



301 Gervais Street, P.O. Box 125, Columbia, South Carolina 29214

SC INFORMATION LETTER #90-11

TO: Vicki Jinnette Ringer
Public Information Director

FROM: John P. McCormack, Manager
Tax Policy and Procedures Department

DATE: May 14, 1990

SUBJECT: Withholding Requirements of a Utility

REFERENCE: S.C. Code Ann. Section 12-9-310(3)
(As Amended April 3, 1990)

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.

Code Section 12-9-310(3) requires persons hiring or contracting with nonresidents, who are conducting business or performing personal services in South Carolina, to withhold 2% of every payment made to the nonresident if the contract can be reasonably expected to exceed \$10,000.

Effective for payments made on or after December 1, 1988, Code Section 12-9-310(3) is amended to provide that "the withholding requirements do not apply to a utility hiring or contracting or having a contract with any nonresident utility to perform services of a temporary nature relating to damage caused by natural forces."

The amendment defines "natural forces" as "conflagration, flood, storm, earthquake, hurricane or other public calamity". "Utility" is defined as "any person, special purpose district, authority, or political subdivision producing, storing, conveying, transmitting, or distributing communication, electricity, gas, water, steam or sewerage".