

# **OFFICE OF THE CONTROLLER**

## **Tax Team** **Accommodations Tax**

**February 2024**



# Purpose

Tax concepts are often challenging, and not always intuitive. While departments are not expected to be tax experts, there is an expectation that departments use available resources to become familiar with basic concepts and comply with any applicable requirements.

The purpose of this session is to provide guidance on the basics of accommodations tax, illustrate applicable scenarios and examples, and provide references to various resources.





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# Definitions and Basics



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# Accommodations Tax

A tax is imposed on proceeds from the rentals or charges for accommodations furnished at any place in which rooms, lodgings, or sleeping accommodations of any kind are furnished, including but not limited to:

- hotels, motels, inns, campgrounds, tourist courts, tourist camps, condominiums, and residences.

From a University standpoint, this tax typically applies to instances in which campus facilities are rented out as accommodations for non-student purposes (e.g., conferences, camps, retreats, etc.).



# Accommodations Tax Rates

- 7% of **gross** proceeds (aggregate statewide rate) plus any applicable local option taxes (imposed by the county); local governments are authorized to charge up to an additional 3% in accommodations tax
- Example – Aiken
  - Statewide Sales Tax – 5%
  - Statewide Accommodations Tax – 2%
  - Capital Project Tax – 1%
  - Education Capital Improvement Tax – 1%
  - Local Accommodations Tax – 3%\*

\*Departments are responsible for submitting returns and remitting payments for any additional accommodations tax imposed by local governments (e.g., City of Aiken).



# Additional Guest Charges

**A 6% sales tax is imposed on additional guest charges at places that furnish accommodations, which refer to an amount added to a guest's room charge for the following services:**

Room  
service

Laundrying  
and dry-  
cleaning  
services

In-room  
movies

Telephone  
service

Rentals of  
meeting  
rooms



# Accommodations Tax Returns

The Controller's Office Tax Team is responsible for submitting a University state accommodations tax return and remitting the associated tax payment to the SC Department of Revenue on a monthly basis. Filings must be submitted by the 20<sup>th</sup> day of the month following the tax period (e.g., January tax returns would be due by February 20<sup>th</sup>).

To aid in the completion of the return, departments are responsible for submitting an individual return to the Controller's Office Tax Team using a consistent format chosen by the department. This information **must** be submitted in a timely manner – by the 10<sup>th</sup> of every month. Any penalties incurred due to late submissions will be the responsibility of the department.

If a department identifies an error in a previously submitted tax return, the Controller's Office Tax Team should be notified immediately.



# Recording Accommodations Tax

Departments are responsible for recording accommodations tax in PeopleSoft Finance. By the time the tax return is submitted to the Controller's Office Tax Team, the accompanying tax liability should be recorded in the system under the proper 22- account (e.g., 22001 [Sales Tax Payable]).

When accommodations payments are remitted to the state, the accompanying tax liability account is cleared in the system for the amount of the payment. When departments fail to record the tax liability in the system, reconciliation issues result.



# Retail License

SC DOR requires any person engaged in retail sales in South Carolina, including online sales, to obtain a retail license. Within the University, a separate retail license is required for each location.

A retail license is obtained through the completion of a Business Tax Application ([Form SCDOR-111](#)). If a department thinks a retail license may be necessary based on its activities, the Controller's Office Tax Team should be promptly contacted. All applications must be completed and submitted by the Tax Team, not by departments.



# Exclusions



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# General Exclusions



The lease or rental of accommodations supplied to the same person for a period of 90 continuous days.



A facility with less than six bedrooms, provided that the facility is on the same premises where the owner or operator lives at the time the other rooms are rented, and the owner or operator does not use a rental agency or online travel company to rent rooms.



Accommodations provided to foreign diplomats.



Accommodations billed directly to federal government agencies, the American Red Cross, federal credit unions, or charitable children's hospitals



The gross proceeds from rental income wholly excluded from gross income pursuant [Internal Revenue Code Section 280A\(g\)](#).

# Scenarios



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## Scenario 1:

A department will begin renting out sleeping accommodations for an annual retreat next fiscal year. The [SC DOR Accommodations Tax Flowchart](#) suggests that the collection of Accommodations Tax will be required, but the department isn't sure. The department reaches out to the Controller's Office Tax Team for confirmation regarding the tax implications.



**Rationale:** The Controller's Office is always happy to assist with tax-related questions, through [tax@mailbox.sc.edu](mailto:tax@mailbox.sc.edu), when departments are unsure of a tax position after utilizing available resources. Sufficient information should be provided to the Tax Team in the inquiry to facilitate a complete analysis. There should also be discussion regarding whether a retail license is required.



## Scenario 2:

Aiken's Housing Department rents sleeping accommodations to an outside party for a summer camp totaling \$2,800. Total state and local accommodations tax equates to 12%. As a result, the following is recorded:

Sales (4- Account): \$2,500\*

Sales Tax Payable (22- Account): \$300

Grand Total: \$2,800



\* $\$2,800 / 1.12 = \$2,500$

## Rationale:

Accommodations tax was correctly calculated based on **gross** sales.

As 3% the tax represents a local accommodations tax imposed by the city, Aiken's Housing Department would be responsible for filing a return to the applicable tax authority and remitting the respective payment (\$75). The Controller's Office Tax team would file and remit the remaining portion of the tax to the state (\$225) once the applicable information is received from the department.



### Scenario 3:

A housing department calculates accommodations tax on the revenue generated during the fall and spring semesters from student housing accommodations.



**Rationale:** Student housing accommodations typically do not require the collection and remittance of accommodations tax. Per statutory requirements, accommodations tax is not required when rentals are for 90 continuous days or more, or when the associated facility has six bedrooms or more.



# Training Resources and Contacts



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# Office of the Controller Website

Our website was recently redesigned to provide a more user-friendly experience. Tax information can be found under the [Compliance and Tax Management](#) section:



# Quick Links to Resources/References

- [SC DOR Accommodations Tax Page](#)
- [SC DOR Accommodations Tax Flowchart](#)
- [Sales and Use Tax Manual, Chapter 11](#)
- [Form SCDOR-111](#)



# Questions / Issues

If you have questions or experience any issues, please contact the Tax Team at [tax@mailbox.sc.edu](mailto:tax@mailbox.sc.edu).

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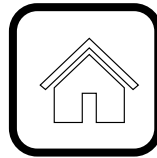


# THANK YOU!

## Office of the Controller



Alone, we can do so little; together,  
we can do so much.



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