

# ESSENTIAL INFORMATION FOR FORM ST-501 (Rev. 10/16/07)

Please read carefully and keep this booklet in a convenient place for future reference.

## INTRODUCTION

The South Carolina Department of Revenue is requiring taxpayers to report sales taxes on Form ST-501 for sales of durable medical equipment and related supplies under the following conditions:

1. The purchase must be paid directly by funds of South Carolina or the United States under the Medicaid or Medicare programs.
2. State or federal law or regulation authorizing the payment must prohibit the payment of the sale or use tax.
3. The durable medical equipment and related supplies must be sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in South Carolina.

Any retailer subject to a local sales and use tax must report sales on the Form(s) ST-501 and ST-389, if applicable.

If you're receiving the Form ST-501 and not making sales of durable medical equipment and related supplies under above conditions, you should contact the Department of Revenue to be provided with the appropriate forms.

Form ST-501 is preprinted with your:

- Business Name
- Address
- Retail License Number or Purchaser's Certificate (Use Tax Registration)
- Federal Employer Identification Number
- Period covered

Please draw a line through any incorrect information, enter corrections and check box on your return. If it is necessary to use blank returns, be sure to indicate the information listed above or other identifying information (social security number).

## FILING REQUIREMENTS

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, 3, 9 and 11 only on the ST-501 Form. See Business Tax Telefile instructions for filing zero returns/electronically.**

### FORMS TO FILE

**Form ST-501 (Sales, Use, and Durable Medical Equipment and Related Supplies Tax Return)**

This form should be used for reporting the following taxes:

- Sales and Use Tax
- Tax on Durable Medical Equipment and Related Supplies
- Local Taxes

**Form ST-389** The Form ST-389 is used to designate the appropriate portion of local tax to a county or municipality based upon sales or deliveries within the county or municipality. **You are required to file a Form ST-389 with a Form ST-501 if:**

- your business is located in a county that impose a local tax or
- your business delivers to a 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.

**The ST-389 is used for reporting the following types of tax:**

- Capital Project Tax
- School District Tax
- Transportation Tax
- Local Option Tax
- Sales Tax on Unprepared Food
- Catabaw Tribal Tax

## WHEN TO FILE

**Sales Tax returns are due on or before the twentieth (20th) day of the month following the close of the period covered.** You must file a tax return for every tax reporting period, even if no tax is due for the period. This will keep your account current and prevent you from receiving delinquent notices.

For example:

**Monthly filers: (Return must be received/postmarked by the 20th)**

- January reporting period - submit return no later than February 20.
- February reporting period - submit return no later than March 20.
- March reporting period - submit return no later than April 20, etc.
- December reporting period - submit no later than January 20 (of the next year).

**Note: To file quarterly, annual, or seasonal contact SC DOR for approval.**

**Quarterly Filers: (Return must be received/postmarked by the 20th)**

- First Quarter (January, February, March) reporting period - no later than April 20.
- Second Quarter (April, May, June) reporting period - no later than July 20.
- Third Quarter (July, August, September) reporting period - no later than October 20.
- Fourth Quarter (October, November, and December) reporting period - no later than January 20 (of the next year).

**Annual Filers: (Sales for the entire year)**

The December return must be received/postmarked no later than January 20 (of the next year).

**Seasonal Filers:** Seasonal filers are required to file returns only for those months scheduled to be reported. Returns must be received/postmarked no later than the 20th of the next month.

**If the return is not filed and/or any taxes due are not paid by the twentieth day of the month due, no taxpayer discount will be allowed, and the return is considered delinquent; applicable penalties and interest must be calculated and paid, or an assessment will be issued.**

## LOCAL SALES TAX

The local taxes are due if the sale was made or products were delivered into a local tax county. The local taxes authorized to be collected by counties include:

- Capital Project
- School District
- Transportation
- Local Option

The county and jurisdiction codes applicable to these taxes are indicated on the Form ST-389.

## EXEMPTIONS FROM LOCAL TAXES:

- Sales covered by the maximum tax limitation: aircraft, motor vehicles, motorcycles, boats, recreational vehicles, or self-propelled light construction equipment,
- Mobile homes (does not apply to contents),
- Sales of musical instruments and office equipment sold to religious organizations,
- Construction contracts (Must have prior Department approval.),
- Sales of certain food which may be lawfully purchased with USDA food stamps are exempt from the 1% School District Tax. This exemption applies to everyone, not just persons using food stamps.

**LOCAL TAX FILING NOTICE:** If your business is located in a county that is imposing a local tax in addition to the 6% or 5.5% Sales and Use Tax, Form ST-389 must be filed with Form ST-501 even if the local tax due is zero. The zero **must be placed** beside the appropriate county/jurisdiction code on Form ST-389.

If your business is collecting and reporting another county's local taxes, Form ST-389 is required to be filed to designate the appropriate amount of local tax to a county or jurisdiction. Instructions for completing Form ST-389 are located in this booklet. For more detailed information, request SC Revenue Ruling #91-17 or visit our website at [www.sctax.org](http://www.sctax.org)

## CHANGE IN OWNERSHIP

Any change in ownership will require a new application for retail license. The new ownership will be required to complete a Business Tax Application, Form SCTC-111 and remit the appropriate fee.

## CHANGE OF LOCATION

Any change of location will require written notification be sent to the Department of Revenue by submitting Form SC8822 or visit our website: [sctax.org](http://sctax.org)>DORBOS

## CLOSING YOUR BUSINESS

When closing or selling your business you are required by South Carolina law to **return your Sales and Use Tax license** to the South Carolina Department of Revenue indicating the date of closing. You must file all returns and pay all taxes due. Complete enclosed Form C-278 when closing your business. If you sell your business, the new owner will not be issued a new license until taxes due for that location have been paid.

## CLAIM A REFUND (ST-14): NO CREDITS

If you have overpaid your sales/use tax on your return, you should file a claim for refund in the form of a letter or by using the enclosed form ST-14, Claim for Refund, and file amended) corrected) figures for the periods requested. **Do not take a credit on the sales and use tax return for any overpayments.** The claim for refund should specify: The name, address, and telephone number of the taxpayer or contact person; the appropriate taxpayer identification number (s); the tax period or date for which the tax was paid; the nature and kind of tax paid; the amount which is claimed as erroneously paid; a statement of facts and documentation supporting the refund position; a statement outlining the reasons for the claim, including any law or other authority upon which you rely; and, any other relevant information that the Department may reasonably require.

# STEP-BY-STEP INSTRUCTIONS FOR ST-501 (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, 3, 9 and 11 only on the ST-501.

**COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE ST-501 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 18.**

**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-501 for instructions.

The sales tax (6%), tax on durable medical equipment and related supplies (5.5%), and local taxes must be separately reported on the appropriate tax forms.

## STEP 1 **COMPLETING THE SALES AND USE TAX WORKSHEET**

### SAMPLE SALES AND USE TAX WORKSHEET (from the back of ST-501)

**1. Gross Proceeds of Sales, Rentals and Withdrawals for Own Use**

Do not include sales of durable medical equipment and related supplies paid by funds of the State or United States under Medicare or Medicaid program.

1. \_\_\_\_\_

**2. Out-of-State Purchases Subject to Use Tax**

2. \_\_\_\_\_

**3. Total** (Add lines 1 and 2. Enter here and on line 1 on front of return.)

3. \_\_\_\_\_

**4. Allowable Deductions** (Itemize by Type of Deduction and Amount of Deduction)

Column A Type of Deduction		Column B Amount of Deduction
*Sales Exempt During "Sales Tax Holiday" _____	▶ \$	_____
_____	\$	_____
_____	\$	_____

**5. Total Amount of Deductions (Total Column B)**

5. < \_\_\_\_\_ >

**6. Subtotal** (Line 3 minus line 5.)

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

6. \_\_\_\_\_

**7. 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 7 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.

7. < \_\_\_\_\_ >

**8. Total Deductions** (Add lines 5 and 7. Enter total here and on line 2 on front of return.)

8. \_\_\_\_\_

**9. Net Sales and Purchases** (Line 3 minus line 8 should agree with line 3 of ST-501.)

9. \_\_\_\_\_

### SALES AND USE TAX WORKSHEET INSTRUCTIONS LINES 1 through 6

**Line 1: 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. Nontaxable sales are to be itemized on line 4 and deducted on line 5. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED. Do not include your sales of durable medical equipment and related supplies paid by funds of the State or United States under the Medicare or Medicaid program.**

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 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 if an equal or greater amount of sales tax or use tax was not paid in the other state 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-501.

**Line 4: Sales and Use Allowable Deductions**

To claim a deduction relating to a sale, the sales transaction must be reported on line 1 or 2 of this worksheet. Enter the type of deduction (see list below) in Column A and the dollar amount of the sale in Column B. 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 in Column A and B of 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**

**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.
- Out-of-state sales
- Sales for resale
- Installation charges (separately stated on invoice)

**Line 5: Total Amount of Deductions:** Enter total of Column B.

**Line 6: Subtotal:** (Line 3 minus Line 5) If local tax and/or tax on unprepared food is applicable, enter this amount on line 1 of the ST-389 worksheet.

**Line 7: 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 7 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 8: Total Deductions:** Add lines 5 and 7 (Enter total here and line 2 on front of return.)

**Line 9: Net Sales and Purchases:** (Line 3 minus Line 8.)

**STEP 2 ST-501 - CALCULATION OF 6% SALES AND USE TAX**

**SAMPLE SALES AND USE TAX INSTRUCTIONS**

<p>1. Gross Proceeds of Sales, etc. <b>Do Not include sales of durable medical equipment and related supplies paid by funds of the State or United States under Medicare or Medicaid program.</b> (From line 3 of Sales and Use Tax Worksheet on reverse side).....</p> <p>2. Total Amount of Deductions (From line 8 of worksheet) .....</p> <p>3. Net Taxable Sales (Line 1 minus line 2) .....</p> <p>4. Line 3 x 6% (.06).....</p> <p>5. Taxpayer's Discount (For timely filed and paid returns only) If your combined tax liability is less than \$100.00, the discount rate is 3% (.03) of line 4. If the total is \$100.00 or more, the discount is 2% (.02) of line 4. <b>(The \$3,000 maximum discount allowed per fiscal year (June through May) is the combined discount amounts from line 5, line 13 and total of amounts from Column C of Form ST-389 (if applicable).)</b></p> <p>6. Sales and Use Tax Net Amount Payable (Line 4 minus line 5)..... 14-4701 14-4702</p> <p>7. Penalty _____, Interest _____ (Add Sales and Use Tax penalty and interest. Enter total on line 7 at right.)..... OFFICE USE ONLY: _____</p> <p>8. Total Sales and Use Tax Due (Add lines 6 and 7) .....</p>	<p>1. ▶ <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p> <p>2. ▶ <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p> <p>3. ▶ <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p> <p>4. <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p> <p>5. ▶ <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p> <p>6. ▶ <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p> <p>7. ▶ <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p> <p>8. <input style="width: 150px; height: 25px; border: 1px solid red;" type="text" value="."/></p>
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**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.

**Line 1 Gross Proceeds of Sales:** Enter the gross proceeds of sales, leases and/or rentals of tangible personal property, withdrawals, and purchases subject to use tax. Do not include sales of durable medical equipment and related supplies. Enter the total from line 3 of your worksheet. Do not include sales tax collected in this amount.

**Line 2 Total Amount of Deductions:** Enter the total amount of deductions from line 8 of your worksheet (reverse side of your return).

**Line 3 Net Taxable Sales:** Subtract line 2 from line 1.

**Line 4 Tax:** Multiply line 3 x 6% (.06).

**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:

The discount rate is determined as follows:  
If your combined tax liability (line 4 and line 12, ST-501, 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. Deduct this amount from line 4.

**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, Durable Medical Equipment and Related Supply, and local taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. The discount amount is \$10,000 for out-of-state retailers who cannot be required to register for sales and use tax but who voluntarily register to collect and remit the tax. However you must receive prior approval from the Department of Revenue for the \$10,000 discount.

**Line 6 Sales and Use Tax Net Amount Payable:** Line 4 minus 5.

**Line 7 Penalty and Interest:** Enter the total of penalty and interest, from calculations below or visit our website: [www.sctax.org](http://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 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 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.

**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 8 Total Sales and Use Tax:** Enter the total of lines 6 and 7.

<b>STEP 3</b>	<b>ST-501 - COMPLETING THE DURABLE MEDICAL EQUIPMENT AND RELATED SUPPLIES WORKSHEET</b>
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**This section is used for reporting Sales Tax on durable medical equipment and related supplies items.**

- As defined under federal and state Medicaid and Medicare laws.
- Which is paid directly by funds of this State or the United States under the Medicaid or Medicare programs, where state or federal law or regulation authoring the payment prohibits the payment of the sales or use tax; and
- Sold by a provider who holds a South Carolina retail sales license and whose principal place of business is located in this State.

**10. Gross Proceeds of Sales from the Sale of Durable Medical Equipment and Related Supplies** (Enter here and on line 9 on front of return) 10. \_\_\_\_\_

**11. Allowable Deductions:** (Itemize by Type of Deduction and Amount of Deduction)

Column A Type of Deduction	Column B Amount of Deduction
_____	\$ _____
_____	\$ _____
_____	\$ _____

SAMPLE

**Total Amount of Deductions (Total Column B)**  
(Enter here and on line 10 on front of return) 11. < \_\_\_\_\_ >

**12. Net Sales and Purchases of Durable Medical Equipment and Related Supplies**  
(Line 10 minus Line 11) If local tax is applicable, combine line 12 with amount on line 6 and enter total 12. \_\_\_\_\_  
on line 1 of the ST-389 Worksheet..

**Line 10 GROSS PROCEEDS OF SALES:** Enter gross proceeds of sales from the sale of durable medical equipment and related supplies. Enter here and on line 9 on the front of the return.

**Line 11 ALLOWABLE DEDUCTIONS:** Enter the type of deductions in column A and the corresponding amounts in column B, then enter the total amount of deduction here on line 11 and line 10 on front of return.

**Note:** 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](http://www.sctax.org)**

**Line 12 NET SALES AND PURCHASES OF DURABLE MEDICAL EQUIPMENT AND RELATED SUPPLIES:** Subtract line 11 from line 10 and enter total here. If the local tax is applicable, combine line 12 with amount on line 6 and enter total on line 1 of the ST-389 worksheet.

**DURABLE MEDICAL EQUIPMENT AND RELATED SUPPLIES**

9.	Gross Proceeds of Sales from the Sale of Durable Medical Equipment and Related Supplies, includes sales of durable medical equipment and related supplies paid by funds of the State or United States under Medicare or Medicaid program. (From line 10 of worksheet).....	9. ▶	.
10.	Total Amount of Deductions (From line 11 of worksheet).....	10. ▶	.
11.	Net Taxable Sales (Line 9 minus line 10)	11. ▶	.
12.	Line 11 x 5.5% (.055)	12.	.
13.	Taxpayer's Discount (Line 12 x Discount Rate) Use same discount rate as applied on line 5. <b>(The \$3,000 maximum discount allowed per fiscal year (June through May) is the combined discount amounts from line 5, line 13 and total of amounts from Column C of Form ST-389 (if applicable).)</b>	13. ▶	.
14.	Net Amount Payable (Line 12 minus line 13).....	14. ▶	.
15.	Penalty _____, Interest _____ (Add penalty and interest. Enter total on line 15 at right.).....	15. ▶	.
16.	Sales Tax Due on Durable Equipment and Related Supplies (Add lines 14 and 15)..	16.	.

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5.5%

**Line 9 Gross Proceeds of Sales from the sale of Durable Medical Equipment and Related Supplies:** Enter the amount from line 10 of your worksheet (from the reverse side of your return). Gross Proceeds of sales of Durable Medical Equipment and Supplies includes sales of durable medical equipment and related supplies paid by funds of the state or United States under the Medicare or Medicaid program.

**Line 10 Total Amount of Deductions:** Enter the total from line 11 of your worksheet.

**Line 11 Net Taxable Sales:** Line 9 minus line 10.

**Line 12 Tax Due:** Multiply line 11 X 5.5% (.055).

**Line 13 Taxpayer's Discount:** Use the same discount rate from line 5. (Line 12 x Discount Rate)

**Line 14 Net Amount Payable:** Line 12 minus line 13.

**Line 15 Total Penalty and Interest:** Enter the total amount of penalty and interest. See instructions for step 2, line 7.

**Line 16 Sales Tax Due on Durable Equipment and Supplies:** Add lines 14 and 15.

**WOULD LOCAL TAX APPLY AND IS THIS FORM APPLICABLE?**

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 this does not apply, go to **STEP 9**.

## ST-389 WORKSHEET (If applicable)

**1. Net Sales and Purchases**

- from line 6 of ST-3 Worksheet
- from lines 9 and 18 of ST-388 Worksheets
- from lines 6 and 12 of ST-403 Worksheets
- from lines 9 and 18 of ST-455 Worksheets
- from lines 6 and 12 of ST-501 Worksheets

1. \_\_\_\_\_

**2. Catawba Tribal Sales**

- from line 4b deductions of ST-3 Worksheet
- from lines 4 and 11 deductions of ST-403 Worksheets
- from line 7b and 16b deductions of ST-455 Worksheets
- from lines 4 and 11 deductions of ST-501 Worksheets

2. \_\_\_\_\_

**3. Total Sales and Purchases (Add lines 1 and 2.)**

3. \_\_\_\_\_

**4. Local Tax Allowable Deductions**

Column A Type of Deduction	Column B Amount of Deduction
a. Catawba Sales less than \$100.00	\$ _____
b. Sales Not Subject to Local Tax	\$ _____

**5. Total Allowable Deductions (Total Column B)**

5. \_\_\_\_\_

**6. Total Net Taxable Local Sales (Line 3 minus line 5.)  
Should agree with ST-389, Page 3, line 1, column A.**

6. \_\_\_\_\_

**Note:** When your sales, purchases and withdrawals are made or delivered into a locality 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 total of lines 6 and 12.

**Note:** This form does not address the local taxes on sales that are collected directly by the counties or municipalities (sales of accommodations or prepared meals). It only addresses the general local taxes collected by the Department of Revenue on behalf of the counties, school districts, and the Catawba Indian tribal government.

### 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:**

Add amounts from lines 6 and 12 of ST-501 worksheet.

**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 6% or 5.5% 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 on 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 total of lines 6 and 12.**

**ST-389 - CALCULATING TAX ON UNPREPARED FOOD**

5. 3% SALES TAX ON UNPREPARED FOOD (A) (B) (C) (D)

STATEWIDE 0000 | \_\_\_\_\_ x 3% = | \_\_\_\_\_ - | \_\_\_\_\_ = | \_\_\_\_\_

**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 food sales 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 and 12, ST-501 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.

**ST-389 - CALCULATING LOCAL TAX**

For Office Use Only	Name of County or Jurisdiction	Code	Net Taxable Amount	Tax	Discount	Net Amount After Discount
			(A)	(B)	(C)	(D)
<b>1. CAPITAL PROJECT TAX</b>		34-2726				
	AIKEN	1002	_____ x 1% =	_____ -	_____ =	_____
	DILLON	1017	_____ x 1% =	_____ -	_____ =	_____
	FLORENCE	1021	_____ x 1% =	_____ -	_____ =	_____
	GREENWOOD	1024	_____ x 1% =	_____ -	_____ =	_____
	HAMPTON	1025	_____ x 1% =	_____ -	_____ =	_____
	HORRY	1026	_____ x 1% =	_____ -	_____ =	_____
	NEWBERRY	1036	_____ x 1% =	_____ -	_____ =	_____
	ORANGEBURG	1038	_____ x 1% =	_____ -	_____ =	_____
	YORK	1046	_____ x 1% =	_____ -	_____ =	_____

**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, ST-455 or ST-501 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 Sales and Sales Tax on Unprepared Food.

**Column A Net Taxable Sales or Purchase:** Enter net taxable sales or purchases made for each county or jurisdiction. **Credits are not allowed to be taken on this form.** (See claim a refund section located in this booklet under Essential Information.)

**Column B Local Tax:** Multiply Column A by the applicable percentage 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-501. ( 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 tax and local taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. The discount amount is \$10,000 for out-of-state retailers who cannot be required to register for sales and use tax but who voluntarily register to collect and remit the tax. However you must receive prior approval from the Department of Revenue for the \$10,000 discount.

**Column D Net Amount After Discount:** (Column B minus Column C) Enter total in Column D.

7. LOCAL OPTION TAX 34-2721			(A)	(B)	(C)	(D)
For Office Use Only	Name of County or Jurisdiction	Code (See back of form)	Net Taxable Amount	Local Tax	Discount	Net Amount After Discount
_____	_____	_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____	_____	_____ x 1% =	_____ -	_____ =	_____
_____	_____	_____	_____ x 1% =	_____ -	_____ =	_____

- Total Column A from pages 1, 2, 3 and all ST389-A's. .... 1 . ▶ \_\_\_\_\_
- Total Column B from pages 1, 2, 3 and all ST389-A's. .... \_\_\_\_\_
- Total Column D from pages 1, 2, 3 and all ST389-A's. .... 3 ▶ \_\_\_\_\_
- Penalty \_\_\_\_\_ Interest \_\_\_\_\_ OFFICE USE ONLY: \_\_\_\_\_ 4 ▶ \_\_\_\_\_  
(Add Local Tax Penalty and Interest)
- Total (Add lines 3 and 4) Enter amount on line 9, ST-3, ST-388, ST-455 or line 17 of ST-403 or ST-501. 5 \_\_\_\_\_

**SAMPLE**

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

Local Option taxes are to be reported on **page three of the ST389 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 claim a refund 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-501. (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 tax and local taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. The discount amount is \$10,000 for out-of-state retailers who cannot be required to register for sales and use tax but who voluntarily register to collect and remit the tax. However you must receive prior approval from the Department of Revenue for the \$10,000 discount.

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

**Line 1:** Enter total of all net taxable sales listed in Column A of the ST-389 and ST-389-A, 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-389-A 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 4:** Enter the total of Penalty and Interest, from calculations below or visit our website: [www.sctax.org](http://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-501 line 17.

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 8**

**ST-501 - ENTERING TAX FROM ST-389**

**LOCAL TAX**

17. **Total Additional Taxes Due** (From column D, line 5, last page of form ST-389)

17

SAMPLE

**STEP 9**

**ST-501 - DETERMINE TOTAL AMOUNT DUE**

18. **TOTAL OF ALL TAXES DUE** (Add lines 8, 16, and 17)

▶ 18

SAMPLE

**STEP 10**

**ST-501 - SIGNATURE**

Sign and date your return on the back of the ST-501.

**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.