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State of South Carolina  
**Department of Revenue**  
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SC REVENUE RULING #11-2

**SUBJECT:** Software and Software Maintenance Contracts  
(Sales & Use Tax)

**EFFECTIVE DATE:** September 1, 2011

**SUPERSEDES:** SC Revenue Ruling #05-13

**REINSTATES:** SC Revenue Ruling #03-5

**REFERENCES:** Chapter 36 of Title 12 (2000 and Supp. 2010)

**AUTHORITY:** S. C. Code Ann. Section 12-4-320 (2000)  
S. C. Code Ann. Section 1-23-10(4) (Supp. 2010)  
SC Revenue Procedure #09-3

**SCOPE:** The purpose of a Revenue Ruling is to provide guidance to the public and to Department personnel. It is an advisory opinion issued to apply principles of tax law to a set of facts or general category of taxpayers. It is the Department's position until superseded or modified by a change in statute, regulation, court decision, or another Departmental advisory opinion.

Act No. 32 of 2011 amends the application of the sales and use tax to warranty or maintenance contracts effective September 1, 2011. The changes that are effective September 1, 2011, amend the sales and use tax law so that the application of the tax to warranty or maintenance contracts, and to the withdrawals of parts to fix a defective product under these contracts, will be the same as it was prior to October 1, 2005.

The statute continues to tax the sale of a warranty or maintenance contract purchased at the same time the tangible personal property is purchased, unless the sale of the tangible personal property is exempt from the tax. However, with limited exceptions, the sales and use tax will no longer apply to a warranty or maintenance contract purchased after the tangible personal property is purchased.

Based on this change in the law, SC Revenue Ruling #03-5, concerning “Software and Software Maintenance Contracts,” has been reinstated and is effective for sales of software and software maintenance contracts occurring on or after September 1, 2011. SC Revenue Ruling #03-5, as reinstated effective September 1, 2011, now supersedes SC Revenue Ruling #05-13.

SOUTH CAROLINA DEPARTMENT OF REVENUE

s/James F. Etter  
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James F. Etter, Director

November 18, 2011  
Columbia, South Carolina