



Renewal Form Instructions: Exemptions & Deductions (Section 2)

Section 2: Exemptions and Deductions

Documentation **must** be submitted on the **Deductions Worksheet** with application to be considered.

Exemptions: Non-profits/501(c)'s – **must** submit IRS Form 990 Government subsidiary (no contractors)

Allowed Deductions:

Revenues:

1. Revenues reported to SC cities for **business licenses only, NO bldg. permits*** \$ _____
2. Revenues from work covered by a paid Richland County building permit \$ _____
3. Revenues generated outside SC but within the US (or its territories) \$ _____
4. Liquor sales (liquor stores ONLY) \$ _____

*Only 9 SC counties' business license revenues are deductible

TOTAL: \$ _____

Put this number on Page 1, Line 2

Not Allowed: Other locations, IRS deductions, international revenues, business losses, cigarette taxes, or vehicle trade-ins

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 completed and returned *in the same manner* as the renewal application, as described below:
 - Businesses renewing their business licenses online can submit their Deductions Worksheet electronically to bsc@richlandcountysc.gov.
 - Businesses mailing their renewal applications must mail their Deductions Worksheet in the same envelope as their renewal applications.
- Only authorized deductions meeting the conditions above will be considered.

Deductions Allowed:

Deduction Line 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 South Carolina 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.

- SC Cities: You must list cities on the Deductions Worksheet as “City of Lexington”, 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:

Beaufort County	Charleston County	Dorchester County	Horry County
Jasper County	Marion County	Sumter County	Orangeburg County

You must list counties on the Deduction Worksheet as “County of Sumter”, as staff will be unable to determine whether “City of” or “County of” is intended.

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

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 work is performed under a *paid* Richland County building permit, then it is an allowable deduction, however a *business license fee is required*. Work not performed under a (paid) building permit will be reported as non-deductible revenue when calculating the business license fee.
- 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 (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 to SC cities for business licenses)
- No revenues generated from outside the United States may be deducted.
- You must list the full name of each state (no abbreviations are accepted) 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.

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.
- Motor vehicle trade-ins are no longer allowable by Richland County as deductions.

If these deductions are claimed, they will be denied. Additional license fees and possible penalties will be due.