

## Chapter 9

### Exemptions

#### A. Exemptions Authorized under the Sales and Use Tax Law (Chapter 36 of Title 12)

The South Carolina sales and use tax law contains numerous exemptions.<sup>1</sup> As a general rule, tax exemption statutes are strictly construed against the taxpayer.<sup>2</sup> This rule of strict construction simply means that constitutional and statutory language will not be strained or liberally construed in the taxpayer's favor.<sup>3</sup>

There are two types of exemptions provided under South Carolina's sales and use tax law: (1) partial exemptions and (2) full exemptions. The following pages briefly describe South Carolina's sales and use tax exemptions.

#### Partial Exemptions

Partial exemptions limit or "cap" the amount of tax.<sup>4</sup> The local sales and use taxes collected by the Department do not apply to sales that are subject to a limit or cap under Code Section 12-36-2110.

A maximum tax of \$500 is imposed on sales of the following:<sup>5</sup>

- Aircraft – including unassembled aircraft assembled by the purchaser
- Motor vehicles<sup>6</sup> – including equipment supplied or installed on a firefighting vehicle at the time of purchase<sup>7</sup>

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<sup>1</sup> S.C. Code Ann. §§ 12-36-2120 and 12-36-2130.

<sup>2</sup> *Owen Indus. Prod., Inc. v. Sharpe*, 274 S.C. 193, 262 S.E.2d 33 (1980); *Hollingsworth on Wheels, Inc. v. Greenville Cnty. Treasurer et al*, 276 S.C. 314, 278 S.E.2d 340 (1981).

<sup>3</sup> *York County Fair Ass'n v. S.C. Tax Comm'n*, 249 S.C. 337, 154 S.E.2d 361 (1967).

<sup>4</sup> See, e.g., S.C. Code Ann. § 12-36-2110.

<sup>5</sup> S.C. Code Ann. § 12-36-2110(A). However, certain items, such as motor vehicles and motorcycles, are subject to an infrastructure maintenance fee (instead of a sales or use tax) upon first registration with the South Carolina Department of Motor Vehicles. See S.C. Code Ann. §§ 56-3-627 and 12-36-2120(83). See also S.C. Information Letter #22-17. This information letter contains information concerning whether an item is subject to sales and use tax or the infrastructure maintenance fee.

<sup>6</sup> In *Jack's Custom Cycles, Inc. v. S.C. Dep't of Revenue*, 439 S.C. 35, 885 S.E.2d 433 (Ct. App. 2023), reh'g denied (Apr. 26, 2023), the South Carolina Court of Appeals held that the term "motor vehicle" includes certain vehicles that the Department previously excluded from the maximum tax provisions in Code Section 12-36-2110. Effective April 26, 2023, "motor vehicle" includes any motorized, self-propelled, and wheeled vehicle that does not run on rails. This includes, but is not limited to, all-terrain vehicles, golf carts, and legend race cars. See S.C. Revenue Ruling #23-3.

<sup>7</sup> S.C. Code Ann. § 12-36-2110(E). See S.C. Revenue Ruling #18-12 for information on sales of fire trucks and firefighting equipment.

- Motorcycles
- Boats, including personal watercrafts such as jet skis<sup>8</sup>
- Watercraft motors (Effective for sales or purchases on or after July 1, 2022)<sup>9</sup>
- Trailers and semi-trailers that can be pulled only by a truck tractor. This does not include house trailers and campers as defined in Code Section 56-3-710.<sup>10</sup>
- Horse trailers. This does not include house trailers and campers as defined in Code Section 56-3-710.
- Recreational vehicles, including tent campers, travel trailers, park trailers, motor homes, and fifth wheels
- Self-propelled light construction equipment with compatible attachments. The equipment's net engine horsepower must not exceed 160.
- Fire safety education trailers

The cap also applies to leases of the above items provided the lease is in writing, the lease has a stated term and remains in force for a period in excess of 90 continuous days. The taxpayer may pay the total tax due at the time the lease is executed or by installments with each lease payment until the \$500 is paid.

Also, a maximum tax of \$300 is imposed on sales of musical instruments or office equipment sold to religious organizations.<sup>11</sup>

Further, the sale of a manufactured home is subject to a maximum tax of \$300 if the home meets or exceeds certain energy efficiency requirements specifically outlined in the law.<sup>12</sup> If the home does not meet these energy efficiency requirements, the sale of the home is subject to a maximum tax of \$300 plus 2% of the taxable basis or measure that exceeds \$6,000.<sup>13</sup> (Note: The sale of a manufactured home from **July 1, 2009 through July 1, 2024**<sup>14</sup> will be exempt from the entire tax if the manufactured home has been designated by the United States Environmental

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<sup>8</sup> S.C. Revenue Ruling #22-7.

<sup>9</sup> Code Section 12-36-2110(A), concerning the sales of items subject to a maximum sales and use tax and maximum casual excise tax, was amended to add watercraft motors. The sales of watercraft motors, effective July 1, 2022, are subject to the sales and use tax and the casual excise tax at a rate of 5%, but no more than \$500.

<sup>10</sup> Sales of utility trailers capable of being pulled by an automobile, minivan, or pick-up truck, and that are not recreational vehicles, fire safety education trailers or horse trailers, are not eligible for the \$500 maximum tax. *See* S.C. Revenue Ruling #14-2.

<sup>11</sup> S.C. Code Ann. § 12-36-2110(C).

<sup>12</sup> S.C. Code Ann. §§ 12-36-2110(B) and 12-36-2120(34).

<sup>13</sup> S.C. Code Ann. §§ 12-36-2110(B) and 12-36-2120(34).

<sup>14</sup> Beginning July 2, 2024, sales of manufactured homes meeting or exceeding the energy efficiency requirements or designations of the United States Environmental Protection Agency and the United States Department of Energy are no longer exempt and will be subject to the sales and use tax. *See* S.C. Information Letter #24-5.

Protection Agency and the United States Department of Energy as meeting or exceeding each agency's energy saving efficiency requirements or has been designated as meeting or exceeding such requirements under each agency's ENERGY STAR program<sup>15</sup>).

See Chapter 10 of this manual for more information regarding maximum tax items.

In addition, Code Section 12-36-2120(62) provides an exemption for 70% of the gross proceeds of the rental or lease of portable toilets;<sup>16</sup> and Code Section 12-36-2120(34) exempts 50% of the gross proceeds of a modular home regulated under Chapter 43 of Title 23.<sup>17</sup>

### Full Exemptions

Transactions subject to sales and use tax may be exempt from sales and use tax due to a particular exemption in the statute. Code Sections 12-36-2120 and 12-36-2130 contain numerous full exemptions. Local sales and use taxes collected by the Department are not imposed on sales exempt from the state sales and use tax.<sup>18</sup>

The following briefly describes South Carolina's full sales and use tax exemptions. For purposes of this discussion, South Carolina's full exemptions are divided into the following categories:

- Government Related Exemptions
- Business Related Exemptions
- Agricultural Exemptions
- Educational Exemptions
- General Public Good Exemptions
- Alternative Energy Exemptions

The following provides a list of the full exemptions in each of the above categories and a list of relevant statutes, court cases, regulations, and advisory opinions for each exemption (if any). The list of statutes, court cases, regulations, and advisory opinions is not all-inclusive.

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<sup>15</sup> S.C. Code Ann. §§ 12-36-2110(B); 12-36-2120(34). See Act No. 354 of 2008 and Act No. 138 of 2020, Section 2.

<sup>16</sup> See S.C. Revenue Ruling #09-5; *Eugenia Boggero, d/b/a Boggero's Portable Toilets v. S.C. Depar't of Revenue*, 414 S.C. 277, 777 S.E.2d 842 (2015); S.C. Revenue Ruling #19-10.

<sup>17</sup> S.C. Regulation 117-335.2

<sup>18</sup> All sales and purchases exempt from the state sales and use tax under Code Sections 12-36-2120 and 12-36-2130 are exempt from local sales and use tax administered and collected by the Department on behalf of local jurisdictions, except for sales of unprepared food under Code Section 12-36-2120(75). Code Section 12-36-2120(75) specifically states the exemption for unprepared food only applies to the state sales and use tax. Therefore, such sales are subject to local sales and use taxes unless the local sales and use tax specifically exempts sales of unprepared food. See S.C. Regulation 117-337; Exhibit A to Chapter 12; S.C. Information Letter #22-16.

**Caution: The exemptions below are briefly described. See the statute cited for the specific exemption details. If a transaction does not squarely fall within the requirements of an exemption statute and applicable regulations, the exemption does not apply.**

### **Government Related Exemptions**

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(1)       | <p>Transactions prohibited from being taxed by U.S. or state constitutional provisions or federal or state law<sup>19</sup></p> <p><i>S.C. Information Letter #89-8 (American Red Cross); S.C. Code § 58-25-80 (Regional Transportation Authorities); S.C. Code § 56-19-480 (Insurance Companies and Motor Vehicles); S.C. Code § 44-7-2120 (Regional Health Services Districts<sup>20</sup>); S.C. Code § 38-29-150 (South Carolina Life and Accident and Health Insurance Guaranty Association); S.C. Code § 38-31-130 (South Carolina Property and Casualty Insurance Guaranty Association); S.C. Code § 12-11-30 (Banks); S.C. Code § 12-13-50 (Building and Loan Associations); S.C. Code § 13-17-90 (South Carolina Research Authority); S.C. Code §§ 12-63-20 and 12-63-30 (Motion Picture Production Companies<sup>21</sup>); and S.C. Revenue Ruling #17-2<sup>22</sup> (federal moratorium on the taxation of Internet access charges)</i></p> |
| 12-36-2120(2)       | <p>Sales to the federal government</p> <p><i>SC Regulation 117-307.6; Op. Att’y Gen., 84-76 (S.C.A.G. Aug. 9, 1984);<sup>23</sup> S.C. Revenue Ruling #09-1; S.C. Revenue Ruling #13-2</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 12-36-2120(22)      | <p>Material necessary to assemble missiles</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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<sup>19</sup> Several provisions that provide an exemption from the sales tax, the use tax, or both are not codified in Chapter 36 of Title 12. Some of these provisions exempt a specific transaction and some exempt a specific entity. In the case of an exemption provision involving a specific entity, each statutory provision must be reviewed to determine if sales to the entity are exempt, sales by the entity are exempt, or if both sales to and sales by the entity are exempt. In addition, several provisions of federal law provide an exemption from state and local taxes to certain specific entities. Each of these federal statutory provisions must be reviewed to determine if sales to the entity are exempt, sales by the entity are exempt, or if both sales to and sales by the entity are exempt. **Note the list of transactions prohibited from being taxed by U.S. or State Constitutional provisions or federal or state law is not all-inclusive.**

<sup>20</sup> See also *Lexington Health Serv.s Dist. v. S. C. Depar’t of Revenue*, 384 S.C. 647, 682 S.E.2d 508 (2009).

<sup>21</sup> See also Chapter 19 of this publication and S.C. Revenue Ruling #08-12.

<sup>22</sup> S.C. Revenue Ruling #17-2 (concerning the taxation of communications services and addressing the federal moratorium on the taxation of Internet Access charges as part of the discussion on taxable and non-taxable communication services).

<sup>23</sup> This Attorney General Opinion concluded that sales to the federal government upon requisition or order of the South Carolina National Guard, payment for which is from the Federal Treasury upon order of Federal officers, are exempt from the sales and use tax. However, other sales of tangible personal property to the South Carolina National Guard are taxable.

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                 |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(25)      | Sales of cars and motorcycles to nonresident military personnel<br><br><i>S.C. Private Letter Ruling #90-2; S.C. Private Letter Ruling #90-11; S.C. Private Letter Ruling #89-9; S.C. Information Letter #22-17</i>                |
| 12-36-2120(29)      | Federal government contracts – property that passes to the government<br><br><i>SC Regulation 117-314.11; S.C. Revenue Ruling #04-9</i>                                                                                            |
| 12-36-2120(30)      | Supplies purchased by the State General Services Division for resale to State agencies<br><br><i>SC Regulation 117-304.1; S.C. Revenue Ruling #92-15</i>                                                                           |
| 12-36-2120(46)      | War memorials and monuments                                                                                                                                                                                                        |
| 12-36-2120(48)      | Solid waste disposal collection bags required under a solid waste disposal plan of a county or other political subdivision                                                                                                         |
| 12-36-2120(60)      | Lottery tickets sold pursuant to Chapter 150 of Title 59 (South Carolina Education Lottery Act)                                                                                                                                    |
| 12-36-2120(61)      | Copies of, or access to, legislation or other informational documents provided to the general public or any other person by a legislative agency when a charge for these copies is made reflecting the agency’s cost of the copies |
| 12-36-2120(68)      | Any property sold to the public through a sheriff’s sale as provided by law                                                                                                                                                        |

### **Business Related Exemptions**

| <u>Code Section</u>  | <u>Description</u>                                                                                                                                                                       |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(9)(a)-(d) | Coal, coke, or other fuel for manufacturers, transportation companies, electric power companies, and processors<br><br><i>SC Regulation 117-302.3; S.C. Private Letter Ruling #88-10</i> |

| <u>Code Section</u>  | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(9)(e)-(f) | Fuel used for test flights of aircraft by the manufacturer of the aircraft or used in the transportation of an aircraft prior to its completion from one facility of the manufacturer to another facility of the manufacturer, provided the taxpayer, over a seven year period, invests at least seven hundred fifty million dollars in real or personal property or both comprising or located at a single manufacturing facility and creates at least three thousand eight hundred full-time new jobs at a single manufacturing facility. <b>This exemption became effective November 1, 2009 and required that a notice be filed with the Department prior to October 31, 2015 in order for the taxpayer to qualify for the exemption. This exemption continues to be available to eligible taxpayers who notified the Department prior to October 31, 2015.</b><br><br><i>S.C. Information Letter #15-18</i> |
| 12-36-2120(11)       | Toll charges between telephone exchanges, certain access charges, charges for telegraph messages, and automatic teller machine transactions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 12-36-2120(13)       | Fuel and other supplies for consumption on ships on the high seas<br><br><i>SC Regulation 117-321.1</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 12-36-2120(14)       | Wrapping paper, containers, etc., used incident to the sale and delivery of tangible personal property<br><br><i>SC Regulation 117-302.2; SC Regulation 117-312</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 12-36-2120(15)(a)    | Motor fuel taxed under the motor fuel user fee law<br><br><i>S.C. Revenue Ruling #17-3</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 12-36-2120(15)(e)    | Natural gas to be compressed or cooled for use as a motor fuel<br><br><i>S.C. Revenue Ruling #17-3</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 12-36-2120(15)(f)    | Liquefied petroleum gas for use as a motor fuel<br><br><i>S.C. Revenue Ruling #17-3</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(17)      | <p>Machines used in manufacturing, processing, agricultural packaging, recycling, compounding, mining or quarrying tangible personal property for sale. This includes certain machines used to prevent or abate air, water or noise pollution caused by machines used in manufacturing, processing, recycling, compounding, mining, or quarrying tangible personal property for sale.</p> <p><i>SC Regulation 117-302.5; SC Regulation 117-302.6; SC Regulation 117-306.1; SC Regulation 117-309.3; SC Regulation 117-309.9; SC Regulation 117-314.10; SC Regulation 117-315.3; SC Regulation 117-328; Hercules Contractors and Eng', Inc. v. S.C. Tax Comm'n, 280 S.C. 426, 313 S.E.2d 300 (1984); S.C. Dep't of Revenue v. Springs Indus., Inc., No. 2003-UP-029, 2003 WL 27397024, at *1 (S.C. Ct. App. Feb. 28, 2003); Anonymous Corp. v. S.C. Depar't of Revenue (02-ALJ-17-0350-CC); Se. - Kusan, Inc. v. S.C. Tax Comm'n, 276 S.C. 487, 280 S.E.2d 57 (1981); Duke Energy Corp. v. S.C. Depar't of Revenue (12-ALJ-17-0031-CC), appeal denied on procedural grounds, South Carolina Court of Appeals, No. 2017-001260, October 30, 2017; McEntire Produce, Inc., v. S. C. Depar't of Revenue, 439 S.C. 238, 886 S.E.2d 697 (Ct. App., 2023); S.C. Revenue Ruling #04-7; S.C. Revenue Ruling #89-7; S.C. Revenue Ruling #91-8; S.C. Revenue Ruling #98-19; S.C. Private Letter Ruling #92-9; S.C. Private Letter Ruling #91-1; S.C. Private Letter Ruling #87-3; S.C. Private Letter Ruling #90-3; S.C. Private Letter Ruling #89-15; S.C. Private Letter Ruling #95-8; S.C. Private Letter Ruling #99-3; S.C. Revenue Procedure #05-1;<sup>24</sup> S.C. Revenue Ruling #21-9</i></p> |
| 12-36-2120(19)      | <p>Electricity used to manufacture, process, mine, or quarry tangible personal property for sale or used by cotton gins to manufacture tangible personal property for sale</p> <p><i>SC Regulation 117-302.4; S.C. Revenue Ruling #21-9</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 12-36-2120(20)      | Railcars and locomotives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 12-36-2120(21)      | <p>Certain vessels and barges (more than 50 tons burden)</p> <p><i>SC Regulation 117-321; SC Regulation 117-321.1; S.C. Revenue Ruling #18-5</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

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<sup>24</sup> The controlling authorities with respect to the machine exemption are SC Regulation 117-302.5; *Hercules Contractors and Engineers, Inc. v. South Carolina Tax Commission*, 280 S.C. 426, 313 S.E.2d 300 (1984); *Springs Industries, Inc., v. South Carolina Department of Revenue*, No. 2003-UP-029, 2003 WL 27397024, at \*1 (S.C. Ct. App. Feb. 28, 2003); and *Anonymous Corporation v. South Carolina Department of Revenue* (02-ALJ-17-0350-CC). The advisory opinions listed are provided for additional reference.

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(24)      | Laundry supplies and machinery used by a laundry or drycleaning business. This exemption does not apply to coin operated laundromats. <sup>25</sup><br><br><i>SC Regulation 117-303</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 12-36-2120(31)      | Vacation time sharing plans and exchange of accommodations in which the accommodation to be exchanged is the primary consideration<br><br><i>The Department held in S.C. Revenue Ruling #98-5 that accommodations provided under exchange agreements are subject to the sales tax on accommodations. However, the General Assembly subsequently enacted the above exemption for “any...exchange of accommodations in which the accommodations to be exchanged are the primary consideration.”</i><br><br><i>Therefore, the furnishing of accommodations via an exchange of accommodation is not subject to the sales tax on accommodations if the accommodations to be exchanged is the primary consideration. If the accommodations to be exchanged is not the primary consideration, the furnishing of the accommodations is subject to the sales tax on accommodations, unless otherwise exempt.</i> |
| 12-36-2120(35)      | Movies sold or rented to movie theatres                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 12-36-2120(36)      | Tangible personal property delivered out of state by South Carolina retailers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 12-36-2120(37)      | Petroleum asphalt products transported and used outside South Carolina                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 12-36-2120(40)      | Shipping containers used by international shipping lines under contract with the State Ports Authority                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 12-36-2120(42)      | Depreciable assets as part of a sale of an entire business<br><br><i>S.C. Revenue Advisory Bulletin #01-1</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 12-36-2120(43)      | Supplies, equipment, machinery, and electricity for use in filming/producing motion pictures<br><br><i>S.C. Revenue Ruling #08-12<sup>26</sup></i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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<sup>25</sup> A coin-operated laundromat machine includes any laundromat machine operated by a slot in which is deposited or placed a coin, token, debit card, or other thing of value so as to begin operation of the machine for the purposes of laundering, cleaning, or drying clothing and other textiles.

<sup>26</sup> S.C. Revenue Ruling #08-12 mainly concerns the exemption for motion picture production companies in Code Section 12-63-30; however, it briefly discusses the exemption in Code Section 12-36-2120(43).



| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(49)      | Postage purchased by a person engaged in the business of selling advertising services for clients consisting of mailing advertising material through the United States mail                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 12-36-2120(50)      | The following items when used by a qualified recycling facility: recycling property, electricity, natural gas, fuels, gasses, fluids and lubricants, ingredients or component parts of manufactured products, property used for the handling or transfer of postconsumer waste or manufactured products or in or for the manufacturing process, and machinery and equipment foundations <sup>27</sup>                                                                                                                                                                                                                                     |
| 12-36-2120(51)      | Material handling systems and material handling equipment used in the operation of a distribution facility or a manufacturing facility of a taxpayer that invests at least \$35 million in South Carolina <sup>28</sup><br><br>(Note: Under Temporary Proviso 88.5, the Navy Base Intermodal Facility is considered a distribution facility for the purpose of this exemption for state fiscal year 2025-2026)<br><br>For purposes of this exemption, “distribution facility” includes, but is not limited to, a port facility as defined in Code Section 12-6-3375. See Code Section 12-36-2140.<br><br><i>S.C. Revenue Ruling #13-3</i> |
| 12-36-2120(52)      | Parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft. This exemption does not extend to tools and other equipment not attached to or that do not become a part of the aircraft (Effective January 1, 2016) <sup>29</sup>                                                                                                                                                                                                                                                                                                                                                                    |
| 12-36-2120(53)      | Motor vehicle extended service and warranty contracts<br><br><i>S.C. Revenue Ruling #11-1; S.C. Revenue Ruling #93-6</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 12-36-2120(54)      | Clothing and other attire required for working in a class 100 or better clean room environment (as defined in Federal Standard 209E)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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<sup>27</sup> See S.C. Code Ann. § 12-6-3460 (defining “qualified recycling facility,” “recycling property,” and “postconsumer waste material”).

<sup>28</sup> This exemption requires the taxpayer to file certain notices with the Department to qualify for the exemption.

<sup>29</sup> Prior to January 1, 2016, this exemption was limited to parts and supplies used by persons engaged in the business of repairing or reconditioning aircraft owned by or leased to the federal government or commercial air carriers.

| <u>Code Section</u>                  | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(55)                       | Audiovisual masters made or used by a production company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 12-36-2120(56)                       | Machines used in research and development                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                      | <i>S.C. Revenue Ruling #08-3</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 12-36-2120(58)                       | Cooperative direct mail promotional advertising materials and promotional maps, brochures, pamphlets, or discount coupons for use by nonprofit chambers of commerce or nonprofit convention and visitor bureaus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 12-36-2120(59)                       | Facilities transmitting electricity that are transferred, sold or exchanged by an electrical utility, municipality, electric cooperative, or political subdivision to a limited liability company subject to regulation under the Federal Power Act and formed to operate or to take functional control of electric transmission assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 12-36-2120(64)                       | Sweetgrass baskets made by artists of South Carolina using locally grown sweetgrass                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 12-36-2120(65) and<br>12-36-2120(66) | <p>Computer equipment used in connection with, and electricity and certain fuel used by a technology intensive facility (defined in Code Section 12-6-3360(M)(14)(b))<sup>30</sup> that invests \$300 million over five years, creates at least 100 new jobs during the five years with an average cash compensation of 150% of the per capita income of the State, and spends at least 60% of the \$300 million investment on computer equipment</p> <p>Computer equipment used in connection with a manufacturing facility when the taxpayer, over a seven-year period, invests at least \$750 million in real or personal property or both comprising or located at a single manufacturing facility and creates at least 3,800 full-time new jobs at the single manufacturing facility. <b>This exemption became effective November 1, 2009 and required the taxpayer to file a notice with the Department prior to October 31, 2015 to qualify for the exemption. This exemption continues to be available to eligible taxpayers who notified the Department prior to October 31, 2015.</b></p> <p><i>S.C. Information Letter #15-18</i></p> |

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<sup>30</sup> S.C. Code Ann. § 12-6-3360(M)(14)(b) defines a “technology intensive facility” for purposes of this exemption as “a facility primarily used for one or more activities listed under the 2002 version of the NAICS Codes 51811 (Internet Service Providers and Web Search Portals).”

| <u>Code Section</u>          | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(67)               | <p>Construction materials used in the construction of a new or expanded single manufacturing or distribution facility, or one serving both purposes, that invests at least \$100 million at a single site in South Carolina over an 18-month period.</p> <p>(Note: Under Temporary Proviso 88.6, the Navy Base Intermodal Facility is considered a distribution facility for the purpose of this exemption for fiscal year 2024-2025)</p> <p>For purposes of this exemption, “distribution facility” includes, but is not limited to, a port facility as defined in Code Section 12-6-3375. See S.C. Code Ann. §12-36-2140.</p> <p>Construction materials used in the construction of a new or expanded single manufacturing facility in which the taxpayer, over a seven-year period, invests at least \$750 million in real or personal property or both comprising or located at a single manufacturing facility and creates at least 3,800 full-time new jobs at the single manufacturing facility. <b>This exemption became effective November 1, 2009 and required the taxpayer to file a notice with the Department prior to October 31, 2015 to qualify for the exemption. This exemption continues to be available to eligible taxpayers who notified the Department prior to October 31, 2015.</b></p> |
| 12-36-2120(70)               | Gold, silver or platinum bullion or any combination; coins that are or have been legal tender; and currency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 12-36-2120(73)               | Amusement park rides; parts, machinery and equipment used to assemble, operate and make up amusement park rides; and performance venue facilities and any related or required machinery, equipment, and fixtures. A \$250 million investment and creation of 250 full-time jobs and 500 part-time or seasonal jobs over a five-year period is required.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 12-36-2120(78) <sup>31</sup> | Machinery and equipment, building and other raw materials, and electricity used in the operation of a facility owned by an organization that qualifies as a tax exempt organization pursuant to the Internal Revenue Code Section 501(c)(3) when the facility is principally used for researching and testing the impact of natural hazards such as wind, fire, water, earthquake, and hail on building materials used in residential, commercial, and agricultural buildings, provided the taxpayer invests at least \$20 million dollars over a three year period.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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<sup>31</sup>2010 S.C. Acts 280. To qualify for this exemption, the taxpayer must notify the Department of its intent to qualify and must invest at least \$20 million in real or personal property at a single site in this State over the three-year period.

| <u>Code Section</u>                                     | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(79)                                          | <p>Computers, computer equipment, and computer software used within a datacenter, and electricity used by a datacenter or used by eligible business property located and used at a datacenter where the taxpayer: (1) invests at least \$50 million in real or personal property or both over a 5 year period; or, if more than one taxpayer, invests a minimum aggregate capital investment of at least \$75 million in real or personal property or both over a 5 year period; (2) creates and maintains at least 25 full-time jobs at the facility with an average cash compensation level of 150% of the per capita income of South Carolina or of the county in which the facility is located; and (3) maintains the jobs requirement for 3 consecutive years after certification by the Department of Commerce.<sup>32</sup></p> <p>This exemption only applies to a datacenter that is certified by the Department of Commerce prior to January 1, 2032. However, for datacenters certified by December 31, 2031, this exemption will remain in effect for an additional ten year period.</p> <p><i>S.C. Revenue Ruling #13-5</i></p> |
| 12-62-30                                                | <p>Tangible personal property purchased by a certified motion picture production company for use in connection with the filming or production of motion pictures in South Carolina for a company planning to spend at least \$250,000 in connection with the filming or production of one or more motion pictures in South Carolina within a consecutive 12 month period. This provision does not apply to: (a) local sales tax levied and collected directly by a local governmental subdivision or (b) the production of television coverage of news and athletic events.</p> <p><i>S.C. Revenue Ruling #08-12</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Temporary<br>Proviso 109.12<br>(Act No. 239 of<br>2022) | <p>Certain clothing required by Current Good Manufacturing Practices as set forth in 21 C.F.R. Section 111.10 used at perishable prepared food manufacturing facilities, including attire required pursuant to 21 C.F.R. Section 110.10 for persons working in direct contact with food, food contact surfaces, and food packaging materials to protect against contamination of food in perishable prepared food manufacturing facilities (for State fiscal year 2022-2023).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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<sup>32</sup> See S.C. Code Ann. § 12-36-2120(79) (requiring the taxpayer meet certain investment, jobs, and notification requirements to claim this exemption).

| <u>Code Section</u>                                     | <u>Description</u>                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Temporary<br>Proviso 117.138<br>(Act No. 69 of<br>2025) | Material handling and construction materials for agribusiness facilities that invest at least \$100 million in South Carolina (for State fiscal year 2025-26).                                                                                                                                                                     |
| Temporary<br>Proviso 117.168<br>(Act No. 69 of<br>2025) | A person, including an artist, craftsman, or hobbyist, is not engaged in business or making sales at resale if he/she makes sales no more than four times in the State fiscal year at a fair, festival, carnival, or event that operates for a period less than 12 consecutive days (for State fiscal year 2025-26). <sup>33</sup> |

### **Agricultural Exemptions<sup>34</sup>**

|               |                                                                                                                                                                                                                       |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(4) | Livestock<br><br><i>SC Regulation 117-301.1; S.C. Revenue Ruling #21-6</i>                                                                                                                                            |
| 12-36-2120(5) | Feed used to produce and maintain livestock<br><br><i>SC Regulation 117-301.2; S.C. Private Letter Ruling #99-1; S.C. Revenue Ruling #21-9</i>                                                                        |
| 12-36-2120(6) | Insecticides, chemicals, fertilizers, soil conditioners, seeds, or seedlings, or nursery stock used in the production of farm products<br><br><i>SC Regulation 117-301.3,<sup>35</sup> S.C. Revenue Ruling #21-9</i>  |
| 12-36-2120(7) | Containers and labels used in preparing agriculture products for sale or preparing turpentine gum, gum resin, and gum spirits of turpentine for sale<br><br><i>SC Regulation 117-301.4; S.C. Revenue Ruling #21-9</i> |

<sup>33</sup> This proviso does not apply to persons who are engaged in the business of making sales at retail for which they are required to obtain a license.

<sup>34</sup> In reviewing the exemption statutes for the agriculture industry, Code Section 46-1-10 states:

1. The terms “agriculture, agricultural purposes, agricultural uses, farm crops, cultivated crops” or words of similar import shall include horticulture, floriculture, and aquaculture. Words of similar import applicable to agriculture are likewise applicable to horticulture, floriculture, aquaculture.
2. The term “aquaculture” means the cultivation, production, or marketing of domesticated aquatic organisms.
3. The term “domesticated aquatic organism” means any fish, aquatic invertebrate, or aquatic plant that is spawned, produced, or marketed as a cultivated crop in the waters of this State.

<sup>35</sup> See S.C. Revenue Ruling #16-8.

| <u>Code Section</u>                                    | <u>Description</u>                                                                                                                                                                                                                              |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(15)(c)                                      | Fuel used in farm machinery and farm tractors<br><br><i>S.C. Revenue Ruling #21-9</i>                                                                                                                                                           |
| 12-36-2120(15)(d)                                      | Fuel used in commercial fishing vessels                                                                                                                                                                                                         |
| Temporary<br>Proviso 109.16<br>(Act No. 69<br>of 2025) | Chemicals, oils including, but not limited to, grease, lubricants, and coolants used in exempt farm machinery (for State fiscal year 2024-25) <sup>36</sup>                                                                                     |
| 12-36-2120(16)                                         | Farm machinery<br><br><i>SC Regulation 117-301.5; S.C. Revenue Ruling #99-3; S.C. Private Letter Ruling #89-16</i>                                                                                                                              |
| 12-36-2120(18)                                         | Fuel used to cure agriculture products<br><br><i>S.C. Technical Advice Memorandum #88-6</i>                                                                                                                                                     |
| 12-36-2120(23)                                         | Farm products sold in their original state of production when sold by the producer<br><br><i>SC Regulation 117-301.9; S.C. Technical Advice Memorandum #88-4; S.C. Private Letter Ruling #93-4</i>                                              |
| 12-36-2120(32)                                         | Electricity and gas used in the production of livestock and milk<br><br><i>SC Regulation 117-301.7</i>                                                                                                                                          |
| 12-36-2120(44)                                         | Electricity used to irrigate crops<br><br><i>SC Regulation 117-301.7</i>                                                                                                                                                                        |
| 12-36-2120(45)                                         | Building materials, supplies, fixtures, and equipment used to construct commercial housing for poultry or livestock<br><br><i>SC Regulation 117-301.8; S.C. Revenue Ruling #95-11; S.C. Information Letter #95-1; S.C. Revenue Ruling #21-9</i> |

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<sup>36</sup> Must be essential to the functioning of the exempt farm machinery and farm tractors.

## Educational Exemptions

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(3)       | <p>Textbooks, books, magazines, periodicals, newspapers, and access to online information used in a course of study or for use in a school or public library. These items may be in printed form or in alternative forms such as microfilm or CD ROM. Communication services and equipment subject to tax under Code Sections 12-36-910(B)(3) and 12-36-1310(B)(3) are not exempt.</p> <p><i>SC Regulation 117-316; S.C. Revenue Ruling #94-11; S.C. Private Revenue Opinion #02-3; S.C. Technical Advice Memorandum #90-6; S.C. Private Letter Ruling #90-5</i></p> |
| 12-36-2120(8)       | <p>Newspapers, newsprint paper, and the South Carolina Department of Agriculture Market Bulletin<sup>37</sup></p> <p><i>SC Regulation 117-315.1; SC Regulation 117-315.2; S.C. Private Letter Ruling #98-1; S.C. Private Letter Ruling #93-1; Op. Att’y Gen., 1983 WL 182007, at *1 (S.C.A.G. Sept. 26, 1983)<sup>38</sup></i></p>                                                                                                                                                                                                                                   |
| 12-36-2120(10)(a)   | <p>Meals or food used in furnishing meals to K-12 students in schools (not for profit)</p> <p><i>SC Regulation 117-305.5</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 12-36-2120(26)      | <p>Television, radio, and cable TV supplies, equipment, machinery, and electricity</p> <p><i>SC Regulation 117-328; S.C. Private Letter Ruling #12-1</i></p>                                                                                                                                                                                                                                                                                                                                                                                                         |
| 12-36-2120(27)      | <p>Zoo plants and animals</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 12-36-2130(2)       | <p>Exhibition rentals for museums (charitable, eleemosynary, or governmental museums)<sup>39</sup></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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<sup>37</sup> This exemption also states that sales of religious publications (e.g., The Bible, hymnals) are exempt; however, the South Carolina Supreme Court held in *Thayer v. South Carolina Tax Commission*, 307 S.C. 6, 413 S.E.2d 810 (1992), that the exemption for religious publications was unconstitutional. Therefore, sales of religious publications are subject to the sales and use tax, unless otherwise exempt under the law. For more information, see S.C. Information Letter #92-8.

<sup>38</sup> This Attorney General Opinion concluded “preprints” were an integral part of a newspaper; therefore, the sale or purchase of preprints for incorporation into a newspaper were exempt.

<sup>39</sup> This exemption only applies to the use tax. If the transaction in question is a sales tax transaction, this exemption does not apply. See SC Regulation 117-334 for information on when a transaction is a sales tax transaction and when it is a use tax transaction.

| <u>Code Section</u>                               | <u>Description</u>                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Temporary Proviso 117.36, (Act No. 96 of 2025-26) | Purchases of tangible personal property during the State fiscal year 2025-26 for use in private primary and secondary schools, including kindergarten and early childhood education programs, are exempt from the <u>use tax</u> if the school is exempt from income taxes under Internal Revenue Code §501(c)(3) <sup>40</sup> |

### **General Public Good Exemptions**

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(10)(b)   | Meals provided to elderly or disabled persons at home by nonprofit organizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 12-36-2120(10)(c)   | Food sold to nonprofit organizations or food sold or donated by the nonprofit organization to another nonprofit organization                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 12-36-2120(10)(d)   | Meals or foodstuffs prepared or packaged that are sold to public or nonprofit organizations for congregate or in-home service to the homeless or needy or disabled adults over 18 or individuals over 60. This exemption only applies to meals and foodstuffs eligible for purchase under the USDA food stamp program.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 12-36-2120(12)      | Water sold by public utilities and certain non-profit corporations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 12-36-2120(28)      | Medicine and prosthetic devices sold by prescription; certain diabetic supplies sold to diabetics under the written authorization and direction of a physician; certain free samples of medicine and certain medicine donated to hospitals; prescription medicine and radiopharmaceuticals used in treating cancer or rheumatoid arthritis, including prescription medicines to relieve the effects of treatment; prescription medicines used to prevent respiratory syncytial virus; disposable medical supplies, such as bags, tubing, needles, and syringes, dispensed by a pharmacist by prescription of a licensed health care provider for the intravenous administration of a prescription drug (only for treatment outside of a hospital, skilled nursing facility, or ambulatory surgical treatment center); and prescription medicine dispensed to Medicare Part A patients in a nursing home. |

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<sup>40</sup> This exemption only applies to the use tax. If the transaction in question is a sales tax transaction, this exemption does not apply. See SC Regulation 117-334 for information on when a transaction is a sales tax transaction and when it is a use tax transaction.



| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     | <p><i>CareAlliance Health Services v. S.C. Depar't of Revenue</i>, 416 S.C. 484, 787 S.E.2d 475 (2016), rehearing denied, (July 14, 2016), on remand, 12-ALJ-17-0405-AP (Nov. 2, 2016) (dismissing only remaining legal issue of whether blood derivatives are subject to sales and use taxes); <i>Home Med. Sys., Inc. v. S.C. Depar't of Revenue</i>, 382 S.C. 556, 677 S.E.2d 582 (2009); <i>Associated Med. Specialist, P.A v. S.C. Tax Comm'n</i>, SC Ct. of App., Unpublished Op. No. 97-UP-447 (1997); <i>Drummond v. State of S.C.</i>, Court of Common Pleas, Case No. 02-CP-40-4651 (2010). SC Regulation 117-332; S.C. Revenue Ruling #11-3; S.C. Revenue Ruling #91-19; S.C. Revenue Ruling #90-1; S.C. Revenue Ruling #98-9; S.C. Private Letter Ruling #95-6; S.C. Private Revenue Opinion #01-4; S.C. Private Letter Ruling #92-4; S.C. Private Letter Ruling #05-1; S.C. Private Letter Ruling #93-5; S.C. Private Letter Ruling #04-5; S.C. Private Letter Ruling #05-3; S.C. Private Letter Ruling #03-3; S.C. Private Letter Ruling #88-22; S.C. Private Letter Ruling #92-4; S.C. Private Letter Ruling #92-8; S.C. Private Revenue Opinion #02-5; S.C. Revenue Ruling #21-9</p> |
| 12-36-2120(33)      | <p>Residential electricity and fuel</p> <p>SC Regulation 117-323; S.C. Revenue Ruling #19-5; S.C. Revenue Ruling #89-5; S.C. Revenue Ruling #92-4; S.C. Revenue Ruling #17-1; S.C. Revenue Ruling #17-4; S.C. Technical Advice Memorandum #87-5; S.C. Private Letter Ruling #98-4; S.C. Private Letter Ruling #89-12</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 12-36-2120(38)      | Hearing aids <sup>41</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 12-36-2120(39)      | Concession sales by nonprofit organizations at festivals                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 12-36-2120(41)      | <p>Sales by nonprofit organizations</p> <p>S.C. Revenue Ruling #12-3; S.C. Revenue Ruling #09-8; S.C. Revenue Procedure #03-6; S.C. Private Revenue Opinion #01-5</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 12-36-2120(47)      | Goods sold to nonprofit hospitals that primarily treat children at no cost to the patient                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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<sup>41</sup> Hearing aids are defined in Code Section 40-25-20(5) as “an acceptable wearable instrument or device designated or offered to aid or compensate for impaired human hearing and parts, attachments, or accessories, including earmold, but excluding batteries and cords.” Therefore, separate sales of batteries or cords do not fall within this exemption and are subject to the tax.

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(57)      | <p>Annual sales tax holiday on the first Friday, Saturday, and Sunday in August for certain clothing, clothing accessories, footwear, computers, printers, printer supplies, computer software, bath wash cloths, blankets, bed spreads, bed linens, sheet sets, comforter sets, bath towels, shower curtains, bath rugs, pillows, pillow cases, and school supplies</p> <p><i>S.C. Revenue Ruling #19-4; Exhibit A to this Chapter, “South Carolina Sales Tax Holiday, Examples of Exempt and Taxable Items (Not All Inclusive)”</i></p> |
| 12-36-2120(63)      | <p>Medicine and medical supplies, including diabetic supplies and diabetic diagnostic and testing equipment, sold to a health care clinic providing free medical and dental care to all patients</p> <p><i>S.C. Revenue Ruling #11-3</i></p>                                                                                                                                                                                                                                                                                              |
| 12-36-2120(74)      | <p>Durable medical equipment and related supplies as defined under federal and state Medicare and Medicaid laws if (a) paid directly by funds of South Carolina or the United States under the Medicaid or Medicare programs, (b) state and federal law prohibits the payment of the sales and use tax, and (c) is sold by a provider who holds a South Carolina retail sales license.<sup>42</sup></p> <p><i>S.C. Information Letter #24-10; S.C. Revenue Ruling #11-3</i></p>                                                           |
| 12-36-2120(75)      | <p>Unprepared food that lawfully may be purchased with United States Department of Agriculture food coupons. This exemption does not apply to local taxes unless the local tax specifically exempts the sale of such food.</p> <p><i>SC Regulation 117-337; S.C. Revenue Ruling #07-4</i><sup>43</sup></p>                                                                                                                                                                                                                                |
| 12-36-2120(76)      | <p>This exemption is no longer valid.<sup>44</sup></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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<sup>42</sup> Effective May 12, 2025. *See* Act. No. 45 of 2025. On June 26, 2024, the Supreme Court of South Carolina ruled that Code Section 12-36-2120(74), which provided an exemption to the state sales and use tax for the sales of durable medical equipment and related supplies, as defined under federal and state Medicaid and Medicare laws, was unconstitutional. *Orthofix, Inc. v. S.C. Dep’t of Revenue*, 443 S.C. 138, 141, 903 S.E.2d 496, 498 (2024).

<sup>43</sup> S.C. Revenue Ruling #16-8 clarifies that this exemption includes sales of vegetable seeds, fruit seeds, vegetable plants, and fruit plants to individuals to grow food in a home garden for personal use and consumption.

<sup>44</sup> On May 4, 2009, the Supreme Court of South Carolina ruled that Code Section 12-36-2120(76), which established an annual sales tax holiday on the Friday and Saturday after Thanksgiving for handguns (as defined in S.C. Code Ann. § 16-23-10(1)), rifles and shotguns, was unconstitutional. *The Am. Petroleum Inst. and BP Prod. N. Am. Inc. v. S.C. Depar’t of Revenue, et al.*, 382 S.C. 572, 677 S.E.2d 16 (2009). However, the General Assembly enacted a temporary proviso establishing a sales tax holiday on November 26<sup>th</sup> and 27<sup>th</sup> of 2010 for handguns (as defined in S.C. Code Ann. § 16-23-10(1)), rifles and shotguns.

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(77)      | This exemption is no longer valid. <sup>45</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 12-36-2120(80)      | Injectable medications and injectable biologics, so long as the medication or biologic is administered by or pursuant to the supervision of a physician in an office under the supervision of a physician, or in a Center for Medicare or Medicaid Services certified kidney dialysis facility. <sup>46</sup><br><br><i>S.C. Information Letter #14-4; S.C. Revenue Ruling #22-9; S.C. Private Letter Ruling #22-2</i>                                                                           |
| 12-36-2120(81)      | Construction material used by an entity organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit corporation to build, rehabilitate, or repair a home for the benefit of an individual or family in need. An “individual or family in need” means an individual or family, as applicable, whose income is less than or equal to 80% of the county median income. (Effective January 1, 2016).                                                                               |
| 12-36-2120(82)      | Children’s clothing sold to a private charitable organization exempt from federal and state income tax, except for private schools, for the purpose of distribution by that organization to needy children. “Clothing” means those items exempt from sales and use tax pursuant to Code Section 12-36-2120(57)(a)(i) and (ii). “Needy children” means children eligible for free meals under the National School Lunch Program of the US Department of Agriculture. (Effective January 1, 2016). |
| 12-36-2120(83)      | Any item subject to the infrastructure maintenance fee set forth in Code Section 56-3-627.<br><br><i>S.C. Information Letter #22-17; S.C. Revenue Ruling #18-1; S.C. Revenue Ruling #18-11</i>                                                                                                                                                                                                                                                                                                   |

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<sup>45</sup> In 2008, the General Assembly enacted Code Section 12-36-2120(77) allowing an annual sales tax holiday during October (beginning in 2009 and ending 2018) for certain energy efficient products (provided certain revenue growth forecasts were met). However, on May 4, 2009, the Supreme Court of South Carolina held in *The American Petroleum Institute and BP Products North America, Inc. v. South Carolina Department of Revenue, et al.*, 382 S.C. 16, 677 S.E.2d 16 (2009) that the act (Act No. 338 of 2008) was unconstitutional. Therefore, the exemption in Code Section 12-36-2120(77) is no longer valid.

<sup>46</sup> This exemption was phased-in based on the annual general fund growth as determined by the Board of Economic Advisors (“BEA”). On February 19, 2014, the BEA notified the Department that the requirements were met to implement this exemption. Accordingly, for July 1, 2014 - June 30, 2015, 50% of the gross proceeds of sales of qualifying sales or purchases were exempt from the State and local sales and use taxes. Qualifying sales or purchases made on or after July 1, 2015 are fully exempt from the State and local sales and use taxes. See S.C. Information Letter #14-4. When completing the Sales and Use Tax Return (ST-3), a taxpayer will reflect sales or purchases qualifying for this exemption on “the worksheet” under the “Allowable Deductions” section. The taxable gross proceeds after all deductions will be subject to both the State and applicable local sales and use taxes.

| <u>Code Section</u>                                    | <u>Description</u>                                              |
|--------------------------------------------------------|-----------------------------------------------------------------|
| 12-36-2120(84)                                         | Feminine hygiene products                                       |
| Temporary<br>Proviso 117.58<br>(Act No. 69 of<br>2025) | Viscosupplementation therapies (for State fiscal year 2024-25). |

### **Alternative Energy Exemptions**

| <u>Code Section</u> | <u>Description</u>                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12-36-2120(71)      | Any device, equipment, or machinery that is (a) operated by hydrogen or fuel cells, (b) used to generate, produce, or distribute hydrogen and designated specifically for hydrogen applications or for fuel cell applications, and (c) used predominantly for the manufacturing of, or research and development involving hydrogen or fuel cell technologies. This exemption is effective October 1, 2007. |
| 12-36-2120(72)      | Building material used to construct a new or renovated building in a research district and machinery or equipment located in a research district. The sales tax that would have been assessed must be invested by the taxpayer in hydrogen or fuel cell machinery or equipment located in the same research district within 24 months of the exempt purchase. This exemption is effective October 1, 2007. |
| 12-36-2110(B)       | This exemption is no longer valid.                                                                                                                                                                                                                                                                                                                                                                         |

## **B. Other Sales and Use Tax Exemptions Authorized by the General Assembly**

In addition to the sales and use tax exemptions authorized by the General Assembly in the sales and use tax law,<sup>47</sup> the General Assembly authorized sales and use tax exemptions in other provisions of the South Carolina Code of Laws. While the code sections authorizing these exemptions are listed above under the exemption for “Transactions that are prohibited from being taxed by U.S. or State Constitutional provisions or federal or state law,” the following will provide additional details about these exemptions.

Some of these exemption provisions exempt a specific transaction and some exempt a specific entity. In the case of an exemption provision involving a specific entity, each statutory provision must be reviewed to determine if sales to the entity are exempt, sales by the entity are exempt, or if both sales to and sales by the entity are exempt. **Please note that the list of transactions that are prohibited from being taxed by state law is not all-inclusive.**

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<sup>47</sup> Chapter 36 of Title 12 of the South Carolina Code of Laws.

**Caution: The exemptions below are briefly described. See the statute cited for the specific exemption details. If a transaction does not squarely fall within the requirements of an exemption statute and applicable regulations, the exemption does not apply.**

South Carolina Code §58-25-80 (Regional Transportation Authorities)

A regional transportation authority shall not pay any sales tax or use tax. In addition, it provides that a regional transportation authority shall not pay any state or local ad valorem tax, income tax, fuel tax, excise tax or any other use taxes or taxes from which municipalities and counties are exempt.<sup>48</sup>

South Carolina Code §56-19-480 (Insurance Companies and Motor Vehicles)

Vehicles declared a total loss and transferred to or from an insurance company in settlement of a claim are exempt from casual excise tax and sales and use taxes.<sup>49</sup>

South Carolina Code §44-7-2120 (Regional Health Services Districts)

The gross proceeds of the sale of any property owned by a regional health services district and used in the construction and equipment of any health care facilities for a district is exempt from the sales taxes and all similar excise taxes. In addition, the exemption provision states the intent of the General Assembly that a regional health services district not incur tax liability to the State or any of its political subdivisions except to the extent that sales and use taxes may be payable on the purchases of goods or equipment by the regional health services district.<sup>50</sup>

This provision also provides exemptions for other taxes. See Code Section 44-7-2120 for details.

South Carolina Code §38-29-150 (South Carolina Life and Accident and Health Insurance Guaranty Association)

This provision exempts the South Carolina Life and Accident and Health Insurance Guaranty Association from all fees and all state, county, and municipal taxes.

South Carolina Code §38-31-130 (South Carolina Property and Casualty Insurance Guaranty Association)

This provision exempts the South Carolina Property and Casualty Insurance Guaranty Association from all taxes levied by this State or any of its political subdivisions, except taxes levied on real or personal property.

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<sup>48</sup> See 1985 Op. Atty. Gen. No. 85-120, p. 329.

<sup>49</sup> See S.C. Revenue Ruling #93-13.

<sup>50</sup> See also *Lexington Health Services District v. South Carolina Department of Revenue*, 384 S.C. 647, 682 S.E.2d 508 (2009).

### South Carolina Code §12-11-30 (Banks)

The income tax paid by banks<sup>51</sup> is in lieu of all other taxes on banks, except the use tax, the deed recording fee, and taxes on real property. The real property of a bank is taxed in the place where it is located.

### South Carolina Code §12-13-50 (Building and Loan Associations)

The income tax paid by building and loan associations<sup>52</sup> shall be in lieu of any and all other taxes on such associations, except use taxes, deed recording fees, and taxes on real property. The real property of any such association shall be taxed where it is located, the same as the real property of individuals.

### South Carolina Code §13-17-90 (South Carolina Research Authority)

The South Carolina Research Authority shall pay no taxes or assessments including, but not limited to, income tax, sales and use tax, and property tax upon any of the property acquired by it or upon any of its activities; except the South Carolina Research Authority is entitled to the above-referenced sales and use tax exemption only in (1) transactions to obtain tangible personal property for the authority's own use or consumption, (2) transactions related to authority contracts with governmental entities and nonprofit entities, and (3) transactions related to authority contracts with private, for-profit entities doing business in South Carolina, when these contracts do not place these entities in competition with other private, for-profit entities doing business in South Carolina.

### South Carolina Code §12-62-30 (Motion Picture Production Companies)<sup>53</sup>

Code Section 12-62-30 exempts sales to, or purchases by, a qualifying motion picture production company from sales and use taxes on purchases expended in South Carolina in connection with the filming or production of motion pictures in South Carolina.

### South Carolina Code §12-69-30 (Motorsports Entertainment Complex)

Chapter 69 of Title 12 provides an exemption from state and local sales tax for the construction, repair, or improvement of a motorsports entertainment complex, if at least a \$10 million capital investment is made within the five-year period immediately following approval of the application.

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<sup>51</sup> Chapter 11 of Title 12 of the South Carolina Code of Laws.

<sup>52</sup> Chapter 13 of Title 12 of the South Carolina Code of Laws.

<sup>53</sup> See also Chapter 19 of this publication and S.C. Revenue Ruling #08-12.

# **Exhibit A**

## **South Carolina Sales Tax Holiday Examples of Exempt and Taxable Items (Not All Inclusive)**

The most current version of this list, as of the date of this publication, is in S.C. Revenue Ruling #19-4. This ruling can be found on the Department's website ([dor.sc.gov](http://dor.sc.gov)).

# SOUTH CAROLINA SALES TAX HOLIDAY

## Examples of Exempt and Taxable Items (Not All Inclusive)

(See Code Section 12-36-2120(57) and SC Revenue Ruling #19-4.)

| <b>I. CLOTHING and CLOTHING ACCESSORIES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The tax holiday applies to purchases of new or used clothing and clothing accessories for use by any age and of any dollar amount. It does not apply to clothing and accessories used in a trade or business or rented.</b>                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Examples of Exempt Items</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>◆ Everyday                             <ul style="list-style-type: none"> <li>Belts &amp; suspenders</li> <li>Dresses &amp; skirts</li> <li>Leggings</li> <li>Neckties &amp; scarves</li> <li>Pants, jeans &amp; shorts</li> <li>Shirts &amp; blouses</li> <li>Suits &amp; blazers</li> <li>Sweaters &amp; sweatshirts</li> </ul> </li> <li>◆ Outer Wear                             <ul style="list-style-type: none"> <li>Coats (all types)</li> <li>Ear muffs</li> <li>Gloves &amp; mittens</li> <li>Hats &amp; caps</li> <li>Rainwear &amp; umbrellas</li> <li>Vests</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>◆ School Wear                             <ul style="list-style-type: none"> <li>Graduation caps &amp; gowns</li> <li>Gym suits</li> <li>Uniforms (band, school &amp; sports)</li> </ul> </li> <li>◆ Sleepwear</li> <li>◆ Underwear                             <ul style="list-style-type: none"> <li>Bras, panties, slips, &amp; T-shirts</li> <li>Diapers (cloth &amp; disposable)</li> <li>Hosiery, socks &amp; tights</li> <li>Incontinent underwear</li> </ul> </li> <li>◆ Sports/Exercise Wear                             <ul style="list-style-type: none"> <li>Exercise clothing</li> <li>Gloves (batting &amp; golf)</li> <li>Hunting &amp; ski clothing</li> <li>Leotards</li> <li>Swim wear &amp; water apparel</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>◆ Miscellaneous/Specialty                             <ul style="list-style-type: none"> <li>Belt buckles</li> <li>Bibs</li> <li>Choir robes</li> <li>Costumes</li> <li>Fabric for custom clothing</li> <li>Formal wear</li> <li>Hair accessories &amp; wigs</li> <li>Handkerchiefs</li> <li>Maternity clothing</li> <li>Pet coats &amp; sweaters</li> <li>Pocketbooks &amp; purses</li> <li>Scout uniforms</li> <li>Work uniforms purchased by the employee</li> </ul> </li> </ul> |
| <b>Examples of Taxable Items</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>◆ Clothing Placed on Layaway</li> <li>◆ Costume Rentals</li> <li>◆ Formal Wear Rentals</li> <li>◆ Safety Equipment (hard hats &amp; ear protectors)</li> <li>◆ Uniforms Purchased by Employers for Employees</li> </ul>                                                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>◆ Sports Equipment                             <ul style="list-style-type: none"> <li>Helmets (bicycle &amp; football)</li> <li>Hockey &amp; baseball mitts</li> <li>Protective wear (masks, mouth guards, knee pads &amp; swim goggles)</li> <li>Life jackets</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>◆ Miscellaneous/Specialty                             <ul style="list-style-type: none"> <li>Cosmetics</li> <li>Eyewear (contacts &amp; glasses)</li> <li>Fitness tracking devices</li> <li>Jewelry</li> <li>Phone cases</li> <li>Wallets &amp; billfolds</li> <li>Watchbands</li> <li>Watches &amp; smartwatches</li> </ul> </li> </ul>                                                                                                                                            |

| <b>II. FOOTWEAR</b>                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The tax holiday applies to purchases of new or used footwear for use by any age and of any dollar amount. It does not apply to footwear used in a trade or business or rented.</b>                                                                      |                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                              |
| <b>Examples of Exempt Items</b>                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>◆ Everyday                             <ul style="list-style-type: none"> <li>Boots (cowboy &amp; hunting)</li> <li>Flip flops</li> <li>Sandals</li> <li>Shoes (all types)</li> <li>Slippers</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>◆ Sports/Exercise                             <ul style="list-style-type: none"> <li>Cleats</li> <li>Dance shoes (ballet &amp; tap)</li> <li>Hiking shoes &amp; boots</li> <li>Sports shoes (golf &amp; bicycle)</li> <li>Ski boots</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>◆ Miscellaneous/Specialty                             <ul style="list-style-type: none"> <li>Diabetic shoes</li> <li>Orthopedic shoes</li> <li>Rain boots &amp; over shoes</li> <li>Skates (ice &amp; in-line)</li> </ul> </li> </ul> |
| <b>Examples of Taxable Items</b>                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>◆ Bowling Shoe Rentals</li> <li>◆ Shoes Placed on Layaway</li> </ul>                                                                                                                                                | <ul style="list-style-type: none"> <li>◆ Footwear Accessories                             <ul style="list-style-type: none"> <li>Shoe inserts</li> <li>Shoe laces</li> </ul> </li> </ul>                                                                                                          | <ul style="list-style-type: none"> <li>◆ Work/Safety Shoes Provided to Employees by the Employer</li> </ul>                                                                                                                                                                  |

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| III. SCHOOL SUPPLIES                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The tax holiday applies to purchases of “school supplies” used in the classroom or at home for school assignments of any dollar amount, whether purchased or leased.</b>                                                                                                                                                         |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |
| <b>Examples of Exempt Items</b>                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>◆ Art Supplies</li> <li>◆ Book Bags &amp; Backpacks</li> <li>◆ Binders</li> <li>◆ Books</li> <li>◆ Calculators</li> <li>◆ Calendars</li> <li>◆ Compasses &amp; Protractors</li> <li>◆ Computer Bags</li> <li>◆ Computer Supplies (earbuds, headphones, stylus &amp; flash drives)</li> </ul> | <ul style="list-style-type: none"> <li>◆ Crayons</li> <li>◆ Erasers</li> <li>◆ Folders</li> <li>◆ Glue &amp; Glue Sticks</li> <li>◆ Highlighters</li> <li>◆ Index Cards</li> <li>◆ Lunchboxes</li> <li>◆ Markers</li> <li>◆ Music Instruments Used for School Assignments (including rentals)</li> </ul> | <ul style="list-style-type: none"> <li>◆ Music Supplies (sheet music)</li> <li>◆ Notebooks</li> <li>◆ Paper (typing, graph, construction &amp; poster board)</li> <li>◆ Pencil Sharpeners</li> <li>◆ Pencils &amp; Pencil Cases</li> <li>◆ Pens</li> <li>◆ Rulers</li> <li>◆ Scissors</li> <li>◆ Stapler &amp; Staples</li> <li>◆ Tape</li> </ul> |
| <b>Examples of Taxable Items</b>                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>◆ Backpacks for camping</li> <li>◆ Batteries</li> <li>◆ Bicycles</li> <li>◆ Briefcases</li> <li>◆ Cleaning Supplies</li> </ul>                                                                                                                                                               | <ul style="list-style-type: none"> <li>◆ Clocks</li> <li>◆ Dorm Supplies (housewares, refrigerator &amp; toiletries)</li> <li>◆ Furniture (desks &amp; bookcases)</li> <li>◆ Hand Sanitizers &amp; Tissues</li> </ul>                                                                                    | <ul style="list-style-type: none"> <li>◆ Office Supplies</li> <li>◆ Smartphones &amp; Cell Phones</li> <li>◆ Stationery</li> <li>◆ Strollers &amp; Car Seats</li> <li>◆ Toys</li> </ul>                                                                                                                                                           |

| IV. COMPUTERS, COMPUTER SOFTWARE, PRINTERS, AND PRINTER SUPPLIES                                                                                                                                                                                       |                                                                                                     |                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| The tax holiday applies to computers, computer software, printers, and printer supplies of any dollar amount, whether purchased or leased. It does not apply to items used in a trade or business.                                                     |                                                                                                     |                                                                                |
| Examples of Exempt Items                                                                                                                                                                                                                               |                                                                                                     |                                                                                |
| ◆ Computers & Computer Software<br>Computer supplies (monitor, keyboard, mouse, & speakers) when sold as a package with a central processing unit (CPU)<br>Laptop, desktop, or tablet computer systems having a CPU<br>Warranty and service agreements | ◆ Printers & Printer Supplies<br>Cartridges<br>Printers<br>Printer Inks<br>Printer Papers<br>Toners |                                                                                |
| Examples of Taxable Items                                                                                                                                                                                                                              |                                                                                                     |                                                                                |
| ◆ Computer Supplies Sold Separately (mouse & keyboard) for Business Use (see “school supply” examples of exempt items)<br>◆ Computers Used in a Business                                                                                               | ◆ E-readers<br>◆ Music & Video Players<br>◆ Phone Chargers<br>◆ Replacement Parts                   | ◆ Scanners<br>◆ Smartphones & Phones<br>◆ Televisions<br>◆ Video Game Consoles |

| V. BED AND BATH SUPPLIES                                                                                                                                                                              |                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The tax holiday applies to bed and bath supplies for use by any age and of any dollar amount. It does not apply to items used in a trade or business.</b>                                          |                                                                                                                                                                                                                                                                                               |
| <b>Examples of Exempt Items</b>                                                                                                                                                                       |                                                                                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>◆ Bath<br/>Mats &amp; rugs<br/>Shower curtains &amp; liners<br/>Towels &amp; wash cloths (bath, beach, kitchen &amp; sport towels)</li> </ul>                  | <ul style="list-style-type: none"> <li>◆ Bedding<br/>Bed skirts<br/>Bed spreads &amp; comforters<br/>Blankets &amp; throws<br/>Bumper pads &amp; crib linens<br/>Mattress pads &amp; toppers<br/>Pillows (all types)<br/>Sheets &amp; pillow cases</li> </ul>                                 |
| <b>Examples of Taxable Items</b>                                                                                                                                                                      |                                                                                                                                                                                                                                                                                               |
| <ul style="list-style-type: none"> <li>◆ Bath (Miscellaneous)<br/>Accessories (soap dish, towel holder, shower curtain rings &amp; rod)<br/>Cleaning supplies<br/>Toiletries<br/>Trashcans</li> </ul> | <ul style="list-style-type: none"> <li>◆ Bed (Miscellaneous)<br/>Dorm items (ironing boards, rugs, clothes racks, hangers, storage containers &amp; lamps)<br/>Furniture (bed frames, cribs &amp; chairs)<br/>Mattresses &amp; box springs<br/>Sleeping bags<br/>Window treatments</li> </ul> |

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