

CLEMSON[®]

PROCUREMENT AND
BUSINESS SERVICES

Sales and Use Tax

Updated 5/2019



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Clemson University is NOT tax exempt

Some specific items/commodities are tax exempt.

View list:

[Tax Exemption List](#)

Please ensure that your requisitions or
invoices are marked accordingly



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Sales Tax

- Sales tax is imposed on the sale of goods and certain services in South Carolina
- Statewide the sales tax is 6%, however most counties elect to impose an additional X% local sales tax
- Any supplier who has nexus with South Carolina, including Remote Sellers, is required to remit sales tax on retail sales
- Generally, if tax is not on the invoice, the vendor is not registered in SC



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Nexus, Remote Sellers, and Marketplaces

A Remote Seller is a retailer with no physical presence in South Carolina, e.g., marketplace, online, catalog, mail order retailer. This includes any related entity assisting the remote seller in sales, storage, distribution, payment, collection, or any other manner with respect to the remote seller.

A remote seller who has economic nexus with SC is responsible for obtaining a retail license and remitting SC Sales and Use Tax.

Marketplace Facilitator means any person engaged in the business of facilitating a retail sale of tangible personal property by

- (a) Listing or advertising, or allowing the listing or advertising of the products of another person in any marketplace where sales at retail occur, *and*
- (b) Collecting or processing payments from the purchaser, either directly or indirectly through an agreement or arrangement with a third party



Sales Tax

SC Vendor

- SC Vendors and Marketplace Facilitators are responsible for collecting tax
- Sales tax will be on vendor invoice
- Do NOT select use tax if a SC vendor or a Marketplace Facilitator with nexus

Non-SC Vendor

- A registered vendor (with SC Dept of Revenue) will collect SOUTH CAROLINA sales tax; tax will be on invoice
- If not a registered vendor and purchase is taxable, move the sales tax amount to the use tax field on the invoice in buyWays.
- Clemson remits Use Tax to SC Department of Revenue on a monthly basis



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What is Use Tax?

- Tax imposed on purchase of tangible goods which are used in South Carolina
- Use tax is complimentary to sales tax
- Purchased goods from any out-of-state vendor who is NOT registered to collect SC tax
- Generally, if tax is not on the invoice, the vendor is not registered in SC
- Tax amount is accrued and paid to the SC Tax Commission, the tax is not paid to the vendor
- Serves to “even the playing field” where out of state sellers are concerned
- Purchaser is liable for use tax



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County Rates are updated each year
in May

State of South Carolina
Local Tax Designation by
County Effective May 1, 2019
Collected by the SC Department of Revenue



Abbeville	7%	Chesterfield	8%	Hampton	8%	Newberry	7%
Aiken	8%	Clarendon	8%	Horry	8%	Oconee	6%
Allendale	8%	Colleton	8%	Horry (Myrtle Beach)	9%	Orangeburg	7%
Anderson	7%	Darlington	8%	Jasper	9%	Pickens	7%
Bamberg	8%	Dillon	8%	Kershaw	8%	Richland	8%
Barnwell	8%	Dorchester	7%	Lancaster	8%	Saluda	8%
Beaufort	7%	Edgefield	7%	Laurens	7%	Spartanburg	7%
Berkeley	8%	Fairfield	7%	Lee	8%	Sumter	8%
Calhoun	8%	Florence	8%	Lexington	7%	Union	7%
Charleston	9%	Georgetown	6%	Marion	8%	Williamsburg	8%
Cherokee	8%	Greenville	6%	Marlboro	8%	York	7%
Chester	8%	Greenwood	7%	McCormick	8%		

Special Notice
Effective April 30, 2019, Georgetown County Capital Projects Tax is expiring.
Effective May 1, 2019, Beaufort County will impose a 1% Transportation Tax, Saluda County will impose a 1% Capital Projects Tax, and Calhoun County will impose a 1% Capital Projects Tax.



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Tax Exemptions

- Most purchases are taxable unless R&D exemption applies
- Installation stated as a separate line item is non-taxable
- Labor is non-taxable when the labor is stated as a separate line item from the parts
- Do not say something is Taxable and then enter 0% for tax in buyWays
- Most “punch-out” suppliers should collect SC sales tax
- Unprepared Food is exempt from State sales tax but not from county local taxes



R&D Tax Exemptions

- Equipment used 50% or more for direct use in research and development purposes may be exempt from sales and use tax.
- The qualifying information for the equipment should be recorded on the 'Research and Development Sales/Use Tax Exemption Form' and retained with the purchase and/or Buyways
- The separate form is not required if PI/Approver approves a requisition indicating purchase is R&D tax exempt, but the information should be entered in Buyways on an internal note.
- If making a P-card Purchase where you want to claim the R&D exemption, you must still complete the R&D tax exempt form with the backup docs.
- If you have questions, please contact Accounting Services for further clarification



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Tax Exemptions (Maintenance, Warranty, Software)

- Warranty or Maintenance Contracts purchased with the equipment is taxable unless the equipment is tax exempt.
- Motor Vehicle extended service and warranties are not taxable.
- Software delivered by a tangible means is taxable.
- Software accessed in a cloud or an individual database is taxable.
- Data Processing SERVICES and access to the resulting information are not taxable. The data processing must be performed by the service company. (Not a software which performs data processing)
- Renewals follow the same taxability as the original purchase



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Tax Exemptions (Maintenance, Warranty, Software)

Purchase Item	Description	Taxable
Maintenance Contract for Equipment or Item	Purchased with Equipment/Tangible Property even if listed as a separate line item	Yes
Maintenance Contract for Equipment or Item	Purchased at a later date or not purchased in conjunction with the product	No
Maintenance Contract for Software	Purchased with Software that was delivered electronically	No
Maintenance Contract for Software	Purchased Delivered Tangible Property (Disk, Flash Drive, etc.)	Yes
Software	Delivered Electronically	No
Software	Internet websites that allow customer use of software not on that website. Companies that provide customers access or use of software are referred to as Application Service Providers (ASP).	Yes
Warranty	Purchased with Tangible Property even if listed as separate line item	Yes
Warranty	Purchased at a later date or not purchased in conjunction with the product	No
Renewals of existing agreements (maintenance, warranty, or software updates and licenses) are subject to tax based on the original purchase. Http://media.clemson.edu/procurement/TaxUpdates9.1.11.pdf		



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Freight and Tax

- Freight - FOB Clemson - taxable - this is the default for all Clemson purchase orders
- Tax is added on shipping when entered in the shipping field
- Freight - FOB Shipping Point - not taxable and can be entered as a separate line item
- If freight is not taxable, the amount should be entered as a separate line item, line item marked non-taxable
- Freight paid directly to freight company - not taxable



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Summary

- Most purchases are taxable unless R&D exemption applies.
- Installation stated as a separate line item is non-taxable.
- Labor is non-taxable when the labor is stated as a separate line item from the parts.
- Maintenance and warranty agreements may be taxable (check here for exemptions).
- CXML suppliers should collect sales tax.
- Do not pay freight on state contract items ordered unless special delivery if requested. Freight has been negotiated by the state in the contract pricing.
- All purchase orders should state the correct tax amount and type, Sales or Use Tax
- Sales tax is when a supplier collects the tax and pays the SC Dept of Revenue
- Use tax is when an out-of-state supplier does not collect the sales tax; but the item/service is taxable.
- Use tax is charged to the department then paid to the SC Dept of Revenue monthly.



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Helpful Web Addresses

- This Sales and Use Tax Discussion can be downloaded from www.clemson.edu/procurement/faculty-staff/training.html
- Research and Development Exemption Form can be downloaded from <http://www.clemson.edu/procurement/faculty-staff/taxes.html>
- South Carolina Department of Revenue <https://dor.sc.gov>
- SC Map of Counties with Local Taxes can be downloaded from <https://dor.sc.gov/tax/sales>



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Contact Us:

- General buyWays questions: cubuyWays@clemson.edu
- Supplier Registration questions: supplier@clemson.edu
- Invoice questions: disbursements@clemson.edu
- Tax Questions: Ree Cooley (desirec@clemson.edu)
- Procurement Main Phone #: 864-656-2390
- buyWays FAQs: <http://www.clemson.edu/procurement/faq.html>