

## Sales/Use/Indirect:

### South Carolina DOR Explains Tax Implications of Retailers Withdrawing Items from Inventory for Use

*Revenue Ruling No. 25-3*, S.C. Dept. of Rev. (3/20/25). Recently adopted South Carolina Department of Revenue guidance explains the South Carolina sales tax implications of a retail business withdrawing items from its inventory for the business' own use, as well as South Carolina's specific provisions on withdrawals for use for certain industries. The guidance states that if a retailer withdraws tangible personal property previously purchased at wholesale from the retailer's inventory for its own use or consumption, South Carolina law generally defines this withdrawal as a retail sale subject to the sales tax. For example, "if an appliance store removes a new refrigerator from inventory and places the refrigerator in the employee break room for use by the store's employees, South Carolina law defines this withdrawal of the refrigerator by the store as a retail sale," and in this example, the appliance store must report and remit sales tax on the withdrawal of the refrigerator. Using various illustrative examples, the guidance generally concludes that unless an enumerated exclusion applies, all withdrawals for use are "retail sales" and must be included in the "gross proceeds of sales" when determining a business' South Carolina sales tax base. Please contact us with any questions.

**URL:** <https://dor.sc.gov/resources-site/lawandpolicy/Advisory%20Opinions/RR25-3-Withdrawal%20for%20Use.pdf>

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