



Sales Tax

South Carolina's sales tax law is designed to create parity between the way manufactured and site-built homes are taxed. The formula is designed to replicate the way site-built homes are taxed. Homebuyers pay no sales tax when they buy a site-built home, but builders are taxed on the raw materials that go into the home.

South Carolina law also provides a sales tax incentive to encourage--and make it possible--for buyers to purchase an energy efficient home. Homes must be certified to insulation standards substantially above the minimum required by the building code.

The incentive has been a successful one. In 1992 5 per cent of manufactured homes sold in South Carolina met the energy standards. Today, over 70 per cent of manufactured homes sold in the state meet the enhanced standards.

Manufactured homes do not enjoy a sales "cap" the way automobiles do. The basic formula taxes the first \$6000 at 5 per cent and the remainder of the sales price at 2 per cent. The formula approximates the way sales tax is charged on materials only for site-built homes. [Manufactured home sales tax formula.](#)

As an incentive, the additional two per cent tax is eliminated for homes that meet South Carolina's energy standards. But additional tax is also paid on foundation materials, HVAC, and items such as septic tanks, decks, porches and other improvements.

Buyers who purchase manufactured homes meeting ultra-efficient "Energy Star" requirements receive additional incentives. Not only will homebuyers enjoy lower energy bills but utilities will benefit from a reduction in their "peak load" production requirements.