

INSTRUCTIONS AND ESSENTIAL INFORMATION FOR FORM ST-3 OR ST-3A (9/98)

These are new instructions. Please read carefully.

WHICH FORM TO FILE

You are required to file a Form ST-3 or Form ST-3A, but not **both**. However, (if required) you may file both a Form ST-389 and/or a ST-389A.

Form ST-3 (Sales, Use and Local Option Tax Return)

This form should be used for reporting the following taxes:

- Sales Tax
- Use Tax, and
- Local Option Tax

Form ST-3A (Sales, Use, Local Option and Special Local Tax Return)

This form should be used for reporting the following taxes:

- Sales Tax
- Use Tax
- Local Option Tax - when reported with a Special Local Tax, and
- Special Local Taxes as follows:
 - Capital Project Tax
 - Transportation Tax
 - School District Tax

Form ST-389 (Schedule for Local Option Tax)

This form should be used for reporting local option sales tax by counties and/or municipalities. You are **not** required to complete this form if you:

- Do not have any local option tax due, or
- you remit **only one** special local tax or local option tax for the county or municipality where your business is located. (See instructions for Local Tax Short Method).

Form ST-389A (Schedule for Special Local Tax)

This form should be used for reporting the following special local taxes by counties:

- Capital Project Tax
- Transportation Tax
- School District Tax

You are **not** required to complete this form if you:

- Do not have any special local taxes due, or
- you remit **only one** special local tax or local option tax for the county or municipality where your business is located. (See instructions for reporting local Tax The Short Method).

INTRODUCTION

Forms ST-3 or ST-3A is preprinted with your firm's name, address, and retail license or use tax registration number, and Federal Employer Identification (FEI). If any items are missing, please line through and enter any corrections on your return. Note: Any change in ownership will require a new application for retail license. Subsequent returns will be mailed to you on a monthly, quarterly or annual basis depending on your reporting frequency prior to the due date for each reporting period.

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 through the closing date. Complete enclosed Form ST-398 when closing your business.

If it is necessary to use blank returns be sure to indicate business name, address, retail license number, Federal Employer Identification or Social Security Number and period covered, by month and year.

WHEN TO FILE

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

FOR EXAMPLE: Monthly filers must submit the return for the January reporting period, using the January Form ST-3 or ST-3A, no later than February 20; the February return no later than March 20; and so on throughout the year. The last monthly return, which is for December, must be filed by January 20 of the next year. Quarterly filers must submit the return for the first quarter, using the first quarter Form ST-3 or ST-3A, by April 20 since March is the last month of the reporting period. The other

quarterly returns must be filed in order, no later than July 20, October 20 and January 20 of the next year. Annual filers submit the December return by January 20 of the next year.

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, or an assessment will be issued.

LOCAL OPTION SALES TAX: The 1% local option sales or use tax is applicable if the county has approved the tax by referendum. The tax is due if the sale was made (delivered) in a local option county. If deliveries are made to **another local option county or municipality** (other than your place of business), the local option sales tax should be calculated on form ST-389, Schedule for Local Option Sales Tax. The ST-389 has a listing of all county and municipality codes applicable to the local option tax. For more detailed information request SC Revenue Ruling 91-17.

SPECIAL LOCAL TAXES:

(Capital Project tax, Transportation Tax or School District Tax):

The 1% special local sales and use tax is applicable if the county has approved the tax by referendum. The tax is due if the sale was made (delivered) in a special local tax county. Use Form ST-389A (if applicable) for reporting the special local taxes.

SEASONAL FILERS: If your business has been set up to file returns on a seasonal basis, you are required to file returns **ONLY** for those months you actually operate. However, you must receive prior SC Department of Revenue approval in order to file seasonally.

GENERAL FILING INSTRUCTIONS

To ensure proper credit to your account, use the Form ST-3 or ST-3A for the correct month or quarter and follow these steps:

1. Detach the correct return for the filing period and ensure that the information which pertains to your business is accurate (i.e. name, address, retail license number or period covered).
2. Begin by completing the worksheet on the BACK of the return prior to entering information on lines 1 through 15 of Form ST-3 or lines 1 through 17 of Form ST-3A.
3. After entering information on the front of the return, check all entries and calculations. Sign and date the return certifying that the return is true and complete.
4. Make out a check or money order payable to the South Carolina Department of Revenue for the amount due as shown on line 15 of Form ST-3 or line 17 of Form ST-3A.
5. Write your retail license number or use tax registration number and period covered on your check or money order.
6. Mail the return with payment of the amount due to arrive at the South Carolina Department of Revenue by the twentieth of the month following the period covered.

WORKSHEET INSTRUCTIONS

(SEE REVERSE SIDE OF RETURN.)

Please complete the worksheet before completing the front of your return.

SALES AND/OR USE TAX WORKSHEET LINES 1 THROUGH 6

Line 1 Enter your total gross proceeds of sales, leases and /or rentals of tangible personal property and the cost of tangible personal property purchased tax free at wholesale, but used by you or your employees.

Line 2 Use tax - Add the cost of tangible personal property purchased outside of South Carolina for your use, storage or consumption in this state.

Line 3 Total lines 1 and 2: Enter here and on line 1 on the front of the return.

Line 4 ALLOWABLE DEDUCTIONS: Certain transactions are exempt from

South Carolina sales and use tax. Some examples of exempt transactions are:

- a) sales for resale; b) out-of-state deliveries; c) trades-ins;
- d) farm machinery; e) gasoline.

The transactions listed are not intended to be a comprehensive list of all possible deductions, but a means of providing some frequent examples. A detailed explanation of deductions is available by obtaining a copy of the **South Carolina Sales and Use Tax Code of Laws**, or by contacting the Department's Central Office or any of the Taxpayer Service Centers.

Enter the type of exempt transaction and the corresponding amount of the deduction. Deductions must be itemized by type of transaction. Your records must support any deductions claimed.

Line 5 TOTAL DEDUCTIONS: total Column B. Enter here and on line 2 on front of return.

SHORT METHOD OF REPORTING LOCAL TAX (IF APPLICABLE) - LINES 6 THROUGH 9

If your business is located in the county that is imposing only **one** local tax (i.e. Local Option Tax, Capital Project Tax, Transportation Tax or School District Tax) **and** all of your sales are located only in that county or municipality, complete lines 6 through 9 of worksheet (reverse side of Form ST-3 or ST-3A). Forms ST-389 or ST-389A are not required to be completed. Otherwise, see instruction for completing Local Tax Long Method.

Line 6 GROSS PROCEEDS OF SALES, RENTALS, USE TAX PURCHASES AND WITHDRAWALS FOR OWN USE: Enter the amount from line 3 of the worksheet.

Line 7 ALLOWABLE DEDUCTIONS: Enter the type of transaction and the corresponding amount for the deduction. Deductions must be itemized by type of transaction.

Since all transactions exempt from sales and use tax are also exempt from local option sales tax, enter the deductions from line 5 of your worksheet here.

NOTE: If your transactions are of any of the types listed below, the amount of your Local Tax deduction is the difference between the sales price and the amount of deduction claimed on line 5. Be sure you do not duplicate any amounts already claimed as a deduction on line 5; only the balance is deductible. Example: The sales price of an automobile is \$15,000.00. The deduction on line 5 is \$9,000.00 (excess over \$6,000.00). Then the deduction here is

The following transactions are exempt from the Local Taxes.
(i.e. Local Option, Capital Project Transportation and School District)

- Sales covered by the maximum tax limitation: aircraft, motor vehicles, motorcycles, boats, trailers, semi-trailers, recreational vehicles, or self-propelled light construction equipment,

INSTRUCTIONS FOR FRONT OF FORM ST-3 OR ST-3A

Complete the worksheet BEFORE MAKING ENTRIES ON LINES 1 THROUGH 15.

IMPORTANT: If it is determined that no entry is needed on a line, **PLEASE LEAVE LINES BLANK.** Do not write in the lines that do not pertain to you.

NO SALES RETURNS: Please enter zeroes on lines 1 and 3 only. (And line 9, if located in a county with a Local Option or Special Local Tax)

INSTRUCTIONS FOR REPORTING SALES AND USE TAX LINES 1 THROUGH 8

Line 1 GROSS PROCEEDS OF SALES: Enter the gross proceeds of sales, rentals, use tax and withdrawals for own use. Enter the total from line 3 of your worksheet.

Line 2 Enter the total amount of deductions from line 5 of your worksheet.

Line 3 Subtract line 2 from line 1 to obtain net taxable sales.

- Mobile homes,
- Sales of musical instruments and office equipment sold to religious organizations, and
- Construction contracts (Must have received prior Department approval.)
- Sales of certain foods, are exempted from the following 1% Special Local Tax **Only**
 - Transportation Tax and
 - School District TaxSales of food which may be lawfully purchased with USDA food stamps come under this exemption. This exemption applies to everyone, not just persons using food stamps.

Line 8 TOTAL DEDUCTIONS: Total Column B.

Line 9 LOCAL OPTION SALES TAX-NET TAXABLE SALES: Subtract line 8 from line 6. Enter here and on line 9 on the front of the return.

LONG METHOD OF REPORTING LOCAL TAX

**Do NOT complete lines 6 through 9 of Worksheet IF:
(Worksheet on reverse side of Form ST-3A)**

1. Your business is making sales (deliveries) into **more than one** county imposing a local tax, ie:
 - Local Option Tax (If reporting only local option tax, use Forms ST-3 and ST-389)
 - Capital Project Tax
 - Transportation Tax
 - School District Tax, or
2. You collect a local tax (as listed above) for a county other than the county in which your business is located.

When required to use the Local Tax Long Method, you must complete the following forms for each applicable local tax (you are not required to complete lines 6 through 9 of the worksheet):

Tax Type	Form
Local Option Tax	ST-389
Special Local Taxes as follows:	ST-389A
● Capital Project Tax	
● Transportation Tax	
● School District Tax	

After completing line 4 Forms ST-389 and/or ST-389A, enter totals on line 14 on front of Form ST-3 or on line 15 and/or 16 on the front of Form ST-3A.

Line 4 Multiply line 3 x 5% (.05)

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:

If line 4 is less than \$100.00, the discount is 3% (.03) of line 4.

If line 4 is \$100.00 or more, the discount is 2% (.02) of line 4.

Note: Discounts are not allowed to exceed \$3,000.00 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 \$3,000.00 maximum includes the total discounts for sales /use, local option and special local tax. 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.

Line 6 BALANCE DUE: Subtract line 5 from line 4.

Line 7 Enter the total of Penalty and Interest, from calculations below:

PENALTY FOR FAILURE TO FILE A RETURN: If the return is received within sixty (60) days from the due date, the penalty is five percent (.05) of the amount of tax due from line 4 of 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.

If sixty (60) days or more late: The GREATER of A or B below:

A. The lesser of one hundred dollars, or 100% of the tax due (from line 4 on the front of the return).

B. five percent 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 TAX DUE: Enter the total of lines 6 and 7.

If Local Option or Special Local Tax is not applicable, see line 15 for Form ST-3 or line 17 for Form ST-3A.

INSTRUCTIONS FOR REPORTING LOCAL TAX THE SHORT METHOD - LINES 9 THROUGH 14

Be sure the worksheet is completed, if applicable, before making entries. **If not applicable, please leave blank. See instruction for Local Tax Long Method.**

Line 9 NET TAXABLE SALES: Enter the amount from line 9 of your worksheet (from the reverse side of your return).

Line 10 Line 9 x 1% (.01).

Line 11 TAXPAYER'S DISCOUNT: Use the discount rate from line 5 above.

Line 12 NET AMOUNT PAYABLE FOR LOCAL OPTION: Subtract line 11 from line 10.

Line 13 PENALTY AND INTEREST: Enter the total of penalty and interest. SEE INSTRUCTIONS FOR LINE 7 ABOVE. Your calculations will be applied to tax due from line 10.

Line 14 TOTAL LOCAL TAX DUE: Enter the totals of lines 12 and 13.

INSTRUCTIONS FOR REPORTING LOCAL TAX THE LONG METHOD - LINE 14 (ST-3) OR LINE 15 AND LINE 16 (ST-3A)

If you are required to use the Local Tax Long Method, do not complete lines 9 through 13 on the front of Form ST-3 or lines 9 through 14 for the front of Form ST-3A.

For Form ST-3

Line 14 TOTAL LOCAL TAX DUE: Enter amount of line 4 from Form ST-389.

For Form ST-3A

Line 15 TOTAL LOCAL OPTION TAX DUE: Enter amount of line 4 from Form ST-389.

Line 16 TOTAL SPECIAL LOCAL TAX DUE: Enter amount of line 4 from Form ST-389A.

TOTAL TAX DUE

ST-3

Line 15 TOTAL SALES, USE, AND LOCAL OPTION SALES TAX DUE: Enter the total of lines 8 and 14.

ST-3A

Line 17 TOTAL SALES, USE, LOCAL OPTION AND SPECIAL LOCAL TAX DUE: Enter the total of lines 8, 14, 15 and 16.

Make your check or money order payable for this amount to South Carolina Department of Revenue.

CORRESPONDENCE WITH THE SOUTH CAROLINA DEPARTMENT OF REVENUE

When writing to the South Carolina Department of Revenue, always indicate your retail license number or use tax registration number clearly. Do not mail correspondence with your return, Form ST-3 or ST-3A. Mail it separately to:

SOUTH CAROLINA DEPARTMENT OF REVENUE
SALES TAX RETURN
COLUMBIA, SOUTH CAROLINA 29214-0101

Do not use the preaddressed labels in this booklet when mailing correspondence as they are provided to expedite return processing.