Medical University of South Carolina
Sales and Use Tax

Sales tax is regulated by the South Carolina Department of Revenue and is assessed on the purchase of tangible goods. Responsibility of remitting sales tax usually falls on the retailer as most retailers in the state are required to be registered with the Department of Revenue. In many cases, when a tangible product is purchased, the retailer assesses sales tax, the tax is paid by the purchaser and the tax is then remitted to the state by the retailer. In cases where sales tax is not assessed on a purchase, the purchaser is responsible for paying and remitting the tax to the state.

Use tax is similar to sales tax but applies to purchases of tangibles products from outside the state. For instance, if a SC resident purchases a computer from a retailer located and licensed in Georgia, and the Georgia retailer does not assess tax, the purchaser is responsible for remitting use tax to the South Carolina Department of Revenue. If the Georgia retailer does assess tax on the invoice, then the purchaser is not liable for any additional sales/use tax. Be aware that some states (Alaska, Delaware, Montana, New Hampshire and Oregon) do not assess sales/use tax. This does not exempt SC purchasers from use tax if buying products from these states.

Sales and use tax returns are remitted monthly for MUSC and are due on the 20th of the following month. Statewide sales tax in South Carolina is a flat 6%. However, each locality within the state can assess additional local tax on purchases of tangible personal property. For instance, in Charleston County, there is a 1% school district tax, a 1% local option tax and a 0.5% transportation tax, which totals 8.5% sales tax. In Myrtle Beach, for example, an additional Tourism Development tax is assessed. Consumers should be aware of these tax rates when traveling across state lines as well as different localities. For a list of locality rates in SC, visit http://www.sctax.org/tax/sales.

MUSC prepares and files sales and use tax returns (Form ST-3 and ST-389 for locality taxes) for MUSC’s Family Medicine Pharmacy and for general goods purchased by the University. In addition, MUSC files an admissions tax return (Form L-511) for memberships at the MUSC Wellness Center and for Student Programs. Admissions tax is due at certain events or locations for entertainment purposes and is taxed at 5%.

Freight charges can be subject to sales/use tax depending on the shipping arrangements agreed between the retailer and consumer. For instance, if shipping terms are FOB (Freight on Board) Destination, then the retailer can include freight expenses in the computation of sales tax. FOB Destination indicates the title of the goods does not leave the seller’s possession until it is delivered at the customer’s location. If the buyer purchases the goods at the seller’s location, FOB Shipping Point, then freight charges are not included in the computation of sales/use tax. Freight fees charged directly by transportation companies are not subject to sales/use tax.

Lastly, the SC Department of Revenue lists certain exemptions of goods that are not subject to sales and use tax in SC. For instances, books and periodicals used for educational purposes are exempt from sales/use tax. Visit the following link for a list of exemptions: http://www.scstatehouse.gov/query.php?search=DOC&searchtext=exemption&category=CODEOFLAWS&conid=7730941&result_pos=&keyval=236&numrows=10

The administrative office of the Medical University of South Carolina (MUSC) does not advise on any tax, legal or accounting matters. Any reference to U.S. federal, state, local or international tax documents provided by MUSC is to be used for informational purposes only. Inferences made based on such documents are the responsibility of the
taxpayer and do not reflect the views of MUSC. Taxpayers seeking professional tax guidance should contact an independent tax adviser

Medical University of South Carolina
Tax Compliance Office
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