**South Carolina General Assembly**

125th Session, 2023-2024

**A215, R240, S577**

**STATUS INFORMATION**

General Bill

Sponsors: Senator Alexander

Companion/Similar bill(s): 4046

Document Path: LC-0175DG23.docx

Introduced in the Senate on February 28, 2023

Introduced in the House on February 1, 2024

Last Amended on June 26, 2024

Currently residing in the Senate

Governor's Action: July 2, 2024, Signed

Summary: Income tax withholding

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 2/28/2023 Senate Introduced and read first time (Senate Journal‑page 5)

 2/28/2023 Senate Referred to Committee on **Finance** (Senate Journal‑page 5)

 1/24/2024 Senate Committee report: Favorable **Finance** (Senate Journal‑page 160)

 1/30/2024 Senate Read second time (Senate Journal‑page 12)

 1/30/2024 Senate Roll call Ayes-45 Nays-0 (Senate Journal‑page 12)

 1/31/2024 Senate Read third time and sent to House (Senate Journal‑page 12)

 2/1/2024 House Introduced and read first time (House Journal‑page 14)

 2/1/2024 House Referred to Committee on **Ways and Means** (House Journal‑page 14)

 4/25/2024 House Committee report: Favorable with amendment **Ways and Means** (House Journal‑page 20)

 5/2/2024 House Debate adjourned until Tues., 5-7-24 (House Journal‑page 20)

 5/7/2024 House Requests for debate-Rep(s). Hiott, B Newton, Carter, Guffey, Sessions, JE Johnson, Guest, Pace (House Journal‑page 104)

 5/7/2024 House Debate adjourned (House Journal‑page 199)

 5/8/2024 House Amended (House Journal‑page 234)

 5/8/2024 House Read second time (House Journal‑page 234)

 5/8/2024 House Roll call Yeas-105 Nays-0 (House Journal‑page 236)

 5/9/2024 House Read third time and returned to Senate with amendments (House Journal‑page 84)

 5/9/2024 Senate Non-concurrence in House amendment (Senate Journal‑page 20)

 5/9/2024 House House insists upon amendment and conference committee appointed Reps. Whitmire, Hayes, Willis (House Journal‑page 156)

 5/9/2024 Senate Conference committee appointed Peeler, Alexander, Setzler (Senate Journal‑page 21)

 6/26/2024 House Conference report received and adopted

 6/26/2024 House Roll call Yeas-105 Nays-0

 6/26/2024 Senate Conference report received and adopted (Senate Journal‑page 43)

 6/26/2024 Senate Roll call Ayes-42 Nays-0 (Senate Journal‑page 43)

 6/26/2024 Senate Ordered enrolled for ratification (Senate Journal‑page 47)

 6/27/2024 Ratified R 240

 7/2/2024 Signed By Governor

 7/17/2024 Effective date 07/02/24

 7/17/2024 Act No. 215

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**VERSIONS OF THIS BILL**

[02/28/2023](https://www.scstatehouse.gov/sess125_2023-2024/prever/577_20230228.docx)

[02/28/2023-A](https://www.scstatehouse.gov/sess125_2023-2024/prever/577_20230228a.docx)

[01/24/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/577_20240124.docx)

[04/25/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/577_20240425.docx)

[05/08/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/577_20240508.docx)

[06/26/2024](https://www.scstatehouse.gov/sess125_2023-2024/prever/577_20240626.docx)

(A215, R240, S577)

AN ACT TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 12‑8‑530, SECTION 12‑8‑540, SECTION 12‑8‑570, SECTION 12‑8‑580, AND SECTION 12‑8‑595, ALL RELATING TO THE WITHHOLDING OF INCOME TAXES, SO AS TO UPDATE A REFERENCE TO THE TOP MARGINAL INCOME TAX RATE; AND BY AMENDING SECTION 12‑2‑140, RELATING TO ACCESS TO FEDERAL TAX INFORMATION, SO AS TO REQUIRE CERTAIN INDIVIDUALS WITH SUCH ACCESS TO HAVE RECEIVED A BACKGROUND CHECK.

Be it enacted by the General Assembly of the State of South Carolina:

Conforming tax rates for withholding

SECTION 1. Section 12‑8‑530(A) of the S.C. Code is amended to read:

 (A) A person distributing prizes or winnings to a resident or nonresident of five hundred dollars or more shall withhold a percentage equal to the maximum individual tax rate of each distribution made to an individual, partnership, trust, or estate and five percent of each distribution made to a corporation or other entity.

**Conforming tax rates for withholding**

SECTION 2. Section 12‑8‑540(A) of the S.C. Code is amended to read:

 (A) A person making rent or royalty payments to a nonresident of twelve hundred dollars in any calendar year or more annually for the use or privilege of using property in this State shall withhold a percentage equal to the maximum individual tax rate of each payment to a nonresident individual, partnership, trust, or estate and five percent of each payment to a nonresident corporation or any other nonresident entity.

**Conforming tax rates for withholding**

SECTION 3. Section 12‑8‑570(A) of the S.C. Code is amended to read:

 (A) A trust or estate making a distribution of South Carolina taxable income to a nonresident beneficiary must withhold a percentage equal to the maximum individual tax rate of the beneficiary’s distribution which is attributable to South Carolina taxable income. The amounts withheld must be remitted to the department at the time estimated tax payments are due.

**Conforming tax rates for withholding**

SECTION 4. Section 12‑8‑580(A) of the S.C. Code is amended to read:

 (A)(1) A person who purchases real property, or real property and associated tangible personal property, from a nonresident seller shall withhold:

 (a) a percentage equal to the maximum individual tax rate of the gain recognized on the sale by a nonresident individual, partnership, trust, or estate and five percent for a nonresident corporation or other nonresident entity if the seller provides the buyer with an affidavit, described in subsection (E), stating the amount of gain;

 (b) a percentage equal to the maximum individual tax rate of the amount realized on the sale for a nonresident individual, partnership, trust, or estate and five percent by a nonresident corporation or any other nonresident entity if the seller does not provide the buyer with an affidavit described in subsection (E); or

 (c) the entire net proceeds payable to the nonresident seller, if the amount required to be withheld in subitem (1) or (2) exceeds the net proceeds payable to the seller.

 (2) If a seller finances all or part of the transaction, in lieu of remitting the tax due on each installment payment, the seller may give the buyer an affidavit stating that, for state income tax purposes, he will elect out of installment sales treatment, as defined by Section 453 of the Internal Revenue Code, and remit the entire amount of tax to be due over the period of the installment agreement.

**Conforming tax rates for withholding**

SECTION 5. Section 12‑8‑595(A) of the S.C. Code is amended to read:

 (A) A withholding agent, as defined in Section 12‑8‑10, shall withhold state income tax at the same rate as the maximum individual income tax rate of the amount of compensation paid to an individual, which compensation is reported on Form 1099 and with respect to which the individual has:

 (1) failed to provide a taxpayer identification number or social security number;

 (2) failed to provide a correct taxpayer identification number or social security number; or

 (3) provided an Internal Revenue Service issued taxpayer identification number issued for nonresident aliens.

Access to tax information

SECTION 6. Section 12‑2‑140(A) and (B) of the S.C. Code is amended to read:

 (A) Each state agency and each political subdivision of the State, is authorized, as necessary to comply with Internal Revenue Service Publication 1075, including amendments thereto and publications replacing Publication 1075, to obtain state and national criminal history background checks and investigations performed by the State Law Enforcement Division and the Federal Bureau of Investigation on all applicants, prospective employees, employees, subcontractors, and contractors with access to federal tax information. The State Law Enforcement Division is authorized to conduct fingerprint‑based state and national background checks for state agencies, state institutions, and political subdivisions of the State which have access to federal tax information in order to comply with Publication 1075.

 (B) An applicant, prospective employee, employee, subcontractor, or contractor of a state agency or a political subdivision of the State with access to or that uses federal tax information must:

 (1) agree to a national background check and the release of all investigative records to the applicable state agency or political subdivision for the purpose of verifying criminal history information for noncriminal justice purposes; and

 (2) supply a fingerprint sample and submit to a state criminal history background check and investigation to be conducted by the State Law Enforcement Division, and then submit to a national criminal history background check to be conducted by the Federal Bureau of Investigation.

Time effective

SECTION 7. This act takes effect upon approval by the Governor.

Ratified the 27th day of June, 2024.

Approved the 2nd day of July, 2024.

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