





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South Carolina extends COVID-19 nexus and income tax withholding relief for remote workers

The South Carolina Department of Revenue announced in a proposed [draft ruling](#) that the temporary relief from the assertion of nexus and income tax withholding relief for employees working from home temporarily within and outside of the state due to COVID-19 will expire effective June 30, 2022.

This temporary relief was first effective March 13, 2020 under [SC Information Letter #20-11](#) and was extended several times, the last extension effective through March 31, 2022 under [SC Information Letter #21-31](#).

Temporary COVID-19 relief for Income tax withholding

Under the normal circumstances, South Carolina employers located in the state are required to withhold income tax from the wages of residents and nonresidents working within the state. If South Carolina residents work outside of the state, those wages are not subject to South Carolina income tax withholding if the state where those wages are earned is subject to income tax withholding. ([SC Code Section 12-8-520](#).)

Pursuant to the COVID-19 emergency, and from the period March 13, 2020 through June 30, 2022, the Department will not use the temporary change of an employee's work location due to COVID-19 to impose the income tax withholding requirement under SC Code Section 12-8-520; however, this relief does not apply to workers whose status changed from temporary to permanent assignment during this period.

During the COVID-19 relief period, a South Carolina employer's income tax withholding requirement is 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 employees temporarily working remotely in another state instead of their South Carolina business location continue to be subject to South Carolina withholding.

Further, during the COVID-19 relief period, an out-of-state employer is not subject to South Carolina's income tax withholding requirement solely due to a shift from 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.

Temporary COVID-19 nexus relief

The Department will not use changes 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 to June 30, 2022) solely as a basis for establishing nexus (including for Public Law 86-272 purposes) or for altering apportionment of income.

Contact us for more information

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