

SC REVENUE RULING 10-7

- SUBJECT:** Sales Tax Holiday – List
(Sales and Use Tax)
- EFFECTIVE DATE:** Beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday
- SUPERSEDES:** All previous advisory opinions and any oral directives in conflict herewith.
- REFERENCES:** S. C. Code Ann. Section 12-36-2120(57) (Supp. 2008)
- AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)
S. C. Code Ann. Section 1-23-10(4) (Supp. 2005)
SC Revenue Procedure #09-3
- SCOPE:** The purpose of a Revenue Ruling is to provide guidance to the public and to Department personnel. It is an advisory opinion issued to apply principles of tax law to a set of facts or general category of taxpayers. It is the Department’s position until superseded or modified by a change in statute, regulation, court decision, or another Departmental advisory opinion.

LAW

Code Section 12-36-2120(57) exempts from the sales and use tax:

- (a) sales taking place during a period beginning 12:01 a.m. on the first Friday in August and ending at twelve midnight the following Sunday of:
- (i) clothing;
 - (ii) clothing accessories including, but not limited to, hats, scarves, hosiery, and handbags;
 - (iii) footwear;
 - (iv) school supplies including, but not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators;
 - (v) computers, printers and printer supplies, and computer software;
 - (vi) bath wash clothes, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs and mats, pillows, and pillow cases.

(b) The exemption allowed by this item does not apply to:

- (i) sales of jewelry, cosmetics, eyewear, wallets, watches;
- (ii) sales of furniture;
- (iii) a sale of an item placed on layaway or similar deferred payment and delivery plan however described;
- (iv) rental of clothing or footwear;
- (v) a sale or lease of an item for use in a trade or business.

(c) Before July tenth of each year, the department shall publish and make available to the public and retailers a list of those articles qualifying for the exemption allowed by this item.

EXAMPLES OF EXEMPT AND NON-EXEMPT ITEMS

Pursuant to Code Section 12-36-2120(57) cited above, the department publishes the following list as examples of items it believes to be exempt and non-exempt:

Exempt items (Provided the item (1) is not used in a trade or business or (2) is not placed on layaway or similar deferred payment and delivery plan or (3) is not clothing or footwear that is rented) include:

Adult diapers
Aerobic clothing
Antique clothing
Aprons
Athletic or sport uniforms or clothing (but not equipment such as mitts, helmets and pads)
Baby bibs
Baby clothes
Baby diapers (cloth or disposable)
Baby shoes
Bandanas
Barrettes
Bath mats
Bath rugs
Bath towels (all sizes, including beach towels)
Bath wash cloths
Bathing caps
Bathing suits
Bathing trunks
Beach capes and coats
Bed comforters and bed comforter sets
Bed duvets and covers

Bed linens, including baby bumper pads, canopies, baby crib padding, bed skirts, box spring covers, dust ruffles, mattress pads, mattress toppers, pillow covers, and shams (box springs, drapes, mattresses, table cloths, and window curtains and other window treatments are taxable)

Bed pillow cases

Bed pillows (e.g. baby pillows, body pillows, husband pillows, throw pillows)

Bed sheets and bed sheet sets

Bed spreads

Belt buckles

Belts/suspenders

Blankets (e.g. afghan, baby, electric, and throw)

Blouses

Bobby pins

Bonnets

Boots (climbing, hiking, riding, ski, waders, fishing, cowboy)

Bow ties

Bras

Bridal gowns and veils (must be sold; rentals are taxable)

Capri pants

Caps

Coats, capes and wraps

Computer hardware service contracts sold in conjunction with computers

Computer software

Computer software service contracts sold in conjunction with computer software

Computer software service contracts when the true object of the contract is to obtain computer software updates during the contract period

Computers¹ (computer parts, such as computer monitors, keyboards and scanners, when not sold in conjunction with a central processing unit (CPU) and accessories are taxable²)

Corset laces

Corsets

Costumes (must be sold; rentals are taxable)

¹ The following are examples of devices that are not considered computers for purposes of the sales tax holiday exemption: (1) cell phones, smartphones or any other handheld devices that allow users to make telephone calls; (2) handheld devices that are primarily used to download and listen to music; (3) handheld devices that are primarily used to download and watch videos; and (4) devices that are primarily used to download and read books (e-books). However, portable devices that have computing and media functions, allow users to access the Internet and have a multitude of software applications (or the capability to download a multitude of software applications) are considered computers for purposes of the sales tax holiday exemption, provided such devices do not allow users to make telephone calls.

² Since sales tax is a "transaction tax," and since the law did not exempt computer parts (only computers), then the sale of a computer monitor, keyboard, or scanner by itself would not be exempt during the sales tax holiday. If a monitor, keyboard or scanner is purchased as part of a package which included the computer processing unit (CPU), then that is one transaction to purchase a computer and the sale of the packaged unit (CPU, monitor, keyboard, scanner) is exempt. The sale of a digital music player, digital camera, cell phone or a smartphone, whether or not purchased in conjunction with a computer processing unit (CPU), is not exempt during the sales tax holiday.

Coveralls
Daily planners or organizers when used by school children as a school supply
Dress shields
Dresses
Earmuffs
Elastic ponytail holders
Fishing boots
Formal clothing (must be sold; rentals are taxable)
Furs
Galoshes
Garters/garter belts
Girdles
Gloves (batting, bicycle, dress, garden, golf, ski, tennis)
Gowns
Graduation caps and gowns (must be sold; rentals are taxable)
Gym suits
Hair bows
Hair clips
Hand muffs
Handbags
Handkerchiefs
Hats
Headbands
Hosiery
Hunting vests
Ice skates (rentals are taxable)
In-line skates (rentals are taxable)
Jackets
Jeans
Jogging suits
Jumpers
Leg warmers
Leotards and tights
Lingerie
Mittens
Nightgowns
Overshoes
Pajamas
Pants
Pantsuits
Pantyhose
Personal Digital Assistants or PDAs (PDAs are hand-held computers used as daily planners. Please note that the exemption does not apply to cell phones with a PDA, computer applications or similar components.)
Pillow cases
Pillows (all types)

Ponchos
Printer supplies (replaceable ink cartridges used in printers are exempt from tax as "printer supplies")
Printers (replacement parts are taxable)
Prom dress (must be sold; rentals are taxable)
Purses
Raincoats
Rainwear
Riding pants
Robes
Roller skates (provided the skates are permanently attached to the boots) (rentals are taxable)
Sandals
Scarves
School supplies³ including, but not limited to, pens, pencils, paper, binders, notebooks, books⁴, blue books⁵, bookbags, lunchboxes, musical instruments⁶ and calculators (school office and janitorial supplies are taxable)
School uniforms
Scout uniforms
Shawls and wraps
Shirts
Shoes (ballet, baseball, bicycle, boat, boots, bowling (taxed if rented), cleated, cross trainers, flip-flops, football, golf, jazz/dance, soccer, track, in-line skates, ice skates, running, etc.) (rentals are taxable)
Shorts

³ It is the opinion of the department that "school supplies" are items used in the classroom or at home with respect to school assignments and include, but are not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators.

Items such as refrigerators, toiletries, bicycles and food purchased by college students are not school supplies and not exempt from the tax.

Attached as **Exhibit "A"** is a statement that a retailer may use to determine if a customer is purchasing an item as a school supply. The form should be attached to the bill of sales for record keeping purposes. Please note that this statement is not required and is merely provided by the department to assist retailers during the sales tax holiday.

⁴ Code Section 12-36-2120(2)(a) already exempts from the tax books used as part of a course of study in elementary schools, high schools and institutions of higher learning. The exemption for books during the "sales tax holiday" applies to other books (e.g. dictionaries, thesauruses, encyclopedias, and books used for science projects, book reports, extra credit, and other reading requirements) used for school purposes.

⁵ "Blue books" are blank notebooks with blue covers which are typically used to write college examinations.

⁶ Musical instruments are exempt as school supplies if used in the classroom or at home with respect to school assignments.

Shoulder pads for dresses, jackets, etc. (but not athletic or sport protective pads)
Shower curtains and liners (shower curtain hooks and rings and shower curtain rods are taxable)
Ski boots (snow) (rentals are taxable)
Ski masks
Ski suits (snow)
Skin diving suits
Skirts
Sleepwear
Slippers
Slips
Sneakers
Socks
Sport clothing and uniforms (but not equipment such as mitts, helmets, and pads)
Sport jacket
Stockings
Suits
Support hosiery
Suspenders
Sweat pants
Sweat shirts
Sweat suits
Sweatbands
Sweaters
Ties/neckwear
Tights
Towels of all types and sizes, including bath, beach, kitchen, and sport towels (paper towels are taxable)
T-shirts
Tuxedo (must be sold; rentals are taxable)
Umbrellas
Underwear
Waders
Wet and dry suits

Note: Fabric, thread, yarn, buttons, snaps, hooks, zippers and like items which become a physical component part of clothing or bed linens, blankets, comforters, and other exempt items listed above are exempt from tax.

The following items are not exempt:

Any clothing or footwear that is rented

Any item (whether sold or leased) used in a trade or business

Any item placed on layaway or similar deferred payment and delivery plan

Backpacks for hiking and camping (bookbags for school are exempt)

Bathroom accessories or supplies (soap, shower curtain hooks and rings, shower curtain rods, toothbrush holders, towel holders, tissue box covers, toilet paper, wastebaskets)

Box springs

Briefcases

Cameras

Cell phones

Change purse

Clocks (alarms clocks, wall clocks, etc.)

Clothing that is rented

Computer parts (such as computer monitors, keyboards and scanners when not sold in conjunction with a central processing unit (CPU)) and accessories other than printers and printer supplies (computers, computer software, printers, and printer supplies are exempt)⁷

Cookware

Cosmetics

Costume rentals (rentals are taxable; must be sold to be exempt)

Daily planners or organizers (whether or not such include a calculator) when not used by school children as a school supply

Digital cameras

Digital music players

Drapes

Employee uniforms

Eyewear

Footwear that is rented

Formal clothing that is rented

Furniture

Gift wrapping paper

Glasses

Goggles

Golf clubs

Greeting cards

Hardware (hand tools, power tools, etc.)

Health food supplements

Helmets (sport, motorcycle, bicycle, etc.)

Hobby equipment, supplies and toys

Housewares

Jewelry

Key cases

Mattresses

Mitts (baseball fielder's, hockey, etc.) (batting, bicycle, dress, garden, golf, ski, tennis, work gloves are exempt)

Music players

⁷ See footnotes #1 and #2.

Music tapes, records and compact discs
Paper products that are not school supplies (greeting cards, gift wrapping paper, etc.)
Paper towels
Personal flotation devices
Printer replacement parts (printers are exempt)
Protective masks and goggles (athletic, sport, or occupational)
Roller skates not permanently attached to the boot
Safety clothing for use in a trade or business
Safety glasses and goggles
Safety shoes for use in a trade or business
School office and janitorial supplies
Sewing accessories
Sheet stretchers
Shin guards and padding
Shoulder pads (football, hockey, etc.)
Shower curtain hooks and rings
Shower curtain rods
Sleeping bags
Smartphones
Sporting equipment (baseball mitts, golf clubs, helmets, hockey mitts, life jackets and vests, masks, pads, swim fins, swimming masks and goggles)
Stereo equipment
Sunglasses
Table cloths
Table placemats and other table supplies (napkins, napkin holders)
Tissue box covers
Toilet paper
Toothbrush holders
Towel holders
Toys
Vitamins
Wallets
Wastebaskets
Watch bands
Watches
Wigs
Window curtains
Window treatments (curtains, drapes, shades, valances)

If you have any questions, you may call the Department of Revenue at (803) 898-5788 or e-mail the Department at salestax@sctax.org.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/Ray N. Stevens

Ray N. Stevens, Director

May 18, 2010
Columbia, South Carolina

EXHIBIT "A"

School Supplies - Information and Purchaser's Statement

It is the opinion of the department that "school supplies" are items used in the classroom or at home with respect to school assignments and include, but are not limited to, pens, pencils, paper, binders, notebooks, books, bookbags, lunchboxes, and calculators.

Items such as refrigerators, toiletries, bicycles and food purchased by college students are not school supplies and not exempt from the tax.

The **following** is a statement that a retailer may use to determine if a customer is purchasing an item as a school supply. The form should be attached to the bill of sale for record keeping purposes. Please note that this statement is not required and is merely provided by the department to assist retailers during the sales tax holiday.

I state that the below-listed item will be used as a school supply and therefore is exempt from the sales tax. I further understand that if it is later determined that it is not used as a school supply and the tax is due, I will reimburse the retailer for the tax.

Item purchased

Signature of purchaser

August____, _____