**South Carolina Payroll Taxes**

**SC State Income Tax Withholding**

South Carolina Department of Revenue’s (SCDOR) Withholding Tax Information Guide: <https://dor.sc.gov/forms-site/Forms/WH105.pdf>

**Who Must Withhold SC State Income Taxes**

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 (e.g., Washington State), you must withhold South Carolina taxes since South Carolina is the employee's state of legal residence.

Employers may apply for a SC Withholding File Number using either of two (2) methods:

* Register on MyDORWAY: <https://mydorway.dor.sc.gov/_/>. You will be given a confirmation number after completing questions and the registration process. The SC reference number is your Withholding File Number. \*Note: It may take up to 24 hours to receive the reference number. You will receive a Withholding packet in approximately two weeks.
* Download a copy of the SCDOR-111 Tax Registration Application from the SCDOR website: <https://dor.sc.gov/forms-site/Forms/SCDOR111.pdf>. Complete the form and mail it to the address provided. In approximately three weeks you will receive a letter informing you of the SC Withholding File Number that has been assigned to you along with a packet of withholding information.

Your SC Withholding File Number is a 9-digit number. Reference this number on all returns, correspondence and any phone calls made to the Department.

**Making SC State Income Tax Withholding Payments - Resident and Nonresident**

SCDOR recommends filing and paying using MyDORWAY, their free online tax portal. If your South Carolina Withholding Tax is $15,000 or more, or you make 24 or more payments in a year, you are required to file and pay electronically.Even if you do not meet this threshold, SCDOR recommends managing your Withholding Tax account electronically using MyDORWAY, which is the fastest, most secure way to file and pay. For details on filing and payment methods, visit [dor.sc.gov/withholding](https://dor.sc.gov/tax/withholding).

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

Nonresident employers (employers whose principal place of business is outside of South Carolina) or withholding agents are required to make payments either quarterly or monthly. If your SC 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.

**Filing SC State Income Tax Withholding Returns**

There are two types of Withholding Tax returns: the WH-1605 and the WH-1606.

Annual filers should only file the WH-1606.

* 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 will receive delinquent tax notices if you fail to file your quarterly tax returns.

Due Dates for Filing Returns are as follows:

FORM

WH-1605

WH-1605

WH-1605

WH-1606

QUARTER

1st (Jan-Feb-Mar)

2nd (Apr-May-Jun)

3rd (Jul-Aug-Sep)

4th (Oct-Nov-Dec)

DUE DATE

Apr 30

Jul 31

Oct 31

Jan 31

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

If you withhold Income Tax from your employees or independent contractors, you must give them a W-2 or 1099 by January 31 of the following year. You must also submit the W-2s and 1099s to the SCDOR by January 31 of the following year. Instructions and specifications for filing SC W-2s are available here: <https://dor.sc.gov/Pages/Search.aspx?k=W%2D2%20filing>.

**SC W-4 Requirements**

South Carolina employees must complete the SC W-4, Employee's Withholding Allowance Certificate. SC W-4 forms are available here: <https://dor.sc.gov/tax/withholding/forms>.

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.

You must withhold on the basis of the SC W-4 until notified by the SCDOR to withhold at a different rate.

For employees hired after December 31, 2019, you must withhold at the rate of zero allowances if no SC W-4 is provided.

**SC State Unemployment Insurance**

In general, workers are covered by the unemployment law of the state in which the work is performed. Employers may register for a SC unemployment insurance account, file unemployment insurance wage reports, and pay unemployment insurance taxes via SUITS, SC’s online system: <https://www.dew.sc.gov/employers/suits>.

State governmental agencies are liable for South Carolina UI tax contributions; however they are required to be reimbursable employers. A reimbursable employer is required to pay back the UI fund on a dollar-for-dollar basis for all benefits paid to former employees.

The South Carolina Code of Law states that reimbursable employers can choose to pay the department using one of two methods.

* Option One: At the end of each calendar quarter, the department will bill reimbursable employers for the amount due.
* Option Two: The organization may pay two percent of its quarterly taxable payroll to the department within 30 days after the end of each quarter.

Employers must file a quarterly wage report each quarter. Due dates are as follows:

QUARTER DUE BY

January - March April 30

April - June July 31

July - September October 31

October - December January 31

For questions about whether specific types of payments are considered wages, you can log into your SUITS portal to communicate with a DEW representative.

South Carolina has adopted the Interstate Reciprocal Coverage Arrangement for unemployment insurance. Under this arrangement, if an employee works in more than one state, an employer may elect to cover all the services of such a worker in any state in which: (1) any part of the worker's service is performed, (2) the worker has his or her residence, or (3) the employer maintains a place of business. The agreement should be initiated through the state where the employer wants to report the payroll. A Washington employer may request to elect reciprocal coverage with another state by following the filing process outlined by Washington Administrative Code 192-300-150: <https://app.leg.wa.gov/wac/default.aspx?cite=192-300-150>.

**SC State Workers’ Compensation**

As a general rule, businesses that regularly employ four or more employees within South Carolina are required to maintain workers' compensation coverage. Part-time workers and family members are counted as employees.

Washington State Department of Enterprise Services (DES) administers a Workers' Compensation Insurance program for state workers. If your employee works outside of

Washington in a single other state for more than 30 days (240 hours) per year, **your agency must work with DES** to insure your out-of-state employee. For more information, contact Kimberly Haggard kimberly.haggard@des.wa.gov at DES Risk Management.

**SC State Paid Family / Medical Leave**

South Carolina does not have a paid family and medical leave program as of 03/20/2024.

**Helpful resources for South Carolina**

SC Withholding FAQs at <https://dor.sc.gov/tax/withholding/faq>

Withholding payment mailing address:

​South Carolina Department of Revenue

Withholding

PO Box 100161

Columbia, SC 29202

MyDORWAY help resource at [https://dor.sc.gov/mydorway](https://dor.sc.gov/mydorway%20)

* Clickable links for FAQs, helpful tips, and step-by-step instructions
* Video tutorials
* Access to Dorwin, SCDOR’s 24/7 virtual assistant

SC Dept of Employment and Workforce (Unemployment Tax) Employer Information website: <https://dew.sc.gov/employers/unemployment-tax-information>

Unemployment Insurance paper quarterly reports and payment mailing address:

S.C. Department of Employment and Workforce

Contribution Section

P.O. Box 7103

Columbia, SC 29202

SC Workers’ Compensation Commission Employers website: <https://www.wcc.sc.gov/employers>