



STATE OF SOUTH CAROLINA  
**DEPARTMENT OF REVENUE**

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P.O. Box 125, Columbia, South Carolina 29214-0575

SC INFORMATION LETTER #20-11

**SUBJECT:** Nexus and Income Tax Withholding Requirements for Employers with Workers Temporarily Working Remotely as a Result of COVID-19

**DATE:** May 15, 2020; Effective from March 13, 2020 – September 30, 2020

**AUTHORITY:** S.C. Code Ann. Section 12-4-320 (2014)  
S.C. Code Ann. Section 1-23-10(4) (2005)  
SC Revenue Procedure #09-3

**SCOPE:** An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

**Purpose**

Due to unprecedented temporary closings of offices and businesses and stay at home orders issued across the United States during the Coronavirus (COVID-19) pandemic, many businesses have implemented temporary work at home options for employees. The Department is announcing temporary relief regarding a business's establishment of nexus solely because an employee is temporarily working in a different work location due to COVID-19 and is providing guidance with respect to employer withholding requirements for these employees.

**South Carolina Withholding Requirements – General Rule under Code Section 12-8-520**

South Carolina law requires businesses located in South Carolina to withhold income tax on the wages of residents and nonresidents who are working in South Carolina. Wages of South Carolina residents who are working in a state other than South Carolina are not subject to South Carolina withholding if the wages are subject to the withholding laws of the state in which they are earned and the employer is withholding income taxes on behalf of the other state.

## **South Carolina Withholding Requirements - Tax Relief Period**

Effective from March 13, 2020 through September 30, 2020, South Carolina will not use the temporary change of an employee's work location during the COVID-19 relief period to impose a South Carolina withholding requirement under Code Section 12-8-520, as explained below. This relief does not apply to workers whose status changes from temporary to permanent status during this period.

### SC Business with Employees Temporarily Changing Work Location to Outside South Carolina

South Carolina law requires businesses located in South Carolina to withhold income tax on the wages of residents and nonresidents who are working in South Carolina. During the COVID-19 relief period, a South Carolina business's withholding requirements are not affected by the current shift of employees working on the employer's premises in South Carolina to teleworking from outside of South Carolina. Accordingly, the wages of nonresident employees temporarily working remotely in another state instead of their South Carolina business location are still subject to South Carolina withholding.

### Out-of-State Business with Employees Temporarily Changing Work Location to South Carolina

South Carolina law provides that wages of South Carolina residents who are working in a state other than South Carolina are not subject to South Carolina withholding if the wages are subject to the withholding laws of the state in which they are earned and the employer is withholding income taxes on behalf of the other state. During the COVID-19 relief period, an out-of-state business is not subject to South Carolina's withholding requirement solely due to the shift of employees working on the employer's premises outside of South Carolina to teleworking from South Carolina. Accordingly, the wages of a South Carolina resident employee temporarily working remotely from South Carolina instead of their normal out-of-state business location are not subject to South Carolina withholding if the employer is withholding income taxes on behalf of the other state.

## **Nexus Establishment**

The Department will not use changes solely in an employee's temporary work location due to the remote work requirements arising from, or during, the COVID-19 relief period (March 13, 2020 – September 30, 2020) as a basis for establishing nexus<sup>1</sup> or altering apportionment of income.

If you would like to receive notice of any future relief of the withholding and nexus requirements provided above or future Policy updates, sign up on the Policy Division's web page at [dor.sc.gov/policy/index](https://dor.sc.gov/policy/index).

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<sup>1</sup> Including for Public Law 86-272 purposes.