



STATE OF SOUTH CAROLINA
DEPARTMENT OF REVENUE

300A Outlet Pointe Blvd., Columbia, South Carolina 29210
P.O. Box 125, Columbia, South Carolina 29214

August 15, 2019

American Payroll Association
National Payroll Reporting Consortium
1601 18th Street MW
Washington, DC 20009

Re: State Use of the Internal Revenue Service's Form W-4 for Withholding Elections

Dear Pete Isberg, Bruce Phipps and Alice P. Jacobsohn

The South Carolina Department of Revenue (SCDOR) understands the impact of the Tax Cuts and Jobs Act (TCJA) on software providers, third-party payroll providers, employers, and state taxing agencies. Additionally, SCDOR understands that an expedited resolution is needed to assist all stakeholders that require our "solution" to be incorporated into their processes.

SCDOR has been continually monitoring news related to the TCJA and the possible implementation for tax year 2020 of the proposed restructured W-4. On August 8, 2019 the Internal Revenue Service issued the "second early release" draft of the 2020 W-4 and indicated there would be no further substantive changes. This draft also removes withholding allowances, which have been a necessary component in calculating our state's income tax withholdings.

In anticipation of the new W4 being implemented for tax year 2020, we have been pursuing both options mentioned in your correspondence. Currently, we are reviewing the benefits and risks of making adjustments to our tax tables so they can accommodate the data inputs from the new form W-4. We are also considering the possibility of creating a South Carolina W-4. We appreciate the sharing of meaningful feedback you offered in your correspondence. We will ensure that our solution will be provided to all stakeholders as soon as possible. Our solution will be posted on our website at dor.sc.gov, and sent to all parties that subscribe to receive updates for "Withholding Tax News" and "Withholding Tax Tables Annual Update Reminders".

Once again, we understand the need for a timely response on how the SCDOR is going to incorporate the adjustments to the proposed new W4 into our income tax withholding process, and resolving this issue is of the highest importance to our agency.

Sincerely,

South Carolina Department of Revenue
Brian Vrana
Withholding Tax Supervisor

803-896-1186

Brian.Vrana@dor.sc.gov

Jonte Colclough

Business Tax Manager

803-898-2090

Jonte.Colclough@dor.sc.gov