
State of South Carolina
Department of Revenue
301 Gervais Street, Columbia, South Carolina 29201

Date of Notice:

IMPORTANT NOTICE

File Number:

To: Person Renting Heavy Equipment
From: South Carolina Department of Revenue
Subject: Rental Surcharge for Rental of Heavy Equipment

Effective June 14, 2006, a 3% surcharge is imposed on all rental contracts for the rental of heavy equipment by a person in the business of renting heavy equipment to the public.

For purposes of imposing this surcharge, the term "heavy equipment" is defined to mean:

Vehicles weighing more than three thousand pounds or heavy equipment that is rented without an operator by persons engaged in the heavy equipment business, which the equipment or vehicles may be used for construction, mining, industrial or forestry purposes, including, but not limited to, bulldozers, earthmoving equipment, material handling equipment, well drilling machinery and equipment, and cranes.

The surcharge collected is on each rental contract at the time the heavy equipment is rented in South Carolina. It must be noted in the rental contract and is computed on the total amount stated in the contract. However, sales and use taxes are not used in the computation of the surcharge and the surcharge is not subject to sales or use taxes.

In general, the surcharge collected must be retained by the person in the business of renting heavy equipment. It must be used for reimbursement of the amount of personal property taxes imposed and paid upon the heavy equipment by the heavy equipment rental company. All surcharge revenues collected in excess of the total amount of personal property taxes on heavy equipment must be remitted to the South Carolina Department of Revenue (the Department).

The surcharge is reported to the Department on Form ST-394. The Form ST-394 will be mailed to rental surcharge accounts in January of each year. The returns and any payment due must be submitted to the Department by February 15th.

If you have received this notice and you are not in the business of renting heavy equipment, please return a copy of this notice with an explanation of the nature of your business.

If you have any questions concerning the surcharge revenues collected on heavy equipment, please call one of the following taxpayer service centers:

Columbia Main Office	803-898-5788	Greenville Service Center	864-241-1200
Charleston Service Center	843-852-3600	Myrtle Beach Service Center	843-839-2960
Florence Service Center	843-661-4850	Rock Hill Service Center	803-324-7641



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
RENTAL SURCHARGE RETURN

ST-394
(Rev. 10/4/06)
5072

FOR OFFICE USE ONLY
Period Covered
Retail License Number
FEI Number

Name/Address _____ :

Rental of Private Passenger Motor Vehicles and Rental Vehicles

- 1. Total of Rental Agreements 1. _____
- 2. Surcharge Rate 2. _____ .05
- 3. Surcharge Due 3. _____
- 4. Less: S.C. Property Tax Paid 4. _____
- 5. Net Taxable Due 5. _____

GL 14-2716

Rental of Heavy Equipment

- 6. Total of Rental Agreements 6. _____
- 7. Surcharge Rate 7. _____ .03
- 8. Surcharge Due 8. _____
- 9. Less: S.C. Property Tax Paid 9. _____
- 10. Net Taxable Due 10. _____

GL 14-2717

11. Total Net Taxable Due (Add lines 5 and 10 and enter total here).....11. _____

Due Date: Form ST-394 is due February 15th of each year.

Taxpayer Signature _____ Date _____

NOTE: Taxpayer with both private passenger motor vehicles or rental vehicles account and a heavy equipment rental surcharge account are not allowed to offset one account against the other.

Rental surcharges collected on private passenger motor vehicles or rental vehicles and/or heavy equipment must be placed in a separate account where it does not involve any investment risk. Any interest earned on the 3% rental surcharge and the 5% rental surcharge amounts collected belongs to the state and should be paid with the return to the Department of Revenue.

See Additional Instructions on Reverse Side.

Instructions:

Rental companies engaged in the business of renting private passenger motor vehicles and other rental vehicles, or engaged in the business of renting heavy equipment or both, for a period of thirty-one days or less must collect a surcharge on each contract at the time the vehicle or equipment is rented in South Carolina. The surcharge rate is as follows: 5% for rental of private passenger motor vehicles and other rental vehicles; 3% for rental of heavy equipment.

- Line 1:** Enter the total of your taxable rental agreements for the period January through December.
- Line 2:** Multiply by the applicable surcharge rate (5%).
- Line 3:** Enter rental surcharge amount due.
- Line 4:** Deduct the total of your South Carolina property tax paid during January through December on passenger vehicles.
- Line 5:** Enter the net taxable amount due (line 3 minus line 4). If the amount is less than or equal to zero, enter as zero.
- Line 6:** Enter the total of your taxable rental agreements on heavy vehicles for the period January through December.
- Line 7:** Multiply by the applicable surcharge rate (3%).
- Line 8:** Enter rental surcharge amount due on heavy vehicles.
- Line 9:** Deduct the total of your South Carolina property tax paid during January through December on heavy vehicles.
- Line 10:** Enter the net taxable amount due (line 8 minus line 9). If the amount is less than or equal to zero, enter as zero.
- Line 11:** Enter the total of lines 5 and 10 here. If the amount is less than or equal to zero, enter as zero.

Enclose remittance and mail to: South Carolina Department of Revenue, Rental Surcharge, Columbia, SC 29214.

For answers to questions pertaining to completing this form, please call (803) 898-5800.

Definitions:

As used on form, the following definitions are provided under Code Section 56-31-20, and reads:

"Private passenger automobile" or "vehicle" means a private passenger motor vehicle including passenger vans and minivans that are intended primarily for the transport of persons.

"Rental vehicle" means a truck under 26,001 pounds gross vehicle weight and used in the transportation of personal property that is rented without a driver, and is not used by the customer for business purposes, or a trailer with a gross weight of not more than 6,000 pounds.

However, under the provisions of Code Section 12-37-717, heavy equipment is defined as:

"Heavy equipment" means vehicles weighing more than three thousand pounds or heavy equipment that is rented without an operator by persons engaged in the heavy equipment business, which equipment or vehicles may be used for construction, mining, industrial, or forestry purposes, including, but not limited to, bulldozers, earthmoving equipment, material handling equipment, well drilling machinery and equipment, and cranes.