

ESSENTIAL INFORMATION FOR FORM ST-388 (Rev. 8/12/11)

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

INTRODUCTION

The South Carolina Department of Revenue requires taxpayers to report their taxes on Form ST-388 and Form ST-389, if applicable.

Form ST-388 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 a blank form, 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, 1A, 1B and 3 of Columns A, B and C only on the ST-388 Form.** See **Business Tax Telefile instructions for filing zero returns.**

FORMS TO FILE

Form ST-388 (Sales, Use, Accommodations Tax Return)

This form should be used for reporting the following taxes:

- Sales and Use
- Accommodations
- Local Taxes

Form ST-3T This form should be used for reporting accommodations tax by counties or municipalities when taxpayer owns or manages rental units in several counties or municipalities. If you only have rental units in the county/municipality where your business is located you are not required to file this form.

ST-389 (Schedule for Local Taxes) This form is used to report the appropriate local sales and use tax to a jurisdiction (county or municipality, etc.) and the tribal sales tax based upon sales or deliveries within the jurisdiction.

The following taxes are required to be reported on the Form ST-389:

- Capital Project
- Catawba Tribal
- Education Capital Improvement
- Local Option
- School District
- Tourism Development
- Transportation

Local Sales Tax

SC Law allows the imposition of various types of local sales and use taxes. Some are administered by the Department of Revenue on behalf of the counties, municipalities, school districts and the Catawba Indian Tribal Government. However, some local taxes (Local Accommodations and Hospitality Tax) are collected directly by the counties and are not reported on the Form ST-389. The form ST-389 is used to report local taxes collected by the Department by county and municipality or only by county or only by municipality.

If your business is located in a local jurisdiction (county, municipality, etc.) that is imposing a local tax in addition to the State's Sales and Use Tax, Form ST-389 must be filed with the appropriate state sales and use tax return (i.e., ST-388) even if the local tax due is zero. The zero must be placed beside the appropriate county or jurisdiction code on Form ST-389.

If your business is collecting and reporting another county's or jurisdiction's local taxes, Form ST-389 is required to be filed to designate the appropriate amount of local tax that goes to a county or jurisdiction. For information relating to circumstances in which a retailer must remit a county's or jurisdiction's tax, see the ST-389 instructions or visit our website www.sctax.org to obtain a current copy of the Department's Advisory Opinions which discuss the types of local taxes imposed and exemptions allowed under each local tax.

Catawba Tribal Sales – See chart on back of ST-389 for further explanation

The Tribal Sales Tax is imposed on the delivery of tangible personal property onto the reservation by retail locations in South Carolina when the sale is greater than \$100. If the sale (delivery on the reservation) is \$100 or less, then the Tribal Sales Tax does not apply and only the 6% State sales tax applies (not local taxes). The Tribal Sales Tax is also imposed on the delivery of tangible personal property on the reservation by retail locations located on the reservation, regardless of the amount of the sale. The Tribal Sales Tax is not imposed on deliveries onto the reservation by retail locations located outside of South Carolina and registered with the Department to collect the State tax; however, these deliveries are subject to the 6% state use tax (not local taxes).

Sales subject to the Catawba Tribal Sales Tax must be included with all other sales in gross proceeds on Line 1 of worksheet on the applicable state sales and use tax return (i.e., ST-3, ST-388, ST-403, ST-455 or ST-501) but are deducted on the allowable deduction line (s) of the state sales and use return worksheet. The sales are also included on line 1 of the ST-389 local tax worksheet. Remember, individual sales made onto the reservation of \$100 or less by retailers located off the reservation are subject to the State sales tax and would not be deducted in this manner.

WHEN TO FILE

Sales, Use and Accommodations 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. To file your zero gross sales return by phone, call 1-803-898-5918. This will keep your account current and prevent your receiving delinquent notices.

For example:

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

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

Note: To file quarterly, annual, or seasonal returns, 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)

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.

To request a change in your filing status (monthly, quarterly, annual or seasonal) a written request to the South Carolina Department of Revenue is needed.

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.

CHANGE IN OWNERSHIP

Any change in ownership will require a new owner 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 (included in this booklet) or visit our website www.sctax.org and look under Business One Stop.

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 FOR 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 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-388 (Rev. 8/12/11) 5241



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, 1A, 1B, and 3 of Column A, B and C only on the ST-388.

COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE ST-388 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 10.

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-388 for instructions.

Sales and purchases subject to the State sales tax rate of 5%, 6%, or 7% (a combination of the 5% tax rate as shown in Column B and 2% tax rate as shown in Column C) must be separately reported on Form ST-388 under the appropriate worksheet(s) and column(s).

STEP 1

COMPLETING SALES AND USE TAX WORKSHEET #1

Lines through 3

Line 1: Gross Proceeds of Sales, Accommodations/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. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED. Be sure to include your accommodations proceeds.**

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 amount of sales tax or use tax was not paid 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-388. If local tax is applicable, enter this amount on line 1 of ST-389 worksheet.

STEP 2

COMPLETING THE 6% SALES AND USE TAX WORKSHEET #2

Lines 4 through 9

This section is used for reporting all sales and purchases of tangible personal property (items) subject to the state tax rate of 6%. Sales and purchases generally reported in this section include charges for meals, gift items, additional guest charges, etc. However, total sales of accommodations are excluded from this worksheet section. Total sales of accommodations (subject to the 7% State sales tax rate) must be recorded on worksheet #3 (at 5% tax rate) and worksheet #4 (at 2% tax rate) to determine the state sales tax due on accommodations.

Line 4: Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use

Enter the total amount of all sales, leases and/or rentals of tangible personal property made by the business (taxable and nontaxable) for the reporting period subject state tax rate of 6%. Allowable deductions (nontaxable sales) are to be itemized on line 7. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

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 5: Out-of-State Purchases Subject to Use Tax

Enter total purchases of tangible personal property purchased from an out-of-state retailer for use, storage or consumption in this state (not otherwise excluded) if an equal or greater amount of sales tax or use tax was not paid in the other state at the time of purchase.

Line 6: Total Gross Proceeds at 6%

Add Lines 4 and 5. Enter total here and on Line 1A, Column A on the front of ST-388.

Line 7: Sales and Use Allowable Deductions

The state sales and use tax law provides several deductions (exemptions and exclusions) for sales and use tax purposes. There are full and partial deductions for the state sales and use tax. Before any deductions may be itemized (claimed) on your state sales and use tax return, the gross proceeds of sales must be reported on the state tax return (ST-388) worksheet (lines 1 and 2 of Worksheet #1 and Lines 7 and 8 of this worksheet). To claim a deduction on the state tax return, it should be listed on the State return worksheet by the type of deduction and the dollar amount.

The list below is used to identify some of the items that may be shown as a deduction. Any amount claimed as a deduction on your return must be itemized on the worksheet.

Examples of Allowable Deductions: (Not all inclusive)

Out-of-state sales
Federal Government
Sales for resale
Sales Tax Holiday exempt sales
Unprepared food eligible to be purchased w/ USDA food coupon
(local tax applies if not specifically exempted by the local tax)

Food purchased with food stamps
1% tax reduction for purchases made by individuals age 85 or older **(1% tax reduction does not apply to local tax calculations)**

Note: Sales that are exempt from the state sales and use tax rate are generally exempt from the local tax rate. However, it is important to note that certain amounts itemized as a state sales tax deduction (i.e., on line 7) and subtracted on (i.e., line 8) the state tax worksheet (reverse side of ST-388) may be subject to a local tax since the local tax may not specifically provide such an exemption. [For instance: 1% of the state sales tax and use rate for individuals age 85 and older is excluded from the state sales and use tax calculations. Therefore, an amount which is equivalent to 1% of gross proceeds of sales to such an individual is allowed as a deduction from gross proceeds of sales for state sales and use tax purposes. However, the total amount (gross proceeds of sale) of such a sale is subject to all applicable local sales and use taxes since the local taxes have no such exemption.] See ST-389 instruction for additional information if local taxes are applicable.

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>Law and Policy**

Line 8: Total Amount of Deductions

Enter total here and on line 2, Column A on front of ST-388.

Line 9: Net Sales and Purchases

(Line 6 minus line 8 should agree with line 3, Column A on front of ST-388.) Enter the difference here.

STEP 3 COMPLETING THE 5% SALES AND USE TAX WORKSHEET #3

Lines 10 through 13

This section is used to report the total charges for rooms, lodging and accommodations subject to the State sales tax rate of 7%. The gross proceeds from charges for accommodations must be entered on Line 10 of Worksheet #3 (subject to 5% rate) and Line 14 of Worksheet #4 (subject to 2% rate) to properly report sales subject to the 7% State sales tax rate.

Line 10: Gross Proceeds of Sales, Accommodations/Rentals and Withdrawals of inventory for Own Use

Enter gross proceeds of sales (taxable and nontaxable), leases and/or rentals made by the business for the reporting period here and on Line 1A, Column B on the front of ST-388.. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

Line 11: Sales and Use Tax Allowable Deductions

To claim a deduction relating to sales, the sale transaction must be reported on lines 1 and 2 of Worksheet #1 and Line 10 of this worksheet. Enter the type of deduction (see list below) and the dollar amount of the sale. A partial list of exemptions and exclusions from sales and use tax are identified on instructions to line 7 of worksheet #2.

Examples of deductions for Accommodations Tax are listed below:

- Golf packages
- Meeting rooms (used by a person who is not a guest at the hotel)
- Some special promotion packages

Note: Remember that even though the transactions above are not subject to accommodations tax, they ARE subject to State Sales Tax and Local Sales Taxes.

- Transient accommodations furnished to the same person for a period of ninety (90) or more consecutive days.
- Accommodations billed directly to the Federal Government.

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**

Line 12: Total Amount of Deductions

Enter total here and on line 2, Column B on front of ST-388.

Line 13: Net Sales and Purchases

(Line 10 minus line 12 should agree with line 3, column B on front of ST-388.) Enter total here.

STEP 4 COMPLETING THE 2% ACCOMMODATIONS TAX WORKSHEET #4

Lines 14 through 17

Line 14: Gross Proceeds of Sales from Rental of Transient Accommodations

Enter gross proceeds of sales from the rental of transient accommodations here and on Line 1B, Column C on the front of ST-388.

Line 15: Sales and Use Tax Allowable Deductions

Enter the type of transaction and the corresponding amount for the deduction.

Examples of deductions for Accommodations Tax are listed below:

- Golf packages
- Meeting rooms (used by a person who is not a guest at the hotel)
- Some special promotion packages

Note: Remember that even though the transactions above are not subject to accommodations tax, they ARE subject to Sales Tax and Local Sales Taxes.

- Transient accommodations furnished to the same person for a period of ninety (90) or more consecutive days.
- Accommodations billed directly to the Federal Government.

Line 16: Total Amount of Deductions

Enter total here and on line 2, Column C on front of ST-388.

Line 17: Net Sales of Transient Accommodations

Line 14 minus line 16 should agree with Line 3, Column C on front of ST-388.

STEP 5**TRANSFERRING SALES TAX WORKSHEET INFORMATION TO THE FRONT OF ST-388****Lines 1 through 2****Line 1: Column A, Gross Proceeds of Sales/Rental, Use Tax 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 subject to Sales Tax, Use Tax, and Accommodations Tax. Enter the total from Line 3 of your Worksheet #1. Do not include Sales Tax collected in this amount.

Line 1A: Column A, 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 subject to the 6% tax requirements (Total from Line 6 of Worksheet #2). Do not include charges for accommodations in this total.

Line 1A: Column B, Gross Proceeds of Sales/Rentals and Withdrawals for Own Use

Subject to 5% tax reporting requirements: Enter the total amount of all sales subject to a 5% tax requirements and be sure to include charges for accommodations (Total from Line 10 of Worksheet #3).

Line 1B: Column C, Gross Proceeds of Sales from the Rental of Transient Accommodations

Enter the amount from Line 14 of Worksheet #4 (Reverse side of return).

Line 2: Column A, Total Amount of Deductions

Enter the total amount of deductions from sales worksheet (back of return) to the front of return as follows:

- Line 8 of Worksheet #2 (back of return) to Line 2 of Column A (front of return)
- Line 12 of Worksheet #3 (back of return) to Line 2 of Column B (front of return)
- Line 16 of Worksheet #4 (back of return) to Line 2 of Column C (front of return)

STEP 6**CALCULATION OF TAX ON FRONT OF ST-388****Lines 3 through 8****Line 3: Net Taxable Sales**

Line 1A of Column A and B minus Line 2, and Line 1B of Column C minus Line 2.

Line 4: Tax Due

Multiply Line 3 amount by the tax rate shown at the head of each column and enter results on Line 4 of correct column. (i.e., Column A equals 6%, B equals 5%, and C equals 2%.)

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 your combined tax liability (Line 4, Columns A, B and C of ST-388 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, Columns A, B, and C. Deduct this percentage (%) amount from Line 4, Columns A, B, and C.

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, Accommodation Tax and Local Taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount.

Line 6: Balance Due

Line 4 minus Line 5 of Column A, B and C.

If your tax return is late (filed and/or paid) complete Line 7 through 8. If not late, complete Line 8 of each column that applies.

Line 7: Penalty

Enter the total Penalty for each column, from calculations below or visit our website: 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 for each column 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 for each column 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.

Line 7A: Interest

Enter calculations of interest for each column. Visit our website, www.sctax.org to use our online P and I Calculator.

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 7B: Penalty and Interest

Enter the total penalty and Interest (Line 7 and 7A) for each Column (A, B, and C)

Line 8: Amount Due

Enter the total of Line 6 and Line 7B for each Column (A or B or C)

Line 8A: Total Sales, Use and Accommodations Due

Enter the combined total of Line 8, Columns A, B, and C

STEP 7**ENTERING TAX FROM ST-389 TO ST-388**

REMINDER: ST-389 must be completed and attached for all additional taxes. If this section does not apply, go to line 10 of the ST-388.

Line 9: Tax Due from ST-389

Enter total from Column D, line 5, page 7 of 8 of form ST-389.

STEP 8**DETERMINE TOTAL AMOUNT DUE****Line 10: Total Amount Due**

Enter total of lines 8A and 9 of Column B.

STEP 9**SIGNATURE**

Sign and date your return on the back of the ST-388.

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 (FEIN) 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.