

Sales/Use/Indirect:

South Carolina: Comments Requested on Draft Ruling on Expanded Meaning of Motor Vehicle for Exemption Purposes

SC REVENUE RULING #23-XX, S.C. Dept. of Rev. (Public Draft 8/28/23). The South Carolina Department of Revenue (Department) posted a draft revenue ruling intended to provide updated guidance concerning which vehicles are “motor vehicles” subject to the partial state sales and use tax exemption under S.C. Code Ann. § 12-36-2110, following a recent South Carolina Court of Appeals opinion, which held that the term “motor vehicle” includes certain vehicles that the Department previously excluded from the maximum tax (*i.e.*, “cap”) provisions in S.C. Code Ann. § 12-36-2110. Pursuant to this recent caselaw, the draft revenue ruling provides that, effective April 26, 2023, for purposes of the maximum tax provisions of S.C. Code Ann. § 12-36-2110, the term “motor vehicle” includes any motorized, self-propelled, and wheeled vehicle that does not run on rails; therefore, all-terrain vehicles, utility task vehicles, golf carts, and legend race cars are subject to the maximum tax provisions. Note that in addition to the \$500 cap on sales and use tax, “maximum tax” items are subject to tax at a 5% rate, rather than South Carolina’s standard 6% sales and use tax rate, and they are exempt from local taxes. Comments on this draft revenue ruling are due to the Department by September 18, 2023. Please contact us with any questions.

URL: <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/Public-Draft-Max-Tax-8-28-23.pdf>

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