



Richland County Business Service Center

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Hospitality Tax Information

This information was recently revised. Please review it carefully, or have your accountant review it carefully: your business is responsible for knowing and complying with it.

In July 2003, Richland County Council approved the Hospitality Tax requirement for businesses. This requirement is authorized in the Richland County Code of Ordinances Section 23-65.

What It Is

- The Hospitality Tax applies to all gross receipts collected on sales of prepared or modified meals, food, and beverages. It applies to restaurants, convenience stores, fast food outlets, grocery stores, *and any other* business preparing and/or serving food and/or beverages. The tax applies whether or not the food/beverage is for dine-in or take-out.
- The Hospitality Tax is two percent (2%) within the unincorporated areas of Richland County (outside any city limits) and is imposed on businesses furnishing food and beverage services, whether dine in or take out, in the unincorporated areas of Richland County. [See also the last section, regarding Temporary Rate Reduction.]. The total tax rate for these businesses is 10%, as described below.
 - State Sales Tax: 6% (remitted to SC Dept. of Revenue, DOR)
 - Local Option Sales Tax: 1% (remitted to SC Dept. of Revenue, DOR)
 - Local Transportation Tax 1% (as of 5/1/13, remitted to SC DOR)
 - Hospitality Tax: 2% (remitted to Richland County Treasury)
 - **NOTE!** Other taxes may apply, such as liquor taxes, so please confirm the tax rate for your business with the State Department of Revenue.
 - Please be aware that, while a business may be exempt from remitting State sales taxes, this does not affect County taxes. The County has no exemptions from with its taxes.
 - See also the Sales and Use Tax Information, Attachment 1 at the end of this document.
- The Hospitality Tax is one percent (1%) within the city limits of Eastover and in that portion of Irmo which is in Richland County. It is imposed on businesses with food and beverage services, whether dine in or take out, in this area of Richland County. The total tax rate for these businesses is 9%, as described below.

- State Sales Tax: 6% (remitted to SC Dept. of Revenue, DOR)
 - Local Option Sales Tax: 1% (remitted to SC Dept. of Revenue, DOR)
 - Local Transportation Tax 1% (as of 5/1/13, remitted to SC DOR)
 - Hospitality Tax: 1% (remitted to Richland County Treasury)
- **NOTE!** Other taxes may apply, such as liquor taxes, so please confirm the tax rate for your business with the State Department of Revenue.
 - Please be aware that, while a business may be exempt from remitting State sales taxes, this does not affect County taxes. The County has no exemptions from with its taxes.
 - See also the Sales and Use Tax Information, Attachment 1 at the end of this document.
4. Businesses, such as caterers, which prepare or modify foods or beverages in the unincorporated County areas, are responsible for paying Hospitality Tax fees (and any applicable penalties) to the County based on the gross revenue generated by these food or beverage goods.
 5. Schools, daycares, and community care facilities owe Hospitality Taxes only on revenues generated by the sale of food/beverages to employees, to visitors or the public, or are sold separately to clients.
 6. Non-profits: The Hospitality Tax ordinance does not provide for any exemptions to the requirement to collect and remit Hospitality Taxes. This means all businesses and organizations, whether they are for-profit, non-profit, or IRS 501(c), must collect and remit Hospitality Taxes.
 - **Note!** If a business is a registered with the Secretary of State's Office as a non-profit private club, please notify the Business Service Center staff of this.

Liability and Payments

7. Payment of the Hospitality Tax is the liability of the consumer of the services, and shall be paid at the time of delivery of the services to which the tax applies.
8. Collection and remittance of the Hospitality Tax is the responsibility of the business.
9. Businesses must submit three items for processing of Hospitality Tax payments:
 - a check for the proper amount, including fees and any applicable penalties, payable to Richland County
 - a copy of the State Sales Tax return (or other document approved by the Business Service Center Director), except where Hospitality Taxes are remitted more frequently than Sales Taxes are remitted to the State Department of Revenue, and
 - an original, *unaltered* voucher form for the appropriate reporting period.
10. Failure to submit all three items together will result in all documents being returned, and penalties will accrue at 5% per month until all documents are returned properly. If not all

sales reported on the Sales Tax Return are from the sale of prepared/modified foods/beverages, the business also needs to identify the amount of sales from prepared/modified foods/beverages.

11. No altered vouchers are accepted. New, paper vouchers may be obtained upon request, by completing a Hospitality Tax Update Form. However, personalized vouchers may be obtained online at www.rcgov.us/bsc and click “Hospitality Taxes” on the right. If a business submits an altered voucher, all submitted documents and payments will be returned and the 5% per month penalty will apply until all documents are returned and accepted.
12. Hospitality Taxes are due on the 20th of the month following the reporting period. Failure to pay on time carries a penalty of 5% per month, charged on the original amount due. *(Businesses using a 13 month financial period are also required to meet this deadline.)*
13. Hospitality Tax payment frequencies will be adjusted, as necessary, at the beginning of each calendar year – but only after a review of the prior year’s average monthly gross revenue (from sales subject to the Hospitality Tax).
14. Payment frequency is based on average monthly revenue. Payment frequency is set by State law and will be followed as indicated below.

| Average Monthly <i>Gross</i> Revenue (from Hospitality Tax-able Items) | Average Monthly Payment | Hospitality Tax Payment Frequency |
|--|-------------------------|-----------------------------------|
| More than \$2,500 | More than \$50.00 | Monthly |
| \$1,250 - \$2,500 | \$25.00 - \$50.00 | Quarterly |
| Less than \$1,250 | Less than \$25.00 | Annually |

15. This payment frequency may or may not correspond to the frequency that sales taxes are remitted to the SC Department of Revenue. If State sales taxes are remitted less frequently than County Hospitality Tax payments, copies of State Sales Tax returns shall be submitted to the County each time the Sales Tax returns are submitted to the State. (Payments to the County in between payments to the State that are submitted without these Sales Tax returns will be accepted only in these cases.)
16. Each voucher must be signed by the preparer. The preparer’s signature certifies that all information submitted is correct and in accordance with the requirements of the Richland County Hospitality Tax Ordinance.
17. Businesses with zero revenue must still return that period’s voucher form. This will avoid the appearance of delinquency. This includes schools, businesses undergoing renovations, or other situations where zero revenue has been generated.

Delinquent Payments

18. Businesses with delinquent Hospitality Tax balances are responsible for paying for those balances, with all applicable penalties. Periods with no payments made will also accrue penalties until revenue is documented and applicable taxes and penalties are paid.
19. Businesses with Hospitality Tax balances due or payments missing altogether must pay the balances or payments in full before a business license will be issued. Penalties will accrue on the Hospitality Tax payments and the business license payment until the Hospitality Tax payments are paid in full.
20. Businesses wishing to pay Hospitality Taxes for previously unpaid months must submit with their payment a copy of the State Sales Tax return for those unpaid months for revenue documentation purposes. Failure or inability to provide this documentation will result in assessment of revenue for that period.

NEW: Vouchers for these delinquent months must be obtained online at www.rcgov.us/bsc, and click “Hospitality Taxes” on the right, as the online vouchers will calculate the proper tax and penalties due. (Businesses with signed payment plans, however, will be provided with paper vouchers for the delinquent months covered by the payment plan.)
21. Businesses unable to pay their balances in full may request a Hospitality Tax Payment Plan. This allows a business to pay its balance over time. (The method of calculation is now to pay the taxes first, and then pay the penalties.) However, the **current** Hospitality Tax payments due **must** also be paid at the same time, to ensure the business will become current. A Payment Plan Agreement must be signed in order to begin a payment plan.
22. To obtain a current business license, all balances, including any applicable late fees, must be paid in full on or before each March 15. Any businesses remaining delinquent after this date will continue to accrue Hospitality Tax and business license penalties until the balance is paid and the business license is renewed.
23. Businesses with bounced Hospitality Tax checks must pay these amounts, with penalties, with certified funds, and will not be able to obtain a current business license until the balance is paid in full. Business license penalties will accrue after March 15.
24. Penalties accrue at 5% per month, starting on the first business day following the 20th of each month, unless the 20th is on a weekend or a holiday. Penalties are not compounded, but are 5% of the original amount due.
25. Penalties can be waived only in the certain rare, documented circumstances. This includes events such as being called up to active military duty, catastrophic illness/death, fire/flood/natural disaster, etc. If any of these or similar exceptional circumstances apply, please notify the Business Service Center staff as soon as possible.

Changes to the Business

26. If a business has moved to a new location and owed Hospitality Taxes from the previous location, the business will not be able to obtain a current business license until the balance is paid in full. Business license penalties will accrue after March 15.
27. If the business has changed ownership and the previous owner was delinquent in paying Hospitality Taxes, *the new owner is responsible for paying the unpaid balance*. The business will not be able to obtain a current business license until the unpaid balance is paid in full. Business license penalties will accrue beginning March 15.
28. Changing the business name does not remove any liabilities that the business may have incurred under the previous business name.

Other Requirements

29. Business licenses are required for businesses doing business in the unincorporated areas of the County, for the current year and the three prior years, or when the business opened, whichever is later, with penalties at 5% per month. The deadline to obtain a current business license without penalty is March 15. (Schools, however, are exempt.)
30. Independent contractors are required to obtain their own business license. Please verify that any independent contractors have their own business license.

Enforcement

31. If a business' total annual reported Hospitality Tax revenues do not coincide with the reported business license revenues or the reported sales revenues for the same year, the business is subject to be audited, with all applicable penalties applied.
32. Businesses may have revenues assessed for months for which no Hospitality Taxes have yet been paid and for which businesses fail or are unable to provide copies of State Sales Tax returns to document revenue in order to determine the amount of Hospitality Tax fees and penalties due. Any business requesting to have the assessment adjusted must request such adjustment within ten business days and provide revenue documentation for the month in question.
33. Any person violating the Hospitality Tax ordinance shall be deemed guilty of a misdemeanor and upon conviction shall be subject to a *fine of up to \$500.00 or imprisonment for not more than thirty (30) days or both. Each day of violation shall be considered a separate offense*. Punishment for violation shall not relieve the offender of liability for delinquent fees, penalties, and costs provided for herein.

Temporary Rate Reduction

34. On March 17, 2009, the Richland County Council amended the Hospitality Tax ordinance. This reduction was to offset an increase in the vehicle road maintenance fee, which was increased in order to provide temporary funding of the Columbia bus system.

35. This amendment reduced the Hospitality Tax rate in the unincorporated areas of Richland County from 2% to 1%. This rate reduction was for two years, from July 1, 2009 to June 30, 2011.
36. Businesses in the unincorporated areas of Richland County should have begun collecting Hospitality Taxes at the 1% rate on July 1, 2009, and begun remitting these Hospitality Taxes no sooner than August 1, 2009.
37. Online vouchers were revised to reflect the proper Hospitality Tax rate. Paper vouchers for 2010 and 2011 also reflected the appropriate Hospitality Tax rate (at the time of printing).
38. No business with an annual payment frequency can obtain online vouchers for the calendar year 2009 and 2011 due to half the year being at the 1% rate, and half the year at the 2% rate. Paper vouchers must be requested for annual payments for these years.
39. Businesses who enrolled in Hospitality Taxes for the first time and requested paper vouchers were sent vouchers reflecting the appropriate rate.

For more information, the Hospitality Tax ordinances may be found online at www.rcgov.us/bsc and click on "Hospitality Tax" on the right.



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Sales and Use Tax Information

All information is obtained from the SC Department of Revenue website:
<http://www.sctax.org/Tax+Information/Sales+and+Use+Tax/GeneralInformation.htm>.

What sales tax rate should be charged? The sales tax rate depends upon the type of purchase, the location of the purchase, and any locally-approved sales taxes for the city or county. The table below shows some of the sales tax rates for areas of Richland County.

Applicable Sales Tax Rates, as of May 1, 2013

| Purchase Type | Unincorporated Richland County | City Limits of Irmo, Richland County portion | City Limits of Eastover |
|--|--|--|--|
| 1. Accommodations (room rentals only) | Total: 12% State Sales: 5% Local Option: 1% Transport. Penny: 1% State Accom. Tax: 2% Local Accom. Tax: 3% | Total: 12% State Sales: 5% Local Option: 1% Transport. Penny: 1% State Accom. Tax: 2% Local Accom. Tax: 3% | Total: 12% State Sales: 5% Local Option: 1% Transport. Penny: 1% State Accom. Tax: 2% Local Accom. Tax: 3% |
| 2. Accommodations (other guest charges, <u>no</u> room rental charges) | Total: 8% State Sales: 6% Local Option: 1% Transport. Penny: 1% State Accom. Tax: 0% Local Accom. Tax: 0% | Total: 8% State Sales: 6% Local Option: 1% Transport. Penny: 1% State Accom. Tax: 0% Local Accom. Tax: 0% | Total: 8% State Sales: 6% Local Option: 1% Transport. Penny: 1% State Accom. Tax: 0% Local Accom. Tax: 0% |
| 3. Goods (<u>not</u> grocery items or pre-prepared meals/beverages) | Total: 8% State Sales: 6% Local Option: 1% Transport. Penny: 1% | Total: 8% State Sales: 6% Local Option: 1% Transport. Penny: 1% | Total: 8% State Sales: 6% Local Option: 1% Transport. Penny: 1% |
| 4. Grocery Items (all pre-packaged, nothing prepared) | Total: 2% State Sales: 0% Local Option: 1% Transport. Penny: 1% | Total: 2% State Sales: 0% Local Option: 1% Transport. Penny: 1% | Total: 2% State Sales: 0% Local Option: 1% Transport. Penny: 1% |

| Purchase Type | Unincorporated Richland County | | City Limits of Irmo, Richland County portion | | City Limits of Eastover | |
|---|--------------------------------|------------|--|-----------|-------------------------|-----------|
| 5. Foods/Beverages (nothing pre-packaged, all prepared meals and beverages) | Total: | 10% | Total: | 9% | Total: | 9% |
| | State Sales: | 6% | State Sales: | 6% | State Sales: | 6% |
| | Local Option: | 1% | Local Option: | 1% | Local Option: | 1% |
| | Transport. Penny: | 1% | Transport. Penny: | 1% | Transport. Penny: | 1% |
| | Hospitality Tax: | 2% | Hospitality Tax: | 1% | Hospitality Tax: | 1% |

Information concerning state and local taxes, administered by the SC Dept. of Revenue, can be obtained from the SC Department of Revenue website at <http://www.sctax.org/Tax+Information/Sales+and+Use+Tax/GeneralInformation.htm>.

For more information on the following subjects, please visit this website or or call the Department of Revenue Sales Tax Division at 803-896-1420.

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| 1. Accommodations Tax | 5. Maximum Sales Tax |
| 2. Exemptions and Exclusions | 6. Mobile Homes |
| 3. Intangible Items Subject to Sales Tax | 7. Motor Vehicles |
| 4. Local Sales & Use Tax | 8. Use Tax |