



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE
**SOUTH CAROLINA WITHHOLDING TAX
INFORMATION GUIDE**

Who Must Withhold

Employers are required to withhold taxes for state purposes and make a return or deposit of these taxes to the SCDOR if they:

- have employees earning wages in South Carolina, and
- are required to make a return or deposit with the IRS.

You must withhold South Carolina state taxes at the same time wages are earned by employees working in South Carolina. An employee who works in another state but is a resident of South Carolina will have taxes withheld for the other state. However, if that state does not have an Income Tax, you must withhold South Carolina taxes since South Carolina is the employee's state of legal residence.

South Carolina also requires withholding from royalties, prizes, winnings, nonresident contractors with contracts exceeding \$10,000, rental payments made to nonresidents who own five or more residential units or one or more commercial properties in South Carolina, and as required by the 2008 Illegal Immigration Reform Act.

W-4 Requirements

South Carolina has created its own SC W-4 for use beginning in tax year 2020.

- Each employee hired after December 31, 2019 or previously hired employees who want to make changes to their state withholding must submit a signed SC W-4 to you.
- For employees hired after December 31, 2019, you must withhold at the rate of zero allowances if no SC W-4 is provided.
- If you receive an SC W-4 from an employee claiming 10 or more withholding allowances or you believe the SC W-4 is incorrect, you must send a copy of the SC W-4 to the SCDOR within 30 days. Mail these SC W-4s to: **SCDOR, Tax Support, PO Box 125, Columbia, SC 29214-0400**. You must withhold on the basis of the SC W-4 until notified by the SCDOR to withhold at a different rate.

How to Obtain a Withholding File Number

Your South Carolina withholding file number is a nine digit number. **Reference this file number on all returns, correspondence, and payments to the SCDOR.** You must apply for a South Carolina withholding file number to deposit your withholding payments.

- The fastest, easiest way to apply is online at **MyDORWAY.dor.sc.gov**. You can also apply by completing and submitting an SCDOR-111, Business Tax Application. The number makes you a **withholding agent**.
- If the ownership of the business changes, such as a conversion from a partnership to a corporation, you must apply for a new withholding file number.
- A new withholding file number is not required for a change of address.
- If you are required to get a new federal identification number, you are also required to get a new South Carolina withholding file number.

Making Payments - Resident and Nonresident

If your resident or nonresident South Carolina Withholding Tax is \$15,000 or more during a quarter or you make 24 or more payments in a year, you must file and pay electronically at **MyDORWAY.dor.sc.gov**.

If your resident or nonresident South Carolina withholding tax is less than \$15,000 per quarter, you may voluntarily file and pay electronically. If you choose not to file and pay electronically, you must submit your payment using the WH-1601, Withholding Tax Coupon. Filing and paying electronically is recommended, as it is the fastest and most secure way to file and pay.

Payments alone do not satisfy the filing requirement for withholding returns.

Resident employers or withholding agents are required to pay withholding taxes at the same time that their federal payments are due, regardless of your state amount withheld. Resident employers are those whose principal place of business is in South Carolina.

Nonresident employers or withholding agents are required to make payments either quarterly or monthly. If your South Carolina state tax liability is less than \$500 for the quarter, your payment is due by the last day of the month following the end of the quarter. Once your withholding reaches \$500 or more during the quarter, it is due by the 15th of the following month. Nonresident employers are those whose principal place of business is outside of South Carolina.

Submitting W-2s

W-2s and 1099s that have SC Withholding Tax are due to the SCDOR by January 31. If the IRS requires you to file your W-2s electronically, you must submit W-2s to the SCDOR online through the W-2 portal at MyDORWAY.dor.sc.gov. If you're not required to submit W-2s electronically, you can submit W-2s and 1099s by paper using WH-1612, Transmittal Form for W-2s, which can be found at dor.sc.gov/forms.

Methods of Filing a Return	Methods of Payment Payments alone do not satisfy the filing requirement.
MyDORWAY - Online Filing	MyDORWAY - Electronic Payment System
	EFT - Electronic Funds Withdrawal
Paper Filing - Mail Return (WH-1605 or WH-1606)	Paper Filing - Mail WH-1601 and Payment

For details on filing and payment methods, visit dor.sc.gov/withholding.

Filing Returns

There are two types of Withholding Tax returns: the WH-1605 and the WH-1606. Annual filers should only file WH-1606. See below for more information on annual filers.

WH-1605: SC Withholding Quarterly Tax Return

You must complete the WH-1605 for the first three quarters of the year.

WH-1606: SC Withholding Fourth Quarter and Annual Reconciliation Return

You must complete the WH-1606 if your South Carolina withholding account was open for any portion of the year. Do not file a WH-1605 for the fourth quarter.

You must file a return for each quarter as long as the SC withholding account is open, even if no tax is withheld and there are no employees. You may receive delinquent tax notices if you fail to file your quarterly tax returns.

Due Dates for Filing Returns:

FORM	QUARTER	DUE DATE
WH-1605	1st (Jan-Feb-Mar)	Apr 30
WH-1605	2nd (Apr-May-Jun)	Jul 31
WH-1605	3rd (Jul-Aug-Sep)	Oct 31
WH-1606	4th (Oct-Nov-Dec) / ANNUAL (Jan-Dec)	Jan 31

If the due date of the return falls on a holiday or weekend, the return is due on the next business day.

WH-1603: Withholding Tax Tables / WH-1603F: Withholding Tax Formula

Use the Withholding Tax tables or formula to determine correct amounts to withhold. Find the most current versions of these documents at dor.sc.gov/forms.

Closing a Withholding Account

You can close your account:

- at MyDORWAY.dor.sc.gov
- by completing and submitting a C-278, Account Closing Form
- by marking the **Close Withholding Account** box and including a close date on your WH-1605 or WH-1606 return

You are required to file a return through the closing date. You must file a WH-1606 return if the account was open for any portion of the calendar year.

Annual Filers

If you voluntarily withhold taxes from sources that do not require withholding, such as farmers, domestic help, fishermen, or ordained pastors, the SCDOR allows you to file returns and pay Withholding Tax on an annual basis. To find more information on how annual filers should correctly file withholding returns and make withholding payments for South Carolina, visit dor.sc.gov/withholding.

The IRS changed its employment tax filing requirement for certain other businesses from quarterly to annually. As of the date of this publication, **South Carolina has not adopted this change.**

Enterprise Zone Act / Rural Development Act

Employers or withholding agents who have qualified and been approved by the South Carolina Coordinating Council for Economic Development may use a portion of the state Income Tax withheld from their employees as job development credits and/or employee retraining credits. Use the WH-1605Z and WH-1606Z if you qualify to file these types of returns. See Chapter 8, Title 12, of the SC Code of Laws at dor.sc.gov/policy for withholding statutes.

Visit dor.sc.gov/withholding for additional information.