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## Sales/Use/Indirect:

## South Carolina Appellate Court Affirms Store Owes Tax Based on Retail Price of Materials Used in Installation Contracts

*Case No. 2021-000031*, S.C. Ct. of App. (6/12/24). The South Carolina Court of Appeals (Court) affirmed that based on the underlying facts involving a home improvement store that primarily engaged in retail sales but also provided some installation contract services, the store owed applicable South Carolina sales tax in transactions involving installation services based on the fair market value of the underlying materials (*i.e.,* the retail price it charged its customers) upon withdrawal from its inventory rather than based on the wholesale purchase price of the materials from its suppliers. In doing so, the Court noted that the facts showed separate itemized charges for materials and labor and that the store only provided installation services if the customer purchased the underlying materials from its store. The Court rejected the store's claims that its installation services contracts constituted "lump sum contracts," or that no transfer of tangible personal property occurred in connection with an installation services contract because for purposes of such a contract, the store acted as a "contractor" under South Carolina's dual business regulation. The Court essentially concluded that, under the facts, the store's retail sale of materials to the contracting customer constituted the last sale in a chain of transactions from original supplier to ultimate consumer. Please contact us with any questions.
**URL:** https://www.sccourts.org/opinions/HTMLFiles/COA/6062.pdf

—    Ryan Trent (Charlotte)            Walter Tarcza (Charlotte)
       Managing Director                     Manager
       Deloitte Tax LLP                       Deloitte Tax LLP
       rtrent@deloitte.com                wtarcza@deloitte.com

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