



# This Week in State Tax (TWIST)

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SOUTH CAROLINA



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## South Carolina: Retailer Imposed Fees Subject to Sales Tax

In a recent ruling, the South Carolina Department of Revenue addressed whether sales tax applies to separately stated fees charged in connection with the retail sale of tangible personal property. The ruling addressed situations in which retailers add “inflation fees,” “convenience fees,” or “non-cash adjustment fees,” to a customer’s receipt or invoice to recover certain operating costs. Under South Carolina law, “gross proceeds” and “sales price” are similarly defined in both the sales and use contexts as “the total value accruing from the sale, lease or rental of tangible personal property” without deducting expenses such as the cost of goods sold and the cost of materials, labor, or service. The “measure” of the sales and use tax is the total proceeds of a sale (i.e., it is the sum of all consideration received in conjunction with the sale of tangible personal property, without any deductions, unless specifically provided). The Department concluded that the fees at issue would be included in the “gross proceeds of sales” or “sales price” and subject to sales and use tax, assuming the retail transaction was subject to sales and use tax. If an “inflation fee,” “convenience fee,” “non-cash adjustment fee,” or similar type of fee is imposed on sales that include both exempt and taxable items, then the sales and use tax is due only on that portion of the fee related to the taxable items, provided the seller can reasonably prorate the fee between the taxable items and nontaxable items sold based on his books and records. Please contact [Nicole Umpleby](#) with questions on [South Carolina Revenue Ruling #22-10](#).



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