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SC INFORMATION LETTER #89-22

TO: Vicki Jinnette  
Public Information Director

FROM: John Swearingen, Manager  
Tax Policy and Procedures Department

DATE: June 23, 1989

SUBJECT: Withholding on Payments to Non Residents of the Proceeds of the Sale of  
Real Property and Tangible Personal Property

REFERENCE: S.C. Code Ann. Section 12-9-310 (As Amended July 1, 1989)

AUTHORITY: S.C. Code Ann. Section 12-3-140 (1976)  
SC Revenue Procedure #87-3

SCOPE: An Information Letter is a temporary document issued for the purpose of  
disseminating general tax information and to respond to technical  
questions from within the Commission which are not related to a specific  
set of facts.

Section 12-9-310 has been amended, effective July 1, 1989, to require withholding on the proceeds of sales of real and tangible personal property paid to nonresidents. The sale of tangible personal property is subject to this withholding only when sold as part of a real property sale.

The amendment provides that every payor making payment to a nonresident of the proceeds of the sale of real property and tangible personal property shall deduct and withhold on the payments an amount equal to seven percent of the total payment to individuals and five percent of the total payment to corporations.

The closing attorney in any transaction governed by the provisions of this item is not responsible for the withholding, deduction, collection or payment of the withholding taxes required by this item.

For purposes of this section the payor is the person, firm, corporation, association, joint-stock company, partnership, fiduciary, or the State of South Carolina, or any political subdivision of the State making payment to the nonresident.

Nonresident means any individual domiciled outside South Carolina and any other entity whose principal place of business is outside South Carolina.