

Chapter 11

Accommodations

A. General Information

Imposition: A 7% sales tax is imposed upon the gross proceeds from the rentals or charges for sleeping accommodations furnished at any place in which rooms, lodgings, or sleeping accommodations of any kind are furnished, including but not limited to:

- hotels
- motels
- inns
- campgrounds (campground spaces)
- tourist courts
- tourist camps
- condominiums
- residences

In addition, local sales taxes administered and collected by the Department on behalf of local jurisdictions are imposed upon the gross proceeds from the rentals or charges for sleeping accommodations.¹

The sales tax on accommodations does not apply to (1) the lease or rental of accommodations supplied to the same person for a period of 90 continuous days² or (2) the lease or rental of accommodations at a facility consisting of less than six sleeping rooms, contained on the same premises, which is used as the place of abode of the owner or operator of such facilities

Liability: The person liable for the tax is the person furnishing the accommodations, whether such person is the owner or a real estate agent, listing service, broker or similar entity handling the accommodations. The person liable for the sales tax on accommodations must obtain a retail license and remit the tax to the Department on a monthly basis.

However, persons furnishing accommodations to transients for one week or less in any calendar quarter are not required to obtain a retail license,³ but are required to remit the tax annually by April 15th of the following calendar year.³

¹ In addition, local governments may impose a local accommodations tax of up to 3%. This is in addition to the statewide sales and accommodations taxes and the local sales taxes administered and collected by the Department (if applicable). **This local accommodations tax is collected by the local government imposing the tax, not the Department of Revenue.**

² South Carolina Code §12-36-920(A) and SC Regulation 117-307.4.

³ South Carolina Code §12-36-510(B)(3).

The following examples illustrate the person liable for the sales tax on accommodations:

Owner Rents: Mr. Smith lives in Greenville, South Carolina and also owns a vacation home in Hilton Head, South Carolina. He uses the vacation home at various times throughout the year, but rents the vacation home on a weekly basis throughout the summer and several other times throughout the year on a weekly basis.⁴

Mr. Smith is required to (1) obtain a retail license and (2) remit the 7% sales tax on accommodations to the Department, plus the applicable local sales and use tax administered and collected by the Department on behalf of Beaufort county, with respect to the gross proceeds he receives from the rental of his vacation home. The tax must be remitted on a monthly basis.⁵

Listing Service Rents: Mr. Smith hires XYZ Vacation Rental Company to rent his Hilton Head, South Carolina vacation home on a weekly basis throughout the summer.⁶

XYZ Vacation Rental Company is required to (1) obtain a retail license and (2) remit the 7% sales tax on accommodations to the Department, plus the applicable local sales and use tax administered and collected by the Department on behalf of Beaufort county, with respect to the gross proceeds XYZ Vacation Rental Company receives from the rental of the vacation home. The tax must be remitted on a monthly basis.⁷

Owner Rents for One Week or Less in Any Calendar Quarter: Mr. Smith lives in Greenville, South Carolina and also owns a vacation home in Hilton Head, South Carolina. He uses the vacation home throughout the year, but he only rents the vacation home one weekend a year during the Heritage Golf Tournament.

Mr. Smith is not required to obtain a retail license; however, Mr. Smith must remit the 7% sales tax on accommodations to the Department, plus the applicable local sales and use taxes administered and collected by the Department on behalf of Beaufort county, with respect to the gross proceeds he receives from the rental of his vacation home. The tax due must be remitted annually by April 15th of the following calendar year.

⁴ While it is possible for the same person to rent the vacation home for several consecutive weeks, in this example, all rentals are for less than 90 continuous days.

⁵ See also Administrative Law Court decisions #00-ALJ-17-0569-CC (2001) and #96-ALJ-17-0380-CC (1997).

⁶ While it is possible for the same person to rent the vacation home for several consecutive weeks, in this example, all rentals are for less than 90 continuous days.

⁷ See also Administrative Law Court decisions #00-ALJ-17-0569-CC (2001) and #96-ALJ-17-0380-CC (1997).

B. Transactions Not Subject to the Sales Tax on Accommodations

The following provides examples of transactions that are not subject to the sales tax on accommodations as a result of (1) exclusions or exemptions provided in federal or state law and (2) transactions that do not fall within the imposition of the sales tax on accommodations. In addition, some examples of exclusions or exemptions also include situations where the tax is applicable to demonstrate the limitations of the exclusion or exemption.

General Exclusions

90 Day Rentals: The lease or rental of accommodations supplied to the same person for a period of 90 continuous days.⁸

5 Sleeping Rooms or Less: The lease or rental of accommodations at a facility consisting of less than six sleeping rooms, contained on the same premises, which is used as the place of abode of the owner or operator of such facilities.⁹

For this exclusion to apply, the facility must serve as the owner's or operator's "place of abode" during the same times at which the remaining sleeping rooms are rented to transients and the rooms must not be rented to transients by a person other than the owner or operator using the facility as his or her "place of abode."¹⁰

The following four examples¹¹ illustrate the application of this exclusion for a facility with 5 or less sleeping rooms:

Owner Present in Home: W owns a home with less than six sleeping rooms and lives in the home throughout the year. He operates this home as a "bed and breakfast" by renting the remaining sleeping rooms to vacationers on a daily or weekly basis. W rents these rooms to vacationers himself and does not employ the services of a real estate agent or broker.

The rentals by W of these rooms to vacationers qualify for the exception in the statute; therefore, the rental charges paid to W by the vacationers are not subject to the sales tax on accommodations.

Owner Not Present in Home: X owns a home with less than six sleeping rooms and uses the home only for one or two weeks a year for family vacations. She rents the home to vacationers during the rest of the year on a weekly basis. She rents it herself and does not employ the services of a real estate agent or broker.

⁸ South Carolina Code §12-36-920(A) and SC Regulation 117-307.4.

⁹ South Carolina Code §12-36-920(A).

¹⁰ SC Regulation 117-307.3.

¹¹ SC Regulation 117-307.3.

The rentals by X of the home to vacationers do not qualify for the exception in the statute; therefore, the rental charges paid to X by the vacationers are subject to the sales tax on accommodations.

Use of Rental Agency: Y owns a home with less than six sleeping rooms and lives in the home throughout the year. He operates this home as a “bed and breakfast” by renting the remaining sleeping rooms to vacationers on a daily or weekly basis. However, Y never rents these rooms to vacationers himself. He employs the services of a real estate agent who rents the remaining sleeping rooms for him.

The rentals by the real estate agent of these rooms to vacationers for Y do not qualify for the exception in the statute; therefore, the rental charges paid to the real estate agent by the vacationers are subject to the sales tax on accommodations with the real estate agent liable for the tax.

Both Rental by Owner and Rental Agency: Z owns a home with less than six sleeping rooms and lives in the home throughout the year. He operates this home as a “bed and breakfast” by renting the remaining sleeping rooms to vacationers on a daily or weekly basis. He employs the services of a real estate agent who rents the remaining sleeping rooms for him. However, sometimes Z rents these remaining rooms to vacationers himself.

The rentals by the real estate agent of these rooms to vacationers for Z do not qualify for the exception in the statute; therefore, the rental charges paid to the real estate agent by the vacationers are subject to the sales tax on accommodations with the real estate agent liable for the tax.

The occasional rentals by Z of these rooms to vacationers qualify for the exception in the statute; therefore, the rental charges paid to Z by the vacationers are not subject to the sales tax on accommodations.

Federal Government Agencies¹²

Charges for hotel and motel accommodations to a federal employee on official government business are exempt from sales tax if the accommodations are purchased directly by the federal government.

Therefore, the sales tax on accommodations is not applicable when:

1. The federal government is billed directly by the retailer;
2. The federal employee pays by government check; or,
3. The federal employee pays by government credit card¹³ and the federal government is billed directly by the credit card company.

¹² South Carolina Code §12-36-2120(2), SC Regulation 117-307.6 and SC Revenue Ruling #09-2.

¹³ SC Revenue Ruling #09-1.

However, charges for hotel and motel accommodations to a federal employee on official government business are subject to the sales tax if the accommodations are purchased by the federal employee, even if the employee is reimbursed for the charges. This includes transactions in which:

1. The federal employee pays by personal check; or,
2. The federal employee pays by credit card,¹⁴ is billed directly by the credit card company, and is reimbursed by the federal government.

American Red Cross¹⁵

The sale to the American Red Cross is exempt from sales tax if:

- (1) the American Red Cross is billed directly for the transaction,
- (2) the American Red Cross employee uses a credit card that is billed directly to the American Red Cross, or
- (3) the American Red Cross employee pays with an American Red Cross check.

The sale to the American Red Cross employee is subject to sales tax when the employee pays for the charge and is reimbursed by the American Red Cross.

Foreign Diplomats

Sales to foreign officials are exempt from the sales tax in accordance with the type of card issued by, and the level of exemption authorized by, the Office of Foreign Mission.¹⁶ The exemption is only valid for the person whose photo appears on the card. Vendors may ask to see additional forms of identification, such as diplomatic I.D., or driver's license.

Federal Credit Unions¹⁷

The sale to the federal credit union is exempt from sales tax if: (1) the federal credit union is billed directly for the transaction, (2) the federal credit union employee uses a credit card that is billed directly to the federal credit union, or (3) the federal credit union employee pays with a federal credit union check.

The person being furnished accommodations must be an employee of the federal credit union to come within this exemption. For example, if the federal credit union employee works for an association that represents various federal credit unions and

¹⁴ SC Revenue Ruling #09-1.

¹⁵ SC Revenue Ruling #09-2.

¹⁶ SC Revenue Ruling #09-2.

¹⁷ SC Revenue Ruling #09-2 and SC Attorney General Opinion #S-OAG-59.

the association pays the charges, then the accommodations are taxable since the association is not a federal credit union.

The sale to the federal credit union employee is subject to sales tax when the employee pays for the charge and is reimbursed by the federal credit union. In addition, sales of accommodations to state credit unions are subject to the tax.

Charitable Childrens' Hospital

The lease or rental of accommodations to an employee of a charitable hospital predominately serving children exempt from property taxes under Section 12-37-220, where care is provided without charge to the patient as provided in South Carolina Code §12-36-2120(47)¹⁸ is exempt from the sales tax on accommodations if :

- (1) the qualifying charitable hospital is billed directly for the transaction,
- (2) the qualifying charitable hospital employee uses a credit card that is billed directly to the hospital, or
- (3) the nonprofit employee pays for the charge with the hospitals check.

Marina or Dry Boat Storage Space¹⁹

The rental of wet slips, by a marina furnishing amenities such as electricity, water, sewage, showers, and cable television, are not subject to the sales tax on accommodations. The rentals of dry storage for boats are not subject to the sales tax on accommodations tax.

Reserved Recreational Vehicle Space at a Raceway²⁰

The rental of reserved recreational vehicle parking spaces at a motorsports raceway is not subject to the sales tax on accommodations.

Exchange of Accommodations

The Department has held that accommodations provided under exchange agreements are subject to the sales tax on accommodations²¹. However, the General Assembly subsequently enacted an exemptions for “any ... exchange of accommodations in which the accommodations to be exchanged are the primary consideration.”²²

¹⁸ SC Revenue Ruling #09-2.

¹⁹ SC Technical Advice Memorandum #90-5.

²⁰ SC Private Letter Ruling #93-2.

²¹ SC Revenue Ruling #98-5.

²² South Carolina Code §12-36-2120(31).

Therefore, the furnishing of accommodations via an exchange of accommodations is not subject to the sales tax on accommodations if the accommodations to be exchanged is the primary consideration. If the accommodations to be exchanged is not the primary consideration, the furnishing of the accommodations is subject to the sales tax on accommodations, unless otherwise exempt.

C. Additional Guest Charges²³

A 6% sales tax is imposed upon "additional guest charges" at places that furnish accommodations to transients. In addition, local sales taxes administered and collected by the Department on behalf of local jurisdictions are imposed upon the gross proceeds from the "additional guest charges."

The term "additional guest charge" means an amount which is added to the guest's room charge for a specific amenity or service for the guest. "Additional guest charges" include, but are not limited to:

- room service;
- amenities;
- entertainment;
- special items in promotional tourist packages;
- laundering and dry cleaning services;
- in-room movies;
- telephone charges;
- rentals of meeting rooms; and
- other guest services.

Charges for rooms, lodgings and accommodations are taxed at 7%, while other charges for other services provided at the place furnishing the accommodations (e.g., hotels, motels), when over and above the services customarily provided with the sleeping accommodations, are taxed at 6% as an "additional guest charge."

However, if an "additional guest charge" would be taxed under other provisions of the sales and use tax law (Chapter 36 of Title 12), then such charges are not taxed as an "additional guest charge." For example, a separate charge for a prepared meal requested by the guest would not be an "additional guest charge," since the sale of a meal is subject otherwise subject to the sales tax as the sale of tangible personal property.

It should therefore be noted that the determination as to what services or amenities, if any, are over and above the services and amenities customarily provided with the room must be based on all of the facts and circumstances. The questions and answers in the next section of this chapter ("Examples of the Application of the Sales Tax on Accommodations and Addition Guest Charges") should provide guidance as to what

²³ South Carolina Code §12-36-920(B) and SC Regulation 117-307.1.

services and amenities are over and above the services and amenities customarily provided with the room. The fact that a charge for a service or amenity may be separately charged does not necessarily make the charge an additional guest charge. For example, if a separate charge for maid service is mandatory, it is a part of the charge for the sleeping accommodations and subject to the 7% sales tax on accommodations.

The burden of proof that a charge is an additional guest charge, and not part of the price for the room, rests with the taxpayer. Failure to prove that a particular charge is for a service that is over and above the services customarily provided with the room will subject the charge to the 7% tax rate.

D. Examples of the Application of the Sales Tax on Accommodations and Additional Guest Charges²⁴

Telephone Charges

1. Q. If a hotel charges \$100.00 for a room, and that price includes the room and use of the phone for local calls, what tax rate applies to the \$100.00?
 - A. The \$100.00 charge would be subject to a tax rate of 7%. The use of the phone is a part of the services offered and provided with the room for the \$100.00. Therefore, it is not an additional guest charge.
2. Q. If a hotel charges \$80.00 per day for a room, and the customer is also charged \$5.00 per day for the availability of the phone for local calls, what tax rate applies to each of the charges?
 - A. The \$80.00 room charge and the \$5.00 telephone charge are taxed at 7%. The availability of a phone is a part of the services offered and provided with a room. The \$5.00 is charged whether or not the guest uses the phone. Therefore, it is not an additional guest charge when the charge is based on a per day rate.
3. Q. If a hotel charges \$80.00 per day for a room, and the customer is also charged \$1.00 per local phone call, what tax rate applies to each of the charges?
 - A. The \$80.00 room charge is taxed at 7%. Each \$1.00 phone charge is taxed at 6%. The availability of a phone is a part of the services offered and provided with a room; however, the use of the phone for a local call is over and above the services customarily provided with the room. Guests expect to pay a charge for each local call made from the room phone. Therefore, the \$1.00 is an additional guest charge when the charge is based on a per call basis.

²⁴ These examples can be found in SC Regulation 117-307.1. Also, see SC Revenue Ruling #05-6 for the application of the sales tax on additional guest charges to hurricane insurance.

4. Q. If a hotel charges \$80.00 for a room, and the customer is also charged \$20.00 for various long distance calls made, what tax rate applies to each of the charges?
- A. The \$80.00 room charge is taxed at 7%, while the remaining charges for the long distance calls are taxed at 6% as additional guest charges. The Department, in Decision #92-11 held that the charges for long distance telephone calls were not otherwise taxed under Chapter 36 and were therefore taxable as additional guest charges.

Maid Service

5. Q. If a hotel charges \$100.00 for a room, and that price includes maid service, what tax rate applies to the \$100.00?
- A. The \$100.00 charge would be subject to a tax rate of 7%. Since the maid service is a service provided with the room, it is not an additional guest charge.
6. Q. If a hotel charges \$80.00 for a room, and the customer also must pay a mandatory \$20.00 charge for maid service, which may or may not be separately stated, what tax rate applies to each of the charges?
- A. The \$80.00 room charge and the \$20.00 maid service charge are taxed at 7%. The maid service is part of the services provided with the room. The fact that it may be separately charged does not necessarily make the charge an additional guest charge. In this case the maid service is mandatory, and therefore, the actual charge for the room is \$100.00 which is taxed at 7%.
7. Q. If a rental agency charges \$800.00 per week for a condominium unit, and the customer also must pay a mandatory \$50.00 charge for maid service at the end of the week, what tax rate applies to each of the charges?
- A. The \$800.00 weekly unit charge and the \$50.00 maid service charge are taxed at 7%. The maid service is part of the services provided with the unit. The fact that it may be separately charged does not necessarily make the charge an additional guest charge. The maid service is mandatory, and therefore, the actual charge for the unit is \$850.00, which is taxed at 7%.
8. Q. If a rental agency charges \$800.00 per week for a condominium unit, and the customer is required to leave the unit in a clean condition, what tax rate applies to each of the charges if the customer has the option to have the rental agency clean the unit at the end of the week for \$50.00?
- A. The \$800.00 weekly unit charge is taxed at 7% and the \$50.00 maid service charge is taxed at 6%. The \$50.00 optional maid service is provided over and above the services provided with the unit. The \$50.00 is therefore an additional guest charge subject to the tax at 6%.

9. Q. If a rental agency charges \$800.00 per week for a condominium unit, a mandatory \$50.00 charge for maid service at the end of the week, and the customer has the option to receive daily maid service for \$20.00 a day, what tax rate applies to each of the charges?
- A. The \$800.00 weekly unit charge and the \$50.00 maid service charge are taxed at 7%. The maid service is part of the services provided with the unit. The maid service is mandatory, and therefore, the actual charge for the unit is \$850.00, which is taxed at 7%. The \$20.00 optional maid service is provided over and above the services provided with the unit. The \$20.00 is therefore an additional guest charge subject to the tax at 6%.

In-room Movies

10. Q. If a hotel charges \$100.00 for a room, and that price includes the in-room movies at no extra charge, what tax rate applies to the \$100.00?
- A. The \$100.00 charge would be subject to a tax rate of 7%. The availability of in-room movies is a part of the services offered and provided with the room for the \$100.00. Therefore, it is not an additional guest charge.
11. Q. If a hotel charges \$80.00 per day for a room, and the customer is also charged a mandatory fee of \$5.00 per day for in-room movies (whether or not the guest watches any movies), what tax rate applies to each of the charges?
- A. The \$80.00 room charge and the mandatory \$5.00 in-room movie charge are taxed at 7%. The availability of in-room movies is a part of the services offered and provided with a room. The \$5.00 is charged whether or not the guest watches the movies. Therefore, it is not an additional guest charge when the charge is based on a per day rate and the guest is charged whether or not the movies are watched.
12. Q. If a hotel charges \$80.00 per day for a room, and the customer is also charged \$7.00 for each in-room movie he watched, what tax rate applies to each of the charges?
- A. The \$80.00 room charge is taxed at 7%. The \$7.00 movie charge is taxed at 6%. The availability of in-room movies is a part of the services offered and provided with a room; however, the charge for viewing a movie is over and above the customary charge for the room. Guests expect to pay a charge for each movie viewed. Therefore, the \$7.00 is an additional guest charge when the charge is based on a separate charge for watching the movie. The tax on this additional guest charge is the liability of the hotel, regardless of whether or not service is being provided by a third party or the hotel itself.

Meals

13. Q. If a hotel charges \$100.00 for a room, and that price includes a continental breakfast for the guest, what tax rate applies to the \$100.00?
- A. The \$100.00 charge is taxed at 7%. Since the continental breakfast is provided with the room, it is not an additional guest charge. (The withdrawal of the food from the hotel's inventory is subject to the sales tax based on its fair market value. See South Carolina Code §12-36-90 and South Carolina Code §12-36-110.²⁵)
14. Q. If a hotel charges \$100.00 for a room, and also charges the guest a separately stated \$20.00 "club" fee, what tax rate applies to each of the charges? (The "club" fee, for that extra \$20.00, provides the guest access to a buffet meal that is not available to other guests.)
- A. The separately stated charge of \$20.00 is not part of the charge for the room but a retail sale of the meal to the guest.²⁶ Therefore, the charges are taxed as follows: 7% tax applies to the \$100.00 charge for the room and 6% tax applies to the \$20.00 charge for the meal. The meal is not taxed as an additional guest charge under South Carolina Code §12-36-920(B) since it is otherwise taxed at 6% under Chapter 36--South Carolina Code §12-36-910 and South Carolina Code §12-36-1110.

Linens

15. Q. If a rental agency charges \$800.00 per week for a condominium unit, and the customer has the option to rent linens for \$50.00 for the week, what tax rate applies to each of the charges?
- A. The \$800.00 weekly unit charge is taxed at 7%. The rental of the linens is optional and not part of the services provided with the unit for the \$800.00 charge. The \$50.00 rental of the linens is not an additional guest charge since the rental charge for the linens is a sale of tangible personal property and is otherwise taxed at 6% under Chapter 36--South Carolina Code §12-36-910 and South Carolina Code §12-36-1110.

Golf and Other Tourist Packages

16. Q. If a hotel has a "golf package" for \$100.00 per night, and the customer is entitled to a room at the hotel, one round of golf at a golf course at no extra charge, and a meal at no extra charge, what tax rate applies?

²⁵ See also *Greystone Catering Company, Inc. v. South Carolina Department Of Revenue And Taxation*, 326 SC 551, 486 S.E. 2d 7 (1997).

²⁶ Commission Decision #92-32.

- A. The \$100 charge would be subject to the 7% tax, except any portion forwarded to the golf course for payment of the green fee and any portion forwarded to the restaurant for payment of the meal. However, see the one exception in the "Note" in Example A below.

The following examples best explain this answer:

Example A: The hotel receives \$100 from the guest for the golf package. The hotel pays the golf course \$30 for the guest's green fee and pays the restaurant \$5 for the guest's meal.

The hotel would be liable for the 7% tax on \$65 (\$100 - \$35). The golf course would be liable for the 5% admissions tax²⁷ on \$30 and the restaurant would be liable for 6% sales tax on the sale of the meal. This calculation must be made on a guest by guest basis. In other words, the 7% tax due will be determined for each guest by multiplying 7% by the total charge for the package less the portion forwarded to the golf course for payment of the green fee and the portion forwarded to the restaurant for payment of the meal.

Note: If the hotel's guest is unable to play golf that day ("No-Show") (but still received the meal), and under terms of the golf package the guest will not be required to pay the "green fee portion" of the package, the hotel would be liable for the 7% tax on the amount it received from the guest less the amount paid by the hotel to the restaurant. For example, if the hotel determined that the "green fee portion" of the \$100 package was \$30 and required the guest to only pay \$70 for that day, then the hotel would be liable for the 7% tax on \$65 and the restaurant would be liable the 6% sales tax on the sale of meal.

If the hotel's guest is unable to play golf that day ("No-Show") (but still received the meal), and under terms of the golf package the guest must still pay the hotel the full \$100, the hotel would be liable for the 7% tax on the "accommodations portion" of the package. The golf course would not be liable for the 5% admissions tax since the guest did not play golf and the golf course did not receive an admissions fee from the hotel. However, the hotel is liable for the 6% tax on the other portion of the \$100 paid by the guest since it now represents an additional guest charge for the service of making the golf arrangements that were not used. This additional guest charge will be equal to the green fee that the hotel would have had to pay to the golf course. In other words, if the hotel would have been required to pay \$30 had the guest played golf, then the additional guest charge would be

²⁷ The admissions tax is a separate state tax imposed on a charge for the right to enter or use a place of amusement (*e.g.*, golf courses, movies theaters). For additional examples of "places of amusement," see SC Revenue Ruling #05-14.

\$30. As such, the hotel would be liable for the 7% tax on \$65 and the 6% tax (as an additional guest charge for the service) on \$30 and the restaurant would be liable for the 6% sales tax on the sale of the meal.

Example B: The hotel receives \$100 from the guest for the golf package. The hotel pays the restaurant \$5 for the guest's meal. The hotel has an agreement with the golf course to pay the golf course \$30 for the guest's green fee. When a guest does play golf, the hotel pays the \$30; however, the hotel will receive money back from the golf course at a later date to help pay for the hotel's advertisements of its golf packages.

The hotel would be liable for the 7% tax on \$65 (\$100 - \$35). The golf course would be liable for the 5% admissions tax on \$30 and the restaurant would be liable for the 6% sales tax on the sale of the meal. The fact that the hotel will receive a portion of the money back in the future does not affect the taxation of the charges. It is merely an expense of the golf course that is paid to the hotel.

Notes: 1. To ensure the 7% tax is not circumvented by sending most of the package charge to the golf course and then later having a large portion of it returned to the hotel as "advertising," the amount paid to the golf course and returned to the hotel to pay for advertising must be reasonable and supported by the books and records of both taxpayers. Otherwise, the Department will assess taxes according to a reasonable breakdown of room charges, green fees, and meal charges.

2. Other tourist packages, such as tennis, honeymoon, and entertainment packages, handled in a similar manner would be taxed in the manner described above for golf packages.

Bike Rentals

17. Q. If a hotel charges \$100.00 per night for a room, and the customer has the option to rent a bike to travel around the resort area for \$10.00 a day, what tax rate applies to each of the charges?
- A. The \$100.00 hotel charge is taxed at 7%. The rental of the bike is optional and not part of the services provided with the room for the \$100.00 charge. The \$10.00 is not an additional guest charge since the rental charge for the bike is a sale of tangible personal property and is otherwise taxed at 6% under Chapter 36.
18. Q. If a hotel charges \$100.00 per night for a room, and the hotel allows the guest to reserve a bike at no extra charge to travel around the resort, what tax rate applies to the charge?

- A. The \$100.00 hotel charge is taxed at 7%. The availability of the bike is a part of the services provided with the room for the \$100.00 charge and is therefore not an additional guest charge.

Newspapers

- 19. Q. If a hotel charges \$80.00 for a room, and the guest receives a newspaper that is delivered to the guest's door in the morning, what tax rate applies to the charge?
 - A. The \$80.00 room charge is taxed at 7%. The newspaper is not an additional guest charge since the newspaper is part of the services provided with the room for the \$80.00 charge.
- 20. Q. If a hotel charges \$80.00 for a room, and the customer is charged \$2.00 for a newspaper that is delivered at the guest's request, what tax rate applies to each of the charges?
 - A. The \$80.00 room charge is taxed at 7%, while the charge for the newspaper, as an additional guest charge, is taxed at 6%. The newspaper that is provided for \$2.00 is over and above the services customarily provided with the room at the hotel.

Valet Parking

- 21. Q. If a hotel charges \$80.00 for a room, and there is no additional charge to the customer for valet parking, what tax rate applies to the charge?
 - A. The \$80.00 room charge is taxed at 7%.
- 22. Q. If a hotel charges \$80.00 for a room, and the customer is also charged \$15.00 for valet parking, what tax rate applies to each of the charges?
 - A. The \$80.00 room charge is taxed at 7%, while the \$15.00 charge for the valet parking, as an additional guest charge, is taxed at 6%.
- 23. Q. If a person is not a guest at a hotel, but is attending an event at the hotel, is a \$15.00 charge for valet parking subject to the tax as an additional guest charge?
 - A. The \$15.00 charge for valet parking is not subject to the sales tax. It is not an additional guest charge since, in order to be taxable, the charge must be in addition to a room rental charge. This charge is not in addition to another charge.

Meeting Rooms

24. Q. If a hotel charges \$80.00 for a guest room, and there is no additional charge to the customer for the use of a meeting room, what tax rate applies to the charge?
- A. The \$80.00 guest room charge is taxed at 7%.
25. Q. If a hotel charges \$80.00 for a guest room, and the customer is also charged \$35.00 for the use of a meeting room, what tax rate applies to each of the charges?
- A. The \$80.00 guest room charge is taxed at 7%, while the \$35.00 charge for the meeting room, as an additional guest charge, is taxed at 6%.
26. Q. Is a \$35.00 charge for the use of the meeting room by a person who is not a guest at the hotel, subject to the tax as an additional guest charge?
- A. The \$35.00 charge for the meeting room is not subject to the sales tax. It is not an additional guest charge since, in order to be taxable, the charge must be in addition to a room rental charge. This charge is not in addition to another charge.

Note: If the meeting room is being rented by an organization that is conducting a seminar, workshop, conference, or similar meeting at the hotel, the charge for the meeting room is taxed at 6% as an additional guest charge if the organization is also renting guest rooms at the hotel for officers or members of the organization, invited speakers, or others.

Other Services

27. Q. If a hotel charges \$100.00 for a room, and the room contains a refreshment bar so the guest may avail himself of alcoholic drinks, non-alcoholic drinks, or snacks at no extra cost, what tax rate applies to the \$100.00?
- A. The \$100.00 room charge is taxed at 7%.
28. Q. If a hotel charges \$80.00 for a room, and the room contains a refreshment bar so the guest may avail himself of alcoholic drinks, non-alcoholic drinks, or snacks at a set price per item, what tax rate applies to each of the charges?
- A. The \$80.00 room charge is taxed at 7%, while the charges for each item the guest consumes from the refreshment bar is taxed at a rate of 6% as a sale of tangible personal property under South Carolina Code §12-36-910 and South Carolina Code §12-36-1110. These charges are not additional guest charges since they are "otherwise taxed" under Chapter 36.

E. Hurricane Insurance²⁸

For a fee paid to the person offering sleeping accommodations, a guest may obtain “hurricane insurance.” This insurance will protect the vacationer against a mandatory evacuation due to a hurricane. Some insurance also offers the vacationer protection resulting from other unforeseen events.

For example, if a vacationer has rented a home for one week beginning on a Saturday and a mandatory evacuation order is issued on Monday, then the insurance will cover the vacationer for the time lost as a result of the evacuation order. In addition, the insurance may also cover circumstances in which the vacationer is not even able to take occupancy of the home and must forego their vacation because of the mandatory evacuation and subsequent damage caused by a hurricane.

If sleeping accommodations are furnished, even if not for the full time originally agreed to, then an optional charge for “hurricane insurance,” as discussed above, is subject to the 6% sales tax as an “additional guest charge.”²⁹

However, if the charge for “hurricane insurance” is mandatory, then the charge is subject to the 7% sales tax as a part of the charge for furnishing the sleeping accommodations.

Note: Sleeping accommodations are “furnished” if the vacationer takes occupancy, or has the right to take occupancy, of a rental unit for any or all of the time previously agreed to when the reservations were made. If a mandatory evacuation order or hurricane causes the complete cancellation of a person’s vacation because law enforcement will not allow anyone to enter the area during the entire time originally reserved for the vacation, or a hurricane destroys the rental unit and the vacationer cannot take occupancy of the unit or any replacement unit during the entire time originally reserved for the vacation, then the sleeping accommodations were not “furnished” and the charges for both the sleeping accommodations and the “hurricane insurance” are not subject to the tax. If the sleeping accommodations are furnished because the vacationer actually takes occupancy, or has the right to take occupancy of a rental unit (but chooses not to), for any or all the time previously agreed to when the reservations were made, then the charges for both the sleeping accommodations and the optional “hurricane insurance” are subject to the tax (sleeping accommodations – 7%; optional “hurricane insurance” – 6%; mandatory “hurricane insurance – 7%).

²⁸ SC Revenue Ruling #05-6.

²⁹ South Carolina Code §12-36-920(B).

F. Cancellations of Accommodations

If a person reserves and pays for sleeping accommodations at a hotel, but does not cancel the reservation or does not cancel the reservation by the prescribed time set by the hotel, the charge for the accommodations retained by the hotel is subject to the tax even though he will not use the sleeping accommodations. While the sleeping accommodations were not used, the person had the right to use such sleeping accommodations. Therefore, the sleeping accommodations were "furnished" and the charge by the hotel for such sleeping accommodations is subject to the tax.

If a person makes reservations with a hotel for sleeping accommodations, but the reservations are canceled by such person or by the hotel, any administrative fee or deposit charged or retained by the hotel as a result of the cancellation is not subject to the tax.

G. Purchases by Persons Furnishing Accommodations³⁰

Purchases by hotels, motels, etc. of tangible personal property (e.g. beds, sheets, pillows, televisions, plastic cups, toilet paper, etc.) are retail purchases subject to tax. Hotels, motels, etc. use or consume such items in providing accommodations. They do **not** rent or sell such items to their guests. They rent accommodations.

³⁰ SC Regulation 117-307.2.