

**ADMINISTRATION
DIVISION**

1301 Second Avenue
Conway, South Carolina 29526



Post Office Box 1236
Conway, South Carolina 29528-1236

Phone: (843) 915-6501
Fax: (843) 915-6020
www.horrycounty.org

April 27, 2007

Attention: General Manager

The Horry County 1% Capital Projects Sales Tax becomes effective May 1, 2007. This means that services provided on that date and after that date, including accommodations, are subject to this additional 1% tax. During recent training sessions provided by the Department of Revenue, there was some confusion regarding the requirement to collect this tax if in fact the service has been paid in full prior to May 1, 2007. The Department of Revenue has provided clarification of this. **If the service is provided May 1st or after, the new one percent sales tax must be collected and remitted.** This requirement to collect the additional one cent applies even if the charge for the accommodations has been paid in full prior to May 1st. The tax in effect at the time the service is provided is the tax that must be collected and remitted.

South Carolina Code Section 12-36-920 addresses the imposition of sales tax on accommodations. In item (A) of this section, you will see the phrase "...accommodations furnished to transients..." This phrase has been interpreted by the Department of Revenue to mean that sales tax is to be imposed when the transient takes occupancy, or has a right to take occupancy. Therefore, the sales tax rate in effect at the time the service is provided is the rate that shall be collected and remitted to the appropriate authorities (State and Local Governments). Please note that the percentages indicated in the code section shown below do not include the new Horry County 1% Capital Projects Sales Tax, nor the local accommodations and hospitality taxes. Please refer to the enclosed charts to clarify all sales taxes that are due beginning May 1, 2007.

SECTION 12-36-920. Tax on accommodations for transients; reporting. (A) A sales tax equal to seven percent is imposed on the gross proceeds derived from the rental or charges for any rooms, campground spaces, lodgings, or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to transients for a consideration. This tax does not apply where the facilities consist of less than six sleeping rooms, contained on the same premises, which is used as the individual's place of abode. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person for a period of ninety continuous days are not considered proceeds from transients. The tax imposed by this subsection (A) does not apply to additional guest charges as defined in subsection (B). (B) A sales tax of five percent is imposed on additional guest charges at any place where rooms, lodgings, or accommodations are furnished to transients for a consideration, unless otherwise taxed under this chapter. The term additional guest charges includes, but is not limited to:

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|--|-----------------------------------|
| (1) room service; | (6) in-room movies; |
| (2) amenities; | (7) telephone charges; |
| (3) entertainment; | (8) rentals of meeting rooms; and |
| (4) special items in promotional tourist packages; | (9) other guest services. |
| (5) laundering and dry cleaning services; | |

(C) Real estate agents, brokers, corporations, or listing services required to remit taxes under this section shall notify the department if rental property, previously listed by them, is dropped from their listings. (D) When any business is subject to the sales tax on accommodations and the business has more than one place of business in the State, the licensee shall report separately in his sales tax return the total gross proceeds derived from business done within and without the corporate limits of municipalities. A taxpayer who owns or manages rental units in more than one county or municipality shall report separately in his sales tax return the total gross proceeds from business done in each county or municipality. (E) The taxes imposed by this section are imposed on every person engaged or continuing within this State in the business of furnishing accommodations to transients for consideration.

Please contact the Department of Revenue at 803-898-5794 or 803-898-5800 if you require further clarification.

Sincerely,
Anne K. Wright
Administration Division Director

**SUMMARY OF SALES TAX TO BE COLLECTED WHEN CONDUCTING BUSINESS
WITHIN THE MUNICIPALITIES OF MYRTLE BEACH, NORTH MYRTLE BEACH, CONWAY,
AYNOR, SURFSIDE BEACH, AND ATLANTIC BEACH**

	ITEMS BEING TAXED →	Accommodations			Other Guest Charges and Sales
		Remitted to the State	Remitted to the City	Remitted to the County	
	TAXES IMPOSED ↓				Remitted to the State
	State Sales Tax	5%			5%
	State Accommodations Tax	2%			
	Local Hospitality Tax		1%	1.5%	
	Local Accommodations Tax		0.5%		
→	Taxes being collected beginning October 1, 2006	7%	1.5%	1.5%	5%
	Local Capital Projects Sales Tax to be used for road improvements (effective	1%			1%
→	Taxes to be collected beginning May 1, 2007	8%	1.5%	1.5%	6%
	State Tax Relief (Sales Tax) (effective 6/1/07)				1%
→	Taxes to be collected beginning June 1, 2007	8%	1.5%	1.5%	7%
	<i>indicates locally imposed taxes</i>	11.0%			
	<i>indicates taxes collected as of May 1, 2007</i>				

**SUMMARY OF SALES TAX TO BE COLLECTED WHEN CONDUCTING BUSINESS
WITHIN THE UNINCORPORATED AREAS OF HORRY COUNTY**

	ITEMS BEING TAXED →	Accommodations		Other Guest Charges and Sales
		Remitted to the State	Remitted to the County	
	TAXES IMPOSED ↓			Remitted to the State
	State Sales Tax	5%		5%
	State Accommodations Tax	2%		
	Local Hospitality Tax		2.5%	
	Local Accommodations Tax		0.5%	
→	Taxes being collected beginning October 1, 2006	7%	3%	5%
	Local Capital Projects Sales Tax to be used for road improvements (effective 5/1/07)	1%		1%
→	Taxes to be collected beginning May 1, 2007	8%	3%	6%
	State Tax Relief (Sales Tax) (effective 6/1/07)			1%
→	Taxes to be collected beginning June 1, 2007	8%	3%	7%
	<i>indicates locally imposed taxes</i>	11%		
	<i>indicates taxes collected beginning May 1, 2007</i>			