**FAQ about Sales and Use Tax…**

1. **When is sales tax paid?** Sales tax is paid when you purchase tangible personal property and certain services from a retail vendor.

2. **What is use tax and when is it paid?** Use tax is a tax that applies to purchases of tangible personal property from out-of-state retailers for use, storage or consumption in South Carolina, and includes purchases from retailers made via the Internet (retailers’ websites and retailers’ sales on auction sites), through out-of-state catalog companies, or when visiting another state.

3. **Are rentals or leases subject to the sales and use tax?** Yes,

4. **Are delivery charges (freight, shipping, etc.) subject to sales and use tax?**
   - Yes, if retailer charges you a delivery charge for delivery via the retailers own trucks;
   - Yes, if retailer charges you a delivery charge for delivery via a common carrier and delivery terms are FOB Destination;
   - No, if retailer charges you a delivery charge for delivery via a common carrier and delivery terms are FOB Shipping Point;
   - Yes, if retailer charges you a delivery charge for delivery via a common carrier and delivery terms are not specified.

5. **Is a charge for labor subject to the sales and use tax?** Yes, if you purchase tangible personal property or a taxable service at retail and are charged for labor associated with the sale.

6. **Are late fees subject to the sales and use tax?** Yes, if you purchase tangible personal property or a taxable service at retail and are charged for a late fee associated with the sale, unless the late fee is charged for a late payment of a bill for electricity or natural gas, or both. In this case, the charge for the electricity or natural gas, or both is subject to the tax but the late fee is not.

7. **Are administrative fees subject to the sales and use tax?** Yes, if you purchase tangible personal property or a taxable service at retail and are charged an administrative fee associated with the sale.

8. **Are installation charges subject to the sales and use tax?** No, not if the charges are separately stated on the bill and are considered a reasonable charge. If the installation charge is not separately stated on the bill or is not reasonable, the charge is considered part of the tax base upon which the tax is calculated and subject to the sales and use tax.

9. **Are set up charges (e.g., screen printers, personalized items, etc) subject to the sales and use tax?**

10. **Are training charges (e.g., hardware, software) subject to the sales and use tax?** Yes

11. **Are warranties and maintenance charges subject to the sales and use tax?**

12. **Is software subject to the sales and use tax?** Yes, if it is sold and delivered by tangible means (e.g., tape, disk). It is not subject to sales and use tax if it is sold and delivered by electronic means via a modem and telephone from a remote location, provided no part of the software, including back-up diskettes and tapes, is delivered by tangible means.

13. **Are purchases from a retailer via the Internet subject to the sales and use tax?** Yes

14. **What is the rate for the use tax?**

15. **What is the difference between the sales tax and the use tax?**

16. **If I travel to another state and purchase tangible personal property from a retailer in the other state for use, storage or consumption in South Carolina, do I still owe the South Carolina use tax on the purchase if the other state’s sales tax was paid to the retailer at the time of purchase?** You would only owe the use tax on the difference between the sales tax paid in the other state and the use tax due in South Carolina. In other words, if the state and local sales or use tax due and paid in another state is equal to or greater than the state and local use tax due in South Carolina, then no use tax is due in South Carolina.

**Example #1:** If you paid $15.00 sales tax in North Carolina and the total state and local use tax due in South Carolina was $18.00, then you would be allowed a credit for the $15.00 and would only owe a South Carolina use tax of $3.00.

**Example #2:** If you paid $21.00 sales tax in North Carolina and the total state and local use tax due in South Carolina was $18.00, then you would be allowed a credit for the $21.00 and no use tax would be due in South Carolina since the $21.00 paid exceeds the $18.00 due in South Carolina. However, you are not entitled to a refund of the difference between the $21.00 paid in North Carolina and the $18.00 due in South Carolina.

**17.** Why did the out-of-state seller tell me if I picked up the merchandise, rather than have it delivered, that I wouldn’t have to pay the tax? Most likely, the out-of-state seller was indicating that if you picked up the merchandise in the other state that you would pay the other state’s tax at that time. If so, you would not owe the South Carolina use tax as long as the state and local tax paid in the other state was equal to or greater than the use tax that would be due in South Carolina.

**Office Pal…**

If you have concerns or comments about the state contract for HP toner and ink cartridges, please email Caren Riedinger at caren@coastal.edu.

**Requisitions …**

One way to make sure that the purchase order process is simple and timely is by making sure that all requisitions submitted to OPBS have the proper signatures and budget account numbers. Requisitions that are received without this required information must be returned to the initiator, and as a result, will slow down the process.