South Carolina
Withholding

South Carolina Department of Revenue

www.sctax.org
Parties subject to SC withholding laws

A person located, doing business, or having gross income in SC

An employer having an employee earning income within SC
Incomes subject to withholding

An employer paying wages to an employee shall withhold income tax for that employee if at the time of payment the wages are expected to equal one thousand dollars or more during the year.
Wages not subject to withholding

1) Wages of a resident employee receiving wages in another state if:
   a) the wages are subject to the withholding laws of the state in which they are earned; and
   b) the employer is withholding income taxes on behalf of the other state.

2) Wages of an employee obtaining a waiver of withholding pursuant to Section 12-8-1040.
Remuneration not subject to withholding

(D) "wages" is all remuneration for services of any nature performed by an employee for an employer, except the term does not include remuneration paid:
Remuneration not subject to withholding

1.) for agricultural services performed by an employee on a farm
Remuneration not subject to withholding

2.) for domestic services performed in a private residence
3.) for personal services performed in this State by nonresident employees in connection with their regular employment outside of this State when the gross South Carolina wages are equal to or less than the personal exemption amount provided in Internal Revenue Code Section 151(d) as defined in Section 12-6-40. However, this item does not apply to employees performing construction, installation, engineering, or similar services where the situs of the job is in this State;

- **2013 personal exemption is $3,900**
Remuneration not subject to withholding

4.) for services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of the ministry or by members of a religious order in the exercise of duties required by the order.
Remuneration not subject to withholding

5.) for services performed by an individual on a boat with a crew of ten or fewer engaged in catching fish or other forms of aquatic animal life under an arrangement with the boat owner or operator in which the individual receives only a share of the boat's catch or a share of the proceeds from the sale of the catch
Remuneration not subject to withholding

6.) for services performed by a disabled person:
   a) As defined by the Department of Disability and Special Needs,
   b) Employed in a program approved by the Department of Disability and Special Needs and
   c) With a projected income of $7,500 a year or less
South Carolina requires withholding from:

- Wages, Commission, and Bonuses
- Prizes
- Royalties
- Winnings
- Nonresident contractors (contracts exceeding $10,000)
- Payment of rent to nonresidents
How to register for a withholding number

South Carolina Business One Stop (SCBOS)
On-line Business Registration

<table>
<thead>
<tr>
<th>SCDOR Online</th>
</tr>
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<tbody>
<tr>
<td>South Carolina Business One Stop</td>
</tr>
<tr>
<td>USE Tax</td>
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<tr>
<td>Motor Fuel on-line Filing System</td>
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<td>eSales</td>
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<td>Check Out eSales for Online Filing of Sales Tax Returns</td>
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<tr>
<td>WH-1605/1606 SC Withholding Quarterly/Annual Reconciliation Tax Return</td>
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How to register for a withholding number
South Carolina Department of Revenue Business Tax Application (SCDOR-111)
Withholding account number

- Begins with “25”

- Nine digit number including the check digit
W-4 Employee’s Withholding Allowance Certificate

- **NO** South Carolina W-4 form, use Federal form

- Exemption Certificate
  
  Write “For SC purposes only” on top

- Keep for your records
W-4 form

- You are required to send a copy of a W-4 to SC DOR when:
  
  An employee claims 10 or more exemptions

  Or

  You believe the exemption certificate is incorrect
Military Spouses Residency Relief Act (P.L. 111-97)
### SC W-4

**Annual Withholding Certification for Military Servicemember's Nonresident Spouse**

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee's Name</td>
<td>Spouse's Name</td>
</tr>
<tr>
<td>Employee's Social Security Number</td>
<td>Spouse's Social Security Number</td>
</tr>
<tr>
<td>Street Address Where You and Your Spouse Are Currently Living</td>
<td>Name of Spouse's Military Station</td>
</tr>
<tr>
<td>City, State and ZIP Where You Are Living</td>
<td>Physical Address of Military Station</td>
</tr>
<tr>
<td>Home Telephone Number</td>
<td>City, State and ZIP of Military Station</td>
</tr>
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Complete Questions 1 through 3. A "NO" answer to any of these questions means that you are not exempt from withholding under the Military Spouses Residency Relief Act.

1a. Is your spouse a servicemember who is present in South Carolina or a bordering state in compliance with military orders?
   - YES [ ] NO [ ]

   b. What is the name of the bordering state, if applicable?

2. Are you in South Carolina or the bordering state solely to be with your spouse?
   - YES [ ] NO [ ]

3a. Do you and your spouse maintain the same domicile in a state other than South Carolina (and the bordering state, if applicable)?
   - YES [ ] NO [ ]

   b. What is your state of domicile?

Sign below if you answered "YES" to Questions 1a, 2, and 3a.

**Signature**

**Date**

I declare that this return and all attachments are true, correct and complete to the best of my knowledge and belief. To wilfully furnish a false or fraudulent statement to the Department is a crime.

**Employee:** Give the original SC W-4 to your employer and keep a copy for your records.

**NOTE:** This form is only valid for ONE calendar year. In order to maintain the exemption, an employee must complete a new SC W-4 in the last quarter before the start of the new calendar year.

- A service member’s nonresident spouse claiming an exemption from SC withholding tax
- Must be completed before January 1st
- SC Revenue Ruling #10-5
Scenario A

NC company with employees performing services in SC

- Employees are NC residents
- Employees are SC residents
Scenario A

NC company with employees performing services in SC

- Employees are NC residents
  - Wages subject to SC withholding

- Employees are SC residents
  - Wages subject to SC withholding
Scenario B

SC company with employees performing services in GA

- Employees are SC residents
- Employees are GA residents
Scenario B

SC company with employees performing services in GA

- Employees are SC residents
  - wages are subject to GA withholding laws

- Employees are GA residents
  - wages are subject to GA withholding laws
Scenario C

**FL company with employees performing services in SC**

- Employees are FL residents
- Employees are SC residents
Scenario C

FL company with employees performing services in SC

- Employees are FL residents
  - Wages subject to SC withholding

- Employees are SC residents
  - Wages subject to SC withholding

SC company with employees performing services in FL

- Employees are SC residents
  - Wages subject to SC withholding
Withholding Payment Frequency
Resident or Nonresident

- The South Carolina employer/withholding agent accounts are divided into two categories:
  - RESIDENT
  - NONRESIDENT

Or
Resident Withholding Payments

- **RESIDENT**: Any individual or other entity whose principal place of business is in SC.

- Resident employers/withholding agent are required to make payment of withholding taxes at the same time that their federal payments are due. Regardless of your state amount withheld, your payment is due at the same time that your federal payment is due.
Nonresident Withholding Payments

- **NONRESIDENT**: Any individual or other entity whose principal place of business is outside SC.

- Nonresident employers/withholding agents are required to make payments either quarterly or monthly. If the South Carolina state tax liability is less than $500 for the quarter, the payment is due by the last day of the month following the end of the quarter. Once the withholding reaches $500 or more during the quarter, it is due by the 15th of the following month.
Withholding Payments

- Remit Form WH-1601 with payment

- Paycheck date determines the quarter when the liability and deposit are reported.
Withholding Payments

- DORePay

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- Note: Employers/withholding agents (resident and nonresident) whose SC withholding tax exceeds $15,000 during a quarter or who make 24 or more payments in a year must pay by either DORePay or EFT by their due date. If the due date of the payment falls on a holiday or a weekend, the payment is due on the next business day.
DORePay

- Web browser based application
- Accepts payments by credit card
  - (Visa or MasterCard)
- Accepts electronic funds withdrawal
  - (EFW)

What is the Electronic Payment System?

Welcome to The South Carolina Department of Revenue's Electronic Payment System (DOR-ePAY). The DOR-ePAY system is designed to give taxpayers a fast, free, and secure electronic way to submit tax payments.

The Department Of Revenue’s Electronic System allows you to make payments for selected taxes without having to leave your home or office.

DOR-ePAY supports both 40-bit and 128-bit browser encryption. However, we strongly recommend the use of 128-bit encryption, the highest level of protection possible for Internet communications.

Please also note that in order to safeguard your personal information whenever you access DOR-ePAY from a computer that's not your own, make sure you exit or quit the browser after you are finished. This prevents anyone else from seeing your personal information.

Will the funds for this payment come from an account outside the United States? If yes, the South Carolina Department of Revenue cannot process the payment at this time. Payment can still be submitted by credit card.

If you have additional questions, contact Electronic Services at (803)896-1715.
EFT

Electronic Funds Transfer

Pay taxes with immediately available funds

Taxpayer can call or use the internet through Global Payment Systems to remit withholding deposits
eWithholding

- File quarterly return and pay balance due

What is the Electronic Withholding System?
Welcome to the South Carolina Department of Revenue Electronic Withholding System (eWH). The eWH system is designed to give taxpayers a fast, free, and secure electronic way to submit withholding quarterly return information and tax payments.

The Department Of Revenue's Electronic Withholding System allows you to file your quarterly return and make payment, if necessary, with the return by EFW (Electronic Funds Withdrawal/Bank Draft) or credit card without having to leave your home or office. This system is used to file quarterly Withholding returns, WH-1605 and/or WH-1606. EWithholding should not be used for making Withholding payments (WH-1601). Use our ePAY program if you need to make a payment without filing a quarterly return.

File and pay timely - Avoid penalty and interest charges.
For electronic purposes you must submit your tax return / payment authorization to the South Carolina Department of Revenue no later than the due date. Payment information for balance due returns must be submitted at the time of filing or the return will not be processed.

EFW payments on current period returns can be warehoused up to 30 days prior to the due date of the return.

NOTE: Amended returns CANNOT be submitted through the EWithholding system. Amended returns should be completed on a paper form and mailed to our Department.
FILING FREQUENCY

- Quarterly
- Annual
## Due Dates for Quarterly Return

<table>
<thead>
<tr>
<th>QUARTER</th>
<th>RETURN</th>
<th>MONTHS</th>
<th>DUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Quarter</td>
<td>WH-1605</td>
<td>Jan – Mar</td>
<td>Apr 30</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>WH-1605</td>
<td>Apr – Jun</td>
<td>Jul 31</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>WH-1605</td>
<td>Jul – Sep</td>
<td>Oct 31</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>WH-1606</td>
<td>Oct – Dec</td>
<td>Last day of Feb</td>
</tr>
<tr>
<td>Annual</td>
<td>WH-1606</td>
<td>Jan – Dec</td>
<td>Last day of Feb</td>
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Withholding Quarterly Return

**WH-1605**

- Return for reporting 1\textsuperscript{st}, 2\textsuperscript{nd}, and 3\textsuperscript{rd} quarter return

- File amended return

- Do not include WH-1601
Withholding Quarterly Return

**WH-1606**

- **Return for reporting 4th return and annual reconciliation**
- **Return for annual filers**
- **File amended return**
- **Do mail include WH-1601**
How to submit a Withholding Return

- eWithholding
- Telefile

  Zero tax amount due
  Refund
  24/7
  New user must register

- Paper WH-1605 or Paper WH-1606

- Batch Filing
eWithholding

- www.sctax.org
- Sign up and create a password
- File WH-1605 and WH-1606
- Make balance due payment with the return
- Can not file Amended Return
Business Tax Telefile

- Prepare the Return
- Call Telefile # (803-898-5918)
- Write confirmation # on the return
- Keep for your record
Batch Filing Program

- Program is for payroll tax service providers or other return preparers who file 100 or more SC withholding returns

- Complete WH-1614

- Submit a test file and get certified before submitting quarterly returns
Withholding quarterly returns

Key point

- Payroll check date determines the quarter the liability and deposits are filed.
- Each quarter stands on its own. If you are underpaid, you will receive a bill. If you have overpaid, you will receive a refund.
- Credits are not allowed
Forms W-2
&
Forms 1099
W-2’s and 1099’s

How do you submit W-2s and/or 1099s to SC DOR

- Electronically via www.scbos.gov (W-2s only)
- CD-ROM
- Paper Forms
W-2’s and 1099’s

Electronic Filing

- W-2s for 2011 and forward
- www.scbos.gov
- Filing 250 or more W-2s
- Direct Entry Method
- File Upload

- Not available for Forms 1099
W-2’s and 1099’s

When do you file WH-1612 with W-2s or 1099s

- CD-ROM
- Paper Forms
Closing a withholding file number

Methods

- Form C-278
- WH-1605 or WH-1606
- eWithholding
- TeleFile
Closing a withholding file number

Items that are submitted to DOR

1. Complete W-2’s and 1099 and WH-1612 if required

2. Complete the last WH-1605

3. Complete WH-1606

4. Complete SC-8822
SC Withholding

- If you are required to get a new federal employer identification number, then you are also required to get a new SC withholding file number
- No inactive status – Withholding is either open or closed
- Always file a return even if withholding account is open
- Close the withholding account if no payroll
- Notify SC as well as Federal when closing account
- File all required quarterly return(s) when you close your business
Questions
Thank You