

USE TAX MATRIX

The Tax Department has compiled a list of commonly purchased products and services to assist in determining use taxability. Should you have any commonly purchased services or products not addressed in the table below and would like guidance on whether use tax should be accrued, please contact the Tax Department at tax@mailbox.sc.edu.

Things to Note:

- All purchases of tangible personal property (products) are subject to sales and use tax unless specifically exempt or excluded by South Carolina law.
- In general, purchases of services are not subject to sales and use tax except the services noted in the table below.
- Use tax is accrued and paid by the purchaser to the tax authority while sales tax is charged and remitted by the supplier to the tax authority.
- If it is necessary to apply use tax to a purchase made with your p-card, you can do so in my wallet by checking the "use tax" box.

PRODUCT/SERVICE/MISCELLANEOUS	DESCRIPTION / EXAMPLE	TAXABLE
Most Products (unless excluded or exempted by law)	Most tangible personal property, such as a laptop, pencils, or lab supplies	Yes
Non-Taxable Products		
Machines Used in Research and Development	Machines used directly and primarily in research and development, in the experimental or laboratory sense, of new products, new uses for existing products, or improvement of existing products. Exemption must be approved in advance by the Tax Department using the Research and Development Equipment Sales and Use Tax Exemption Form found on the Controller's Office website.	No
Material, Containers, Cores, Labels, Sacks or Bags (used incident to the sale and delivery of tangible personal property)	Bags purchased for a bookstore to use at checkout to pack items purchased by customers	No
Products purchased for resale	Items purchased with the sole intent to resell.	No
Textbooks, Books, Magazines, Periodicals, Newspapers	Books purchased for the library	No
Access to Online Information (used in a course of study or for use in a school or public library)		No
Most Services (unless exception by law)	Most services such as accounting, legal, or landscaping services	No
Taxable and Non-Taxable Services		
Freight		
Freight (When shipping terms are FOB destination)	When damage liability transfers to buyer at buyer's location	Yes
Freight (When shipping terms are FOB shipping point)	When damage liability transfers to buyer at supplier's location	No
Freight (When shipping terms are not stated on invoice)	SC DOR assumes damage liability transfers to buyer at buyer's location	Yes
Other Services		
Advertising	Purchasing an ad in The State newspaper	No
Banquet and Catering Services	Using a third party caterer	Yes
Bookbinding	Assembling a book for the Press Department	No
Delivery Services	FedEx, UPS, DHL	No
Employment Recruitment Services	Hiring an individual from a staffing agency	No
Human Drug Testing	Drug test performed by third parties as part of employee onboarding	No
Laundering Services	Laundromat and dry cleaning services	Yes
Publishing Services (Tangible)	Publishing a tangible book or article	Yes
Publishing Services (Electronic)	Publishing an electronic book or article	No
Rental Services		
Rental and Leasing of Tangible Personal Property with Operator	Renting or leasing a crane that comes with a third party operator	No
Rental and Leasing of Tangible Personal Property without Operator	Renting or leasing a forklift operated by USC employee	Yes
Repair Services		
Repair and Maintenance Services	Maintenance that does not include replacement of tangible personal property	No
Repair and Maintenance Services with Tangible Personal Property	Maintenance that include replacement of tangible personal property	Yes
Software, IT, Communication Services		
Bundled IT Services	IT and Telecommunications services in a bundled transaction, where the nonitemized price is attributable to properties or services that are taxable and nontaxable, the portion of the price attributable to any nontaxable property or service is subject to tax unless the provider can reasonably identify that portion from its books and records kept in the regular course of business for purposes other than sales taxes.	Yes; however, see description for exception
Cable Television Services	Spectrum Cable and AT&T U-Verse	Yes
Database Access Transmission Services	Online information services such as legal research services, credit reporting/research services, charges to access an individual website including Software as a Service (SaaS) also known as Application Service Providers (ASP), etc.	Yes
Data Processing	The manipulation of information furnished by a customer through all or part of a series of operations involving an interaction of procedures, processes, methods, personnel, and computers. It also means the electronic transfer of or access to that information. Examples of the processing include, without limitation, summarizing, computing, extracting, storing, retrieving, sorting, sequencing, and the use of computers.	No
Electronic Mail	Messages that are transmitted from computer to computer over telephone lines under the direction of an intermediate service.	Yes
Infrastructure as a Service	Where customers that utilize an Infrastructure as a Service (IaaS) provider retain ownership of their content. The IaaS provider does not have the authority to use, sell, or license customer content on its servers. The IaaS provider provides the infrastructure for customers to store digital content.	No
Internet and Email Security Services	Norton, McAfee, Total AV, AVG	Yes
Software License Delivered Electronically	Any software purchased and downloaded to a computer via wireless or intangible means.	No
Software License Via Tangible Means	Any software purchased and downloaded to a computer via thumb drive, cd, hardwire, or tangible means.	Yes
Streaming Services	Netflix, Hulu, Sling TV	Yes
Teleconferencing Services	GoToMeeting, Skype, Zoom	Yes
Telephone Services	Via the traditional circuit-committed protocols of the public switched telephone network (PSTN) and wireless transmission system, a voice over Internet protocol (VoIP), or any other method.	Yes
Warranty / Service Contracts		
Service Agreement (when sold in separate sale from product)	Service agreement purchased on a separate order and at a later date than product	No
Service Agreement (when sold with product)	Service agreement purchased on same order as product	Yes
Miscellaneous Items		
Cancellation Fees	Cancellation fee for early termination	No
Gift Certificates	Amazon and Walmart gift cards	No
Market Data by Tangible Medium	Market data purchased and received by tangible means	Yes
Market Data Online	Market data purchased and received by electronic means	No
Membership Dues	Professional and student organization dues	No
Registration Fees	Conference and webinar registration fees	No