
State of South Carolina
Department of Revenue
301 Gervais Street, P.O. Box 125, Columbia, South Carolina, 29214

IMPORTANT NOTICE
Effective May 1, 2003

File #:

TO: Retailers Located In or Making Sales to Dillon and/ or Hampton County

FROM: South Carolina Department of Revenue

RE: Local 1% Capital Projects Tax for Dillon and Hampton Counties

Effective Thursday, May 1, 2003, Dillon and Hampton counties will impose a new local 1% Capital Projects tax. As a result, all sales of merchandise made in or delivered to Dillon and/ or Hampton Counties will be subject to 7% sales and use tax (or 9% accommodation tax). This change in the tax rate is the result of **voter approval of an additional 1% local sales and use tax to fund capital projects in Dillon and/ or Hampton Counties**. This tax will be imposed in addition to the 1% Local Option tax currently imposed. The Capital Projects tax is reported countywide - it is not necessary to break this tax down by municipality. However, you must continue to break the Local Option tax down by municipality.

If you make sales in Dillon and/ or Hampton County, **you should begin collecting tax at the new rate on May 1**. You will continue to use your current sales tax form (ST-3, ST-388 or ST-403); however, in addition to completing your current form, you must also complete and attach all pages of addendum form ST-389.

Page 1 of ST-389

This page is used when reporting the 1% Capital Projects Tax. Please report your Capital Projects taxable information in the Capital Projects tax section of this page. **The Capital Projects tax is reported countywide - it is not necessary to break this tax down by municipality. Capital Projects tax code is 1017 for Dillon County and 1025 for Hampton County.**

Page 2 of ST-389

This page is used for reporting 1% Local Option tax (continue to use municipality codes listed on back of page 2) for Dillon and Hampton Counties. You must continue to break the Local Option tax down by municipalities.

All sales that are currently subject to the South Carolina 5% sales and use tax are also subject to the 1% Capital Projects tax, with the **following exceptions**:

1. Items subject to a \$300 maximum tax are exempt from the 1% Capital Projects tax. The maximum tax applies to the sale or lease of motor vehicles, airplanes, boats, motorcycles, trailers or semi-trailers pulled by truck tractors, horse trailers, recreational vehicles and self-propelled light construction equipment. The \$300 maximum tax also applies to the sale of machinery for research and development and sale of musical instruments and office equipment to religious organizations.
2. Sales of tangible personal property delivered after the imposition date of the capital projects tax imposed in these counties, either under the terms of a construction contract executed before the imposition date, or a written bid submitted before the imposition date, which reached completion in a construction contract, are exempt from the sales and use tax. However, this exemption requires that a verified copy of the contract be filed with the Department of Revenue within six months after the effective date of this tax along with the ST-10C form (Application For Exemption From Local Tax For Construction Contractors).

If you have questions on how to report your sales, please call the Department of Revenue Florence Taxpayer Service Center at (843) 661-4850, Charleston Taxpayer Service Center at (843) 852-3600 or the Columbia Sales Tax Office at (803) 898-5788.