

# Withholding Requirements for Remote Workers

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## South Carolina Department of Revenue Announces Extension of Relief Regarding Nexus and Income Tax Withholding Requirements for Remote Workers

Due to the rise in remote work caused by the pandemic, the State has provided further guidance with respect to employer withholding requirements for South Carolina employees who are working remotely due to COVID-19, extending temporarily relief on certain nexus and withholding requirements through December 31, 2021.

### General Rule: South Carolina Withholding Requirements

[South Carolina Code Section 12-8-520](#) requires South Carolina businesses to withhold income tax on the wages of both residents and nonresidents who work within the state. South Carolina residents who work outside the state 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.

### Relief for Businesses with Remote Workers

On May 15, 2020, the Department issued [SC Information Letter #20-11](#) announcing that South Carolina will not use a temporary change of an employee's work location due to Covid-19 to impose a South Carolina withholding requirement. This letter originally provided for the relief period to run from March 13, 2020 through September 30, 2020.

On August 25, 2021, the Department issued [SC Information Letter #21-22](#), which further extended this temporary relief through December 31, 2021. This relief will not apply to workers who transition from temporarily to permanently working remotely.

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

A South Carolina business's withholding requirements will not change because its employees are working outside of the state, so long as the remote work is a result of the pandemic and temporary in nature. 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.

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

Generally, the wages of South Carolina residents who are working out of state are not subject to South Carolina withholding. If those South Carolina residents shift to teleworking from South Carolina due to the pandemic, the out-of-state business will not be subject to South Carolina's withholding requirement. Accordingly, the employees' wages will not be subject to South Carolina withholding if the employer is withholding income taxes on behalf of the other state.

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