

STEP-BY-STEP INSTRUCTIONS FOR ST-389

Please read this section before completing your form.

ST-389 I (Rev. 9/28/10) 5220



The ST-389 form is used to report different types of local sales and use taxes which must be reported by county and municipality or must be reported only by county or only by municipality, etc.

When completing the ST-389 form, all entries must be typed or hand printed, clearly and legibly. If using a **non-preprinted form**, see the introduction section under **Essential Information** for instructions.

COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE APPLICABLE STATE TAX FORM (ST-3, ST-388, ST-403, ST-455 OR ST-501) BEFORE MAKING ENTRIES ON THE ST-389.

If you have a retail license or a use tax registration, you are **required to file** a tax return **even if** there is **NO TAX DUE** for the period. For zero returns, see Business Tax Telefile instructions.

WHEN FILING "NO SALES" RETURNS, please enter **zeroes** on Form ST-389 for the county/municipality or jurisdiction of your business location.

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.

STEP 1

ST-389 - INSTRUCTIONS FOR COMPLETING FORM ST-389

DOES LOCAL TAX APPLY AND IS THIS FORM APPLICABLE?

The Form ST-389 is required to be filed with the appropriate state sales and use tax return (ST-3, ST-388, ST-403, ST-455 or ST-501) if:

- The retailer is located in a jurisdiction (county or municipality, etc.) that imposes a local tax or
- The retailer is delivering into a jurisdiction (county or municipality, etc.) with a local tax and has connection sufficient with the jurisdiction (county or municipality, etc.) of delivery to require remittance of the tax. (For example: (1) the retailer shipping into a jurisdiction using his own vehicles (2) the retailer has an agent or employee operating within the jurisdiction (3) the retailer is shipping into the jurisdiction using a contract carrier (4) the retailer is using a common carrier and maintains an office, other place of business or property of any kind in the jurisdiction of delivery or advertises via advertising media located in the jurisdiction or outside the jurisdiction but which has coverage within the jurisdiction of delivery.)

For more information relating to circumstances in which a retailer must remit a local tax on behalf of a local jurisdiction (county, municipality, etc.), request SC Revenue Ruling #09-9 or visit our website at www.sctax.org.

If this does not apply, return to appropriate state tax form and complete tax computation.

ST-389 WORKSHEET INSTRUCTIONS

Complete the worksheet section of the ST-389 form when reporting amounts subject to a local tax or tribal sales tax, if you sold, purchased or delivered property for use in a county or jurisdiction with a local tax. The worksheet is to assist you in determining the proper amount required to be allocated on Form ST-389.

Line 1 Total - Gross Proceeds of Sales/Rentals, Use Tax and Withdrawals of Inventory for Own Use: Enter this amount as reported on the worksheet of your state sales and use tax return (Line 3 of ST-3, ST-388, ST-455 or lines 3 and 7 of ST-403 and ST-501).

Line 2 Local Tax Allowable Deductions: Enter deductions here which are exempt or not subject to local taxes or a tribal sales tax. All deductions should be itemized under Column A, with the deduction amount shown in Column B.

Certain transactions are subject to the state's sales and use tax rate, but are exempt from the local sales and use tax rate. Some examples are:

- Deliveries to local jurisdictions (county, municipality, etc.) without local tax
- Quarterly and annual filers remitting tax on the first reporting period after the implementation date may use the worksheet to calculate the amounts not subject to the local tax
- Sales subject to the \$300 maximum tax. (i.e. automobiles, manufactured homes, etc.)

Before claiming a deduction on the ST-389 worksheet, the exemptions relating to a particular local tax or the tribal tax should be reviewed since it may differ from the state tax exemptions claimed (for instance: If a deduction was itemized on the state tax return worksheet for the 1% state tax rate reduction for individuals age 85 or older, the amount itemized as a deduction on the state tax return worksheet would not be applicable as a deduction on the ST-389 worksheet line 2.)

Sales of unprepared foods are exempt of the State sales and use tax rate. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. As a result, sales of unprepared foods that are subject to a local tax must be included on the Form ST-389 (local sales tax worksheet). The list above is not a complete listing of Local Tax exemptions. You may contact the South Carolina Department of Revenue at (803) 898-5709 for additional information, if you have questions regarding these exemptions.

Note: There are various types of local sales and use taxes which are imposed in addition to state sales and use tax. Some local taxes may provide the same exemptions, while others may be different. As a result, you should examine the amounts reported for a particular local tax before reporting the net taxable amount for a particular local tax. To obtain an updated list of the various counties which impose local taxes and the specific exemptions applicable to each, you should visit our website www.sctax.org and inquire under Law and Policy through the information link > **Department Advisory Opinions** > Sales, Use, Accommodations, and Casual Excise Tax > Local Taxes Collected by DOR (on the index) to obtain this information.

Line 3 Total Amount of Deductions: Enter the total allowable deductions from Column B.

Line 4 Net Sales and Purchases: Line 1 minus line 3. Total should agree with Column A, line 1, page 7 of 8 of form ST-389.

Note: When your sales, purchases and withdrawals are made or delivered into a locality with more than one local tax type, the total net taxable amount on line 1, page 7 of 8 of form ST-389 will not agree with line 4 of ST-389 Worksheet. If this circumstance occurs, you should complete a separate ST-389 Worksheet for each local tax type and complete the appropriate local tax section on the ST-389 form.

Do not take credits on this form. **(See ST-14: Claim for Refund form which is located in your booklet and discussed on the Essential Information section found in your booklet.)**

STEP 2

INSTRUCTIONS FOR COMPLETING FORM ST-389, pages 1, 3, 4, 7

The Form ST-389 is a multi-part form with Capital Projects reported on page 1, School District taxes reported on page 3; and Transportation, and Catawba Sales Tax reported on page 4. The county names and codes for these taxes are preprinted only on pages 1, 3 and 4. Local Option taxes are required to be reported on page 5. Use only the codes listed on page 6 of Form ST-389 to report the location(s) subject to the local option tax. Page 7 is used to report the Tourism Development Tax. The municipality name and code is preprinted on this page.

If you do not have a pre-printed form, please enter the business name and address, retail license or registration number and the period ended as shown on Form ST-3, ST-388, ST-403, ST-455 or ST-501 to which this schedule must be attached.

Use instructions below to complete Columns A, B, C, and D for reporting special local taxes listed on pages 1, 3, 4 and 7 of ST-389.

CALCULATING LOCAL TAX ON ST-389

Column A Net Taxable Amount: Enter net taxable sales or purchases made for each county or jurisdiction.

Column B Local Tax: Multiply Column A by the applicable tax rate and enter results in Column B for the applicable county or jurisdiction.

Column C Discount: A taxpayer discount may be claimed when the return is filed and tax 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 by multiplying the tax amount of Column B by the applicable discount rate **(Column B x Discount Rate - Use the same discount rate as used on line 5 of Form ST-3).**

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 and local tax. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. 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. However, you must receive prior approval from the Department of Revenue for the \$10,000 discount.

Column D Net Amount After Discount: (Column B minus Column C) Enter total in Column D for each applicable tax to be reported.

STEP 3

INSTRUCTIONS FOR COMPLETING PAGE 5 LOCAL OPTION PORTION

Name of County or Jurisdiction: Column A is used to identify a particular county or municipality where delivery takes place in a county with a local option tax. If your business reports a local option tax, you must use the municipality or county name and code that shows the location where the property is delivered within the county. A list of counties with the municipality names and codes can be found on page 6 of 8 of Form ST-389. Enter the name of the county or municipality and its code based upon sales or deliveries within a particular location or municipality.

ONLY ONE ENTRY PER LINE IS ALLOWED. If additional lines are needed, use the ST-389 A (Addendum) located in your booklet and our website www.sctax.org.

CALCULATING LOCAL OPTION TAX

Code: Enter the code for the named county or municipality based upon codes identified on page 6 of the Form ST-389. Use instructions below to complete Columns A, B, C, and D for Local Option Tax.

Column A - Net Taxable Amount: Enter net taxable sales or purchases made for each county or municipality. Credits are not allowed to be taken on this form. **(See ST-14: Claim for Refund form which is located in your booklet and discussed on the Essential Information section found in your booklet).**

Column B - Local Tax: Multiply Column A by 1% (.01) and enter results in Column B for each county or municipality.

Column C - 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: Column B times Discount Rate (Use the same discount rate as used on line 5 of applicable form).

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 and local tax. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. 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. However you must receive prior approval from the Department of Revenue for the \$10,000 discount.

Column D - Net Amount After Discount: Column B minus Column C. Enter the results in Column D.

For additional entries, reproductions of page 5 are permissible or you may reproduce ST-389A located in the back of the booklet.

STEP 4

DETERMINE TOTAL AMOUNT DUE

Line 1: Enter total of all net taxable sales listed in Column A of the ST-389 and ST-389-A if applicable, on line 1 on bottom of page 7. Be sure to include total of all entries from all pages.

Line 2: Add all local taxes due and enter total of Column B, on line 2 of page 7.

Line 3: Add all net amounts in Column D.

Line 4: Enter the total of Penalty and Interest, from calculations below or visit our website: www.sctax.org

PENALTY FOR FAILURE TO FILE A RETURN: The penalty is five percent (.05) of the amount of local tax due (on line 2) 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 local tax due (on line 2) 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 4.

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 5: Add lines 3 and 4.

STEP 5

ENTERING TAX FROM ST-389

Enter the total of Column D from line 5 on the applicable line of your state sales and use tax return as follows:

- Line 9 on front of ST-3, ST-388 and ST-455 or
- Line 17 on front of ST-403 and ST-501

Make a copy of the completed Form ST-389 for your records.

REMINDER: All pages of Form ST-389 must be attached to the appropriate state form.

DON'T FORGET - Returns are past due if postmarked 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 in the space provided on the form.