



Business License Instructions:

License Renewal Applications – Exemptions and Deductions (Section 3)

Section 3: Exceptions and Deductions

Documentation **must** be submitted for all exemptions or deductions to be approved. **NO SHEET – NO APPROVAL.**

Exemptions

- **Non-profits/501(c)'s:** Non-profits and 501(c) businesses ARE required to have business licenses. However, only Unrelated Business Income must be reported and a business license fee paid for, based on that income only. Businesses which are 501(c) organizations must submit an IRS Form 990 to document their Unrelated Business Income.
- **Government subsidiary:** This refers only to organizations which are directly a part of a government body, such as a State Department. Companies with government contracts or contract individuals (who are paid with an IRS Form 1099) are not considered government subsidiaries.

Deductions

- If any deductions are claimed, a **Deduction Worksheet must** be:
 - (1) completed and returned,
 - (2) with all required documentation submitted *at the same time*,
 - (3) with documentation provided *in the same order* as it appears in the Deductions Worksheet,
 - (4) and submitted *in the same manner* as the renewal application, as described below:
 - Businesses renewing their business licenses online must submit their Deductions Worksheet and documentation electronically to bsc@richlandcountysc.gov.
 - Businesses mailing their renewal applications must mail their Deductions Worksheet and documentation in the same envelope as their renewal applications.
- Only authorized deductions meeting the conditions above will be considered.



Deductions Allowed

Deduction 1: Revenues reported to other jurisdictions for business licenses

- This deduction is for businesses in which all the following conditions are true:
 - (1) your business is located in unincorporated (non-city-limit areas of) Richland County, and
 - (2) your business generated revenue in another city/county, and
 - (3) your business paid for a business license in that city/county based on that revenue.If all above conditions are true, write the total amount of that revenue on the line provided.
- Documentation required: You must submit a copy of *each jurisdiction's current year business license AND business license application* for this deduction to be considered.
- SC Cities: You must list cities on the Deductions Worksheet in this format: "City of Lexington." Writing only the name of the city, "Lexington" in this example, will not be accepted, as staff will be unable to determine whether "City of" or "County of" is intended.
- SC Counties: Only eight other counties, besides Richland County, have business license requirements. Businesses obtaining business licenses in these eight counties may also deduct the revenues reported to these counties for business license purposes. These counties include the following:
 1. Beaufort County
 2. Charleston County
 3. Dorchester County
 4. Horry County
 5. Jasper County
 6. Marion County
 7. Sumter County
 8. Orangeburg County

You must list counties on the Deduction Worksheet as "County of Lexington." Writing only the name of the county, "Lexington" in this example, will not be accepted, as staff will be unable to determine whether "City of" or "County of" is intended.

- Non-SC cities: If your business generated revenue in another city/county in another state to which revenue was reported and for which a business license was paid, you should include this revenue as a deduction here. (This same revenue may not be reported also as part of Deduction 3, revenues generated outside SC but within the US.)

Cities and counties in other states for which a business license was paid for should be listed in this format: "City of Lexington, Kentucky." Writing "Lexington" in this example will not be accepted, as it will not be able to be determined whether "City of" or "County of" and what state is intended.

- Military bases: Only military bases in SC may be listed here. Include base name, city, and state (no abbreviations are accepted) are along with revenue generated on the base.

**RICHLAND COUNTY GOVERNMENT
COMMUNITY PLANNING & DEVELOPMENT
BUSINESS SERVICE CENTER**

2020 Hampton Street, Suite 1050, P.O. Box 192, Columbia SC 29202
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Deduction 2: Richland County paid building permits

- This deduction is for construction contractors only. If the business generated revenue from work performed for which a Richland County building permit was paid, then write the total amount of that revenue on the line provided.
- It makes no difference who paid for the building permit, or whether or not the contractor is physically located within Richland County.
- If all work is performed under a *paid* Richland County building permit, then all revenue is *exempt* and *no business license fee is required*. Only decals for contractors' vehicles must be paid for. If not, a fee is required for work not performed under a (paid) building permit.
- You must list the building permit number that the work was performed under and the amount of each job as reported for the building permit fee calculation on the Deduction Worksheet.

The Deductions Worksheet must then be mailed with the business license renewal application (for mailed renewal applications) or e-mailed (for online renewals) to bsc@richlandcountysc.gov.

Deduction 3: Revenues generated outside SC but within the US revenues (interstate commerce)

This deduction is for revenues generated outside of South Carolina but within the United States (as well as the fourteen US territories, such as Guam and Puerto Rico).

- This revenue must not include any revenues that were included as part of Deduction 1, revenues reported for business license purposes.
- No revenues generated from outside the United States may be deducted.
- You must list the full name each state (no abbreviations are accepted) that the revenue was generated in and the amount of revenue generated from each state on the Deductions Worksheet. The Deductions Worksheet must then be mailed with the business license renewal application (for mailed renewal applications) or e-mailed (for online renewals) to bsc@richlandcountysc.gov.

Deduction 4: Liquor sales

This deduction is for liquor stores only. Write the amount of revenue from liquor sales here. (Revenue from beer and wine, and mixed drinks, are not deductible.)

- If your business sells only liquor and generates no revenues from any other products, then your business is exempt from paying a business license fee, and no payment is required. However, the business license renewal form must still be completed and returned.

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Deduction 5: Motor Vehicle trade- ins

This deduction is for new and used motor vehicle dealers only.

- This includes any business whose NAICS code begins with 4411 or 4412. This includes:
 - retail automobile and motor vehicle dealers;
 - recreational vehicle dealers;
 - motorcycle, ATV, and personal watercraft dealers;
 - retail boat dealers;
 - retail farm machinery dealers; and
 - other motorized vehicle dealers.
- Write the total amount of money paid to customers in exchange for motor vehicle trade-ins as part of sales transactions.
- You must list all vehicles and the amount of money paid for them the Deductions Worksheet. (VIN numbers are not needed.) The Deductions Worksheet must then be mailed with the business license renewal application (for mailed renewal applications) or e-mailed (for online renewals) to bsc@richlandcountysc.gov.

Deductions Not Allowed

- Revenues from other locations are not allowable by Richland County deductions. Each business location must have its own business license, reporting its own revenue.
- IRS deductions are not allowable by Richland County as deductions. Those are *federal* deductions, not *County* deductions.
- Revenues from international sales or transactions are not allowable. This is not interstate commerce.
- Business losses are also not allowable as deductions. State law requires that business licenses be based on gross – total – income, not net income or the profit.
- Cigarette taxes are also not allowable by Richland County as deductions.
- All funds collected from the sale of lottery tickets are not considered revenue and should not be included in gross revenue. Because it is not included in gross revenue, it does not need to be deducted. However, revenues from commissions generated by the business for being a lottery ticket vendor are considered revenue. These revenues should be included in the business' gross revenues, but are not an allowable deduction.
- If these deductions are claimed, they will be denied. Additional license fees and possible penalties will be due.

Thank you for reading and following these Instructions. Thank you also for your business; your business helps Richland County be a great place to live, work, and visit.