

STEP-BY-STEP INSTRUCTIONS FOR ST-3

Please read this section before completing your form.

ST-3 I (Rev. 7/12/11) 5218



All entries must be typed or hand printed, clearly and legibly. If using a **non-preprinted form**, see the Filing Requirements sub-section (State Sales and Use Tax Return) under **Essential Information** for instructions.

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

WHEN FILING "NO SALES" RETURNS, please enter **zeroes** on lines 1 and 3 only on the ST-3.

COMPLETE THE SALES AND USE TAX WORKSHEET ON THE BACK OF THE ST-3 BEFORE MAKING ENTRIES ON LINES 1 THROUGH 8.

IMPORTANT: If it is determined that no entry is needed on a line (other than lines 1 and 3), PLEASE LEAVE LINE BLANK. Do not write on the lines that do not pertain to you.

STEP 1

COMPLETING THE SALES AND USE TAX WORKSHEET

SALES AND USE TAX WORKSHEET INSTRUCTIONS LINES 1 through 6

Line 1: Gross Proceeds of Sales/Rentals and Withdrawals of Inventory for Own Use Enter the total amount of all sales (taxable and nontaxable), leases and/or rentals of tangible personal property made by the business for the reporting period. Nontaxable sales are to be deducted on line 5. **DO NOT INCLUDE THE AMOUNT OF SALES TAX COLLECTED.**

You must also report purchases of tangible personal property (merchandise, equipment, etc.) purchased tax free at wholesale, but used by you and/or your employees. When purchasing merchandise out-of-state, there may be circumstances when additional tax is due. To determine if you owe additional tax, contact the South Carolina Department of Revenue (SCDOR).

Line 2: Out-of-State Purchases Subject to Use Tax Enter the total purchases of tangible personal property purchased from an out-of-state retailer who did not collect South Carolina use tax. If the tax rate in your county is greater than the tax rate paid out-of-state, contact SCDOR for additional information.

Line 3: Total Add lines 1 and 2. Enter total here and on line 1 on the front of ST-3. If local tax is applicable enter total amount on line 1 of ST-389 worksheet.

Line 4: Sales and Use Allowable Deductions The state sales and use tax law provides several deductions (exemptions and exclusions) for sales and use tax purposes. There are full and partial deductions for state sales and use tax. Before any deductions may be itemized (claimed as non taxable on line 4) on your state sales and use tax return, the gross proceeds of sales must be reported on the state tax return (ST-3) worksheet (lines 1 and 2). To claim a deduction on the state tax return, it should be identified as type of deduction and the dollar amount.

The list below is used to identify some of the items that may be shown as a deduction.

Examples of Allowable Deductions: (Not all inclusive)

Sales for resale	Trade-ins
Out-of-state sales	Excess over tax cap
Exemptions:	Manufactured Home (35% of exemption)
Manufacturing	Food purchased with food stamps
Agriculture	Sales Tax Holiday exempt sales
Federal Government	1% tax reduction for purchases made by individuals age 85 or older (1% tax reduction does not apply to local tax calculations)
Medicine and prosthetic devices (by prescription)	Unprepared food eligible to be purchased with USDA food coupon (local tax applies if not specifically exempted by the local tax)
Diabetic Supplies (by written authorization)	
Gasoline sales	
Installation charges (separately stated on invoice)	

You are required to maintain records that will support all deductions claimed on this return. **A further explanation of deductions is available by obtaining a copy of the South Carolina Sales and Use Tax Code of Laws by contacting the Department's Main Office, the Taxpayer Service Centers or visit our website: www.sctax.org>Law and Policy.**

Note: Sales that are exempt from the state sales and use tax rate are generally exempt from the local tax rate. However, it is important to note that certain amounts itemized as a state sales tax deduction on line 4 and subtracted on line 5 of the state tax worksheet (reverse side of ST-3) may be subject to a local tax since the local tax may not specifically provide such an exemption. [For instance: 1% of the state sales tax and use rate for individuals age 85 or older is excluded from the state sales and use tax calculations. Therefore, an amount which is equivalent to 1% of gross proceeds of sales to such an individual is allowed as a deduction from gross proceeds of sales for state sales and use tax purposes. However, the total amount (gross proceeds of sale) of such a sale is subject to all applicable local sales and use taxes since the local taxes have no such exemption.] See ST-389 instruction for additional information if local taxes are applicable.

Sales of unprepared foods are exempt from the State sales and use tax rate and must be entered here. However, local taxes still apply to sales of unprepared foods unless the local tax law specifically exempts such sales. As a result, sales that are subject to a local tax must be entered on line 1 of Form ST-389 (local sales tax worksheet).

Line 5: Total Amount of Deductions Enter the total of Column B here and on line 2 on front of ST-3.

Line 6: Net Sales and Purchases Line 3 minus line 5. Total should agree with line 3 on front of ST-3.

STEP 2**ST-3 - CALCULATION OF 6% SALES AND USE TAX**

IMPORTANT: If it is determined that no entry is needed on a line, **PLEASE LEAVE LINE BLANK**. Do not write on the lines that do not pertain to you.

Line 1 Gross Proceeds of Sales Enter the gross proceeds of sales, rentals, use tax and withdrawals of inventory for own use. Enter the total from line 3 of your worksheet. Do **not** include sales tax collected in this amount.

Line 2 Total Amount of Deductions Enter the total amount of deductions from line 5 of your worksheet.

Line 3 Net Taxable Sales Line 1 minus line 2.

Line 4 Tax Multiply line 3 x 6% (.06).

Line 5 Taxpayer's Discount A taxpayer's discount may be claimed when the return is filed and the tax due is paid in full on or before the due date of the return. **No discount** is allowed if the return **or** payment is received after the due date. The discount is computed as follows:

If your combined tax liability (line 4, ST-3 and line 2, Column B, page 7 of 8 of ST-389) is less than \$100, the discount rate is 3% (.03) of line 4. If the total is \$100 or more, the discount rate is 2% (.02) of line 4. Deduct this amount from line 4.

Note: Discounts are not allowed to exceed \$3,000 per taxpayer (for all locations) during any one South Carolina fiscal year, which covers payments made from July 1 through June 30. This includes all returns which become due during this period (returns for June through May). The \$3,000 maximum includes the total discounts for sales/use and local taxes. Taxpayers who file and pay electronically are allowed a \$3,100 maximum discount. The discount amount is \$10,000 for out-of-state retailers who cannot be required to register for sales and use tax but who voluntarily register to collect and remit the tax. However, you must receive prior approval from the Department of Revenue for the \$10,000 discount.

Line 6 Sales and Use Tax Net Amount Payable Line 4 minus 5.

Line 7 Penalty and Interest Enter the total of Penalty and Interest, using instructions below or visit our website: www.sctax.org and click on **P and I Calculator** (under Taxes and Licenses).

PENALTY FOR FAILURE TO FILE A RETURN: Five percent (.05) of the amount of tax due (from line 4 on the front of the return) for each month or fraction of a month of delinquency, not to exceed twenty-five percent (.25) of the amount of tax due.

PENALTY FOR FAILURE TO PAY TAX DUE: The penalty is one-half of one percent (.005) of the amount of tax due (the total of line 4 on the front of the return) for each month or fraction of a month of delinquency, not to exceed a total of twenty-five percent (.25) of the amount of tax due. The penalty for failure to file and pay must be combined and entered as a total on line 7.

INTEREST: Interest is assessed in accordance with Sections 6621 and 6622 of the Internal Revenue Code. Rates are based on the prime rate, subject to change quarterly and are compounded daily.

Line 8 Total Sales and Use Tax Enter the total of lines 6 and 7.

STEP 3**ST-3 - ENTERING TAX FROM ST-389**

REMINDER: ST-389 must be completed and attached for all additional taxes. If this section does not apply, go to line 10 of the ST-3.

Line 9 Total Taxes Due (From Column D, line 5, page 7 of 8 of form ST-389)

STEP 4**ST-3 - DETERMINE TOTAL AMOUNT DUE**

Line 10 TOTAL AMOUNT DUE Add lines 8 and 9.

STEP 5**ST-3 - SIGNATURE**

Sign and date your return.

DON'T FORGET - Returns are past due if postmarked after the 20th of the month.

If you are not using preprinted forms and it is necessary to use blank forms, be sure to include your Social Security Number or Federal Employer Identification Number in the space provided on the form.