SC INFORMATION LETTER #93-16

TO: Vicki Ringer
Public Information Director

FROM: Deana West, Tax Analyst
Tax Policy and Appeals Department

DATE: July 16, 1993

SUBJECT: Withholding Tax Deposits

SUPERSEDES: SC Information Letter #92-31


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 Department of Revenue which are not related to a specific set of facts.

In September 1992, the Internal Revenue Service issued final regulations relating to the deposit of Federal withholding taxes. The regulations replaced the current withholding tax deposit system with a new, simplified system. The new regulations were effective January 1, 1993, but employers were not required to adopt the new tax deposit system until January 1, 1994.

For South Carolina withholding tax purposes, Code Section 12-9-390 provides that every withholding agent required to make a return or deposit and pay taxes to the Internal Revenue Service under the Internal Revenue Code of 1986, as amended through December 31, 1989, and applicable regulations effective as of December 31, 1989, is required to make a return or deposit and pay taxes to the South Carolina Tax Commission at the same time.

Nonresident withholding agents, however, are allowed to pay withholding taxes on a quarterly basis if the total South Carolina withholding is less than $500 per quarter. If the amount withheld reaches $500 at the end of any month, a remittance must be made within 15 days following the end of that month.
On July 14, 1993, the Commissioners agreed that the South Carolina Department of Revenue will follow the federal tax deposit regulations. Accordingly, South Carolina will allow withholding agents to deposit and pay withholding taxes on the due dates required under the South Carolina tax deposit regulations or on the due dates required under the federal tax deposit regulations. Therefore, withholding agents will generally deposit and pay South Carolina income taxes withheld on the same dates as they do for federal income tax purposes. However, South Carolina will continue to allow nonresident withholding agents to file on a quarterly basis if their total withholding is less than $500 per quarter.

For further information contact the Department of Revenue's Withholding Section at 803-737-4752.