389) is less than \$100, the discount rate is 3% (.03) of line 4. If the total is \$100 or more, the discount rate is 2% (.02) of Line 4, Columns A, B, and C. Deduct this percentage (%) amount from Line 4, Columns A, B, and C.

Note: Discounts are not allowed to exceed \$3,000 per taxpayer (for all locations) during any one South Carolina fiscal year, which covers payments made from July 1 through June 30. This includes all returns which become due during this period (returns for June through May). The \$3,000 maximum includes the total discounts for Sales/Use, Accommodation Tax and Local Taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount.

Line 6: Balance Due

Line 4 minus Line 5 of Column A, B and C.

If your tax return is late (filed and/or paid) complete Line 7 through 8. If not late, complete Line 8 of each column that applies.

Line 7: Penalty

Enter the total Penalty for each column, from calculations below or visit our website: www.sctax.org>Penalty and Interest Calculator

PENALTY FOR FAILURE TO FILE A RETURN: Five percent (.05) of the amount of tax due (from Line 4 for each column on the front of the return) for each month or fraction of a month of delinquency, not to exceed twenty-five percent (.25) of the amount of tax due.

PENALTY FOR FAILURE TO PAY TAX DUE: The penalty is one-half of one percent (.005) of the amount of tax due (the total of Line 4 for each column on the front of the return) for each month or fraction of a month of delinquency, not to exceed a total of twenty-five percent (.25) of the amount of tax due. The penalty for failure to file and pay must be combined and entered as a total on Line 7.

Line 7A: Interest

Enter calculations of interest for each column. Visit our website, www.sctax.org to use our online P and I Calculator.

Interest: Interest is assessed in accordance with Sections 6621 and 6622 of the Internal Revenue Code. Rates are based on the prime rate, subject to change quarterly and are compounded daily.

Line 7B: Penalty and Interest

Enter the total penalty and Interest (Line 7 and 7A) for each Column (A, B, and C)

Line 8: Amount Due

Enter the total of Line 6 and Line 7B for each Column (A or B or C)

Line 8A: Total Due

Enter the combined total of Line 8, Columns A, B, and C

WOULD LOCAL TAX APPLY AND IS THIS FORM APPLICABLE? Steps 7 - 9

Only complete ST-389 worksheet if one of the following applies:

- Your business is located in a county that imposes a local tax, even if the local tax due is zero.
 - Your business delivers to county with local tax, regardless of whether your business is or is not located in a county that imposes a local tax.
- Your business makes sales of unprepared food items.



If these conditions do not apply, go to **STEP 10**

ST-389 WORKSHEET INSTRUCTIONS

Complete this section of the return if you sold, purchased or delivered property for use in a county with a local tax or Sales Tax is reported on the sale of unprepared food.

This worksheet is to assist you in determining the proper amount required to be allocated on Form ST-389.

Line 1: Net Sales and Purchases:

Enter the totals of Line 9 and Line 18.

Line 2: Catawba Tribal Sales: Complete this line only if applicable.

The Tribal Sales Tax is required to be reported on the ST-389 form only.

Line 3: Total Sales and Purchases: (Add Lines 1 and 2)**Line 4: Local Tax Allowable Deductions:**

Certain transactions are taxable for the state's Sales and Use Tax, but are exempt from SC Local Sales and Use tax. Some examples are:

- Deliveries to counties without local tax
- Quarterly and annual filers remitting tax on the first reporting period after the implementation date may use the worksheet to calculate the amounts not subject to the local tax
- Taxable portion of all sales which fall under the \$300.00 maximum tax. (i.e. automobiles, mobile homes, etc.)

This is not a complete listing of Local Tax exemptions. You may contact the South Carolina Department of Revenue at (803) 898-5788 for additional information, if you have questions regarding these exemptions.

Line 5: Total Allowable Deductions

Enter the total allowable deductions from Column B of Line 4

Line 6: Total Net Taxable Local Sales: (Subtract line 5 from Line 3)

Total should agree with Column A, Line 1, last page of ST-389.

Note: If your sales, purchases and withdrawals are used or delivered in a county with more than one local tax, and/or when tax is reported on the sale of unprepared food in a county with a local tax, the total on form ST-389 will not agree with line 6.

CALCULATING TAX ON UNPREPARED FOOD

Reported on page 2 of 3 of ST-389.

Would Food Tax Apply?

Effective November 1, 2007, sales of unprepared food items eligible to be purchased with United States Department of Agriculture food coupons (i.e., electronic benefit transfer cards) will be exempt from the state sales and use tax rate. This exemption does not apply to local sales and use taxes administered by the Department of Revenue. Local taxes are required to be shown in the applicable local tax section of the Form ST-389.

However, sales of unprepared food which lawfully may be purchased with United States Department of Agriculture food stamps beginning October 1, 2006 and prior to November 1, 2007 must be reported in this section.

Column A: Net Taxable: Enter retail food sales of unprepared food in Section 5, Column A.

Column B: Tax: Multiply section 5, Column A x 3% (.03).

Column C: Taxpayer Discount: Column B x Applicable Discount Rate.

The discount rate is determined as follows:

If your combined tax liability (Line 4 of Columns A, B and C, ST-388 and Line 2, Column B last page of ST-389) is less than \$100, the discount rate is 3% (.03). If the total is \$100 or more, the discount rate is 2% (.02)

Column D: Net amount After Discount: Column B minus Column C.

INSTRUCTIONS FOR COMPLETING FORM ST-389, Page 1 and 2

The Form ST-389 is a three part form. Capital Project and School District Taxes are to be reported on **page 1 only**. Transportation, Catawba Tribal Sales and Sales Tax on Unprepared Food are to be reported on **page 2 only**. The names and codes for these taxes are preprinted only on pages 1 and 2. Local Option taxes are required to be reported on page 3. If additional Local Option space is needed, use ST-389-A located in the back of your booklet. Only one entry per line is allowed.

If you do not have a preprinted form, please enter the business name and address, retail license or registration number and the period ended as shown on Form ST-3, ST-388, ST-403 or ST-455 to which this schedule must be attached.

Use instructions below to complete Columns A, B, C, and D for Capital Project, School District, Transportation, Catawba Tribal Tax and Sales Tax on Unprepared Food.

Column A: Net Taxable Amount

Enter net taxable sales or purchases made for each county or jurisdiction. **Credits are not allowed to be taken on this form.** (See credits section located in this booklet under Essential Information.)

Column B: Local Tax

Multiply Column A by the applicable tax rate and enter results in Column B for each county or jurisdiction.

Column C: Discount

A taxpayer's discount may be claimed when the return is filed and the tax due is paid in full on or before the due date of the return. **No discount** is allowed if the return or payment is received after the due date. The discount is computed as follows:

Use same discount rate as used for line 5, Form ST-388. (Column B x Discount Rate).

Note: Discounts are not allowed to exceed \$3,000 per taxpayer (for all locations) during any one South Carolina fiscal year, which covers payments made from July 1 through June 30. This includes all returns which become due during this period (returns for June through May). The \$3,000 maximum includes the total discounts for Sales/Use, Accommodations Tax and Local Taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount.

Column D: Net Amount After Discount

(Column B minus Column C) Enter total in Column D.

INSTRUCTIONS FOR COMPLETING LOCAL OPTION PORTION OF FORM ST-389, Page 3

Local Option taxes are to be reported on **page three only of the ST-389 and ST-389-A, if applicable.**

Name of County or Jurisdiction: This column is used to identify a particular county or municipality where delivery takes place. A list of counties which impose the 1% Local Option Sales and Use Tax is located on the back of Form ST-389. Enter the name of the county or municipality based upon sales or deliveries within a particular county or municipality.

Code: Enter the code for the named county or municipality based upon codes identified on the back of the Form ST-389. Use instructions below to complete Columns A, B, C, and D for Local Option Tax.

Column A: Net Taxable Amount: Enter net taxable sales or purchases made for each county or municipality. Credits are not allowed to be taken on this form. (See credits section located in this booklet under Essential Information.)

Column B: Local Tax: Multiply Column A by 1% (.01) and enter results in Column B for each county or municipality.

Column C: Discount: A taxpayer's discount may be claimed when the return is filed and the tax due is paid in full on or before the due date of the return. **No discount** is allowed if the return or payment is received after the due date. The discount is computed as follows:

Use the same discount rate as used on line 5 of Form ST-388. (Column B Times Discount Rate)

Note: Discounts are not allowed to exceed \$3,000 per taxpayer (for all locations) during any one South Carolina fiscal year, which covers payments made from July 1 through June 30. This includes all returns which become due during this period (returns for June through May). The \$3,000 maximum includes the total discounts for Sales/Use, Accommodations Tax, and Local Tax. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount.

Column D Net Amount After Discount: (Column B minus Column C) Enter net discount amount in Column D.

Line 1: Enter total of all net taxable sales listed in Column A of the ST-389 and ST-389A, if applicable on Line 1 on bottom of page 3. Be sure to include total of all entries from all pages. For additional entries, reproductions of page 3 are permissible or you may reproduce ST-389A located in the back of the booklet.

Line 2: Add all local taxes due and enter total of Column B, on Line 2 of last page.

Line 3: Add all net amounts in Column D.

Line 4: Enter the total of Penalty and Interest, from calculations below or visit our website: www.sctax.org>Penalty and Interest Calculator.

PENALTY FOR FAILURE TO FILE A RETURN: Five percent (.05) of the amount of local tax due (on line 2) for each month or fraction of a month of delinquency, not to exceed twenty-five percent (.25) of the amount of tax due.

PENALTY FOR FAILURE TO PAY TAX DUE: The penalty is one-half of one percent (.005) of the amount of local tax due (on Line 2) for each month or fraction of a month of delinquency, not to exceed a total of twenty-five percent (.25) of the amount of tax due.

The penalty for failure to file and pay must be combined and entered as a total on Line 4.

INTEREST: Interest is assessed in accordance with Sections 6621 and 6622 of the Internal Revenue Code. Rates are based on the prime rate, subject to change quarterly and are compounded daily.

Line 5: Add Lines 3 and 4. Enter the total of Column D from Line 5 (last page of form ST-389) on ST-388 Line 9.

Make a copy of the completed Form ST-389 for your records.
Reminder: All pages of Form ST-389 must be attached to appropriate state form.

STEP 9	ENTERING TAX FROM ST-389 TO ST-388
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Line 9: Tax Due from ST389, See ST-389 instructions

STEP 10	ST-388 - DETERMINE TOTAL AMOUNT DUE
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Line 10: Total Amount Due.

STEP 11	ST-388 - SIGNATURE
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Sign and date your return on the back of the ST-388.

DON'T FORGET Returns are past due after the 20th of the month.

If you are not using preprinted forms and it is necessary to use blank forms, be sure to include your social security number or Federal Employer Identification number in the label section.

Social Security Privacy Act Disclosure

It is mandatory that you provide your social security number on this tax form. 42 U.S.C 405(c)(2)(C)(i) permits a state to use an individual's social security number as means of identification in administration of any tax. SC Regulation 117-201 mandates that any person required to make a return to the SC Department of Revenue shall provide identifying numbers, as prescribed, for securing proper identification. Your social security number is used for identification purposes.

The Family Privacy Protection Act

Under the Family Privacy Protection Act, the collection of personal information from citizens by the Department of Revenue is limited to the information necessary for the Department to fulfill its statutory duties. In most instances, once this information is collected by the Department, it is protected by law from public disclosure. In those situations where public disclosure is not prohibited, the Family Privacy Protection Act prevents such information from being used by third parties for commercial solicitation purposes.