

## Sales/Use/Indirect:

### South Carolina DOR Addresses Expanded Meaning of Motor Vehicle for Exemption Purposes

*SC REVENUE RULING #23-3*, S.C. Dept. of Rev. (9/26/23). The South Carolina Department of Revenue (Department) issued a revenue ruling intended to provide updated guidance concerning which vehicles are “motor vehicles” subject to the partial state sales and use tax exemption under S.C. Code Ann. § 12-36-2110, following a recent South Carolina Court of Appeals opinion, which held that the term “motor vehicle” includes certain vehicles that the Department previously excluded from the maximum tax (*i.e.*, “cap”) provisions in S.C. Code Ann. § 12-36-2110. Pursuant to this recent caselaw, the revenue ruling provides that, effective April 26, 2023, for purposes of the maximum tax provisions of S.C. Code Ann. § 12-36-2110, the term “motor vehicle” includes any motorized, self-propelled, and wheeled vehicle that does not run on rails; therefore, all-terrain vehicles, utility task vehicles, golf carts, and legend race cars are subject to the maximum tax provisions. Note that in addition to the \$500 cap on sales and use tax, “maximum tax” items are subject to tax at a 5% rate, rather than South Carolina’s standard 6% sales and use tax rate, and they are exempt from local taxes. Please contact us with any questions.

**URL:** <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/RR23-3-Max%20Tax.pdf>

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