

Starting to do Business in South Carolina

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This document offers guidance on starting new business or doing business for the first time in South Carolina. This is a general reference only and does not cover situations that may be applicable in all circumstances.

Step 1 -- Decide what business structure is best for your new business

When starting a business, you must decide what legal form of business to establish. Your business’s legal entity determines, in part, which income tax return form you have to file. The most common forms of business are the sole proprietorship (individual), partnership, and corporation. A Limited Liability Company (LLC) is a relatively new business structure allowed by South Carolina statute. Legal, tax, and liability considerations enter into selecting a business structure.

Owners of an LLC are called members. South Carolina does not restrict ownership, and so members may include individuals, corporations, other LLCs and foreign entities. There is no maximum number of members. South Carolina permits “single-member” LLCs, i.e., businesses having only one owner, as well as multi-member LLCs.

It is possible that a business might be taxed differently than the legal form of the business would imply. For example, LLC’s may be taxed as a corporation. A corporation or LLC may be taxed as an S-Corp. You may need the assistance of an accountant and/or attorney to determine the best business structure for your business and the best tax choice.

For domestic Corporations, an attorney licensed to practice in the state of South Carolina is needed to certify that the Articles of Incorporation complies with South Carolina Code of Laws.

Links to additional information is provided below:

["Starting a business"](#) information can be found on the Small Business Administration's website.

["Small Business / Self-Employed - Business Structure"](#) website by the Internal Revenue Service.

SCBOS does not offer advice but here are some links that describe some the differences between LLC, S-Corp and C-Corp. SCBOS does not endorse any publications. You may want to consult an attorney and/or accountant for a customized assessment.

- [LLC vs. S-Corp](#)
- [Business Structures 101](#)
- [Sole Proprietorship vs. C Corporation vs. S Corporation vs. LLC Comparison Table](#)

The Small Business Development Centers of South Carolina (SBDC) have put together [Business Start-Up Information](#). You can also get valuable information from the SBDC [Legal Structures PDF](#).

Note: If the business is foreign, i.e., a business that is already incorporated in another state or country, this step is not applicable. If the business is not foreign, it is considered to be a domestic business and you must decide on a business structure.

Step 2 – If applicable, register your business with the South Carolina Secretary of State

Corporations, Professional Corporations, Statutory Close Corporations, Non-Profit Corporations, Limited Liability Companies, Limited Liability Partnerships, and Limited Partnerships that are domestic businesses or foreign businesses that have physical presence in South Carolina must register with the Secretary of State. As a result of registering the business with the Secretary of State, you receive Articles and a Certificate that can be used as evidence that the business is registered in South Carolina. It is important that you register the business with the Secretary of State before you go to the next step because you will then have assurance that the business name is available for you to use when you register with the IRS and other South Carolina State, County and Municipal organizations.

Go to www.scbos.sc.gov and click on Secretary of State (SOS) then Entity Registration.

Step 3 – If applicable, obtain an Employer Identification Number (EIN)

The EIN, often referred to as a Federal EIN (FEIN), is obtained from the Internal Revenue Service using the SS-4 application. The IRS requires the business to have an FEIN if you already have employees, are

going to hire employees, have selected either a corporation or partnership (including LLC multimember) as the entity type or have elected to be taxed as a corporation or S-Corp.

Most government organizations require the business to be identified by an FEIN or if the business is a Sole Proprietorship or LLC (single member), the business may be identified by the Social Security Number (SSN).

Note: If the business is a foreign business, this step is not applicable since the requirements for obtaining an FEIN have already been met.

Go to www.irs.gov and enter into the search box EIN.

Step 4 – If applicable, register with the South Carolina Dept. of Revenue

If the business needs a Retail Sales Tax License, Accommodation Tax License, Use Tax, Withholding registration, Business Personal Property Tax registration, Alcohol Beverage Licenses, Corporate tax registration or needs other licenses/registrations available from DOR, it is mandatory that the business register with the South Carolina Dept. of Revenue (SCDOR). For more information about what these licenses and taxes are, go to www.dor.sc.gov.

Sole Proprietorships that are strictly service companies, such as tax accountants, cleaning, or landscaping services, may not have to register their business with SCDOR.

Note: Businesses transacting or conducting business within South Carolina are required to pay State income taxes.

Go to SCDOR at dor.sc.gov and click on Register My Business (with the Dept. of Revenue) under the Business menu.

Step 5 – If applicable, obtain local business licenses and collect/remit local taxes.

Licenses

There is no State business license which covers the entire state. Nearly all cities and towns in the state require business licenses, and eight counties in SC require business licenses, including those shown below. Home-based or online businesses are also required to have business licenses.

- Beaufort County
- Charleston County
- Dorchester County
- Horry County
- Jasper County
- Marion County
- Sumter County
- Richland County

The business will need a business licenses in all the municipalities where business is physically located and conducted. For example, if a business is physically located in the City of Columbia and does business in the Town of Irmo, business licenses will be needed from both Columbia and Irmo.

For counties, if the business is physically located in or conducts business in the unincorporated (non-city limit) area of a county, the business will need a County business license if that county requires a business license. For example, if the business has a food truck or is a contractor based in the unincorporated area of Richland County (which requires a business license) and conducts business in the City of Columbia, the business would need a Richland County business license and a City of Columbia business license.

Note: If a foreign business does not have physical presence or “substantial nexus”, the business may not need business licenses.

Taxes

There are different types of local taxes that may need to be collected by your business from customers and remitted to the city or county that the business is located in. These include:

- Hospitality Taxes: these are taxes on the sale of prepared or modified foods or beverages, such as with restaurants, bars, grocery store delis, gas stations with hot dogs or Slushie machines, schools, etc.
- Local Accommodations Taxes: these are taxes on the sale of accommodations, such as with beach houses, hotels, motels, and campgrounds

There may be other local requirements that apply to businesses as well. Be sure to check with the city or county in which the business is physically located before starting to do business.

Go to www.masc.sc/pages/municipalities/directory/default.aspx/ and enter the name of the municipality

Go to www.sccounties.org/county-government-sites and enter the name of the county

Step 6 – If the business has employees working in South Carolina, four different actions are required

1. Obtain a Withholding number from the South Carolina Department of Revenue (SCDOR)
2. Obtain an Unemployment Insurance(SUI) number from the South Carolina Department of Employment and Workforce (SCDEW)
3. Verify employees’ work authorization through the E-Verify federal work authorization program administered by the U.S. Department of Homeland Security through Citizenship and Immigration Services (CIS). Complete and maintain the federal employment eligibility verification form, more commonly known as the Form I-9 for each employee
4. Report all new hires to the Dept. Department of Social Services (DSS)

For Withholding, go to SCDOR at dor.sc.gov

For Unemployment, go to SCBOS at www.scbos.sc.gov

For verifying an employee's work authorization, go to CIS at www.uscis.gov/e-verify

For registering new hires, go to DSS at newhire.sc.gov

Step 7 – Other considerations

[Municipalities](#) and [Counties](#)

- Zoning requirements (municipality and county)
- Fire Marshal requirements (municipality and county)
- Business personal property tax (county)

Contact [SC Dept. of Consumer Affairs](#)

- Credit Sales
- Consumer Loans
- Extending credit over 18% (Max Rate)
- Motor vehicle closing fee
- Mortgage brokers
- Others

Contact [South Carolina Dept. of Health and Environmental Control \(DHEC\)](#)

- Land-disturbing activities
- Air-disturbing activities
- Disposal of toxic waste
- Sediment, erosion and storm water management
- Retail Food Establishment
- Asbestos
- Others

Contact [South Carolina Labor/Licensing/Registration \(SCLLR\)](#)

- Professional licenses, e.g., contractor licenses -- fifty-eight different boards
- Occupational Safety and Health Administration (OSHA)

Contact [South Carolina Dept. of Revenue](#)

- Accommodations
- Use tax
- Admissions
- Motor fuel
- Motor Carrier Property Tax
- Coin operated machine licenses
- Others

Contact [South Carolina Education Lottery](#)

- Lottery ticket sales

Contact [South Carolina Department of Insurance](#)

- Insurance companies, agents, brokers, adjusters, and appraisers

Common Ongoing Business Filing/Payment Obligations

Requirements	Recurring Obligations	Link to Website
State Income Tax – Dept. of Revenue	Yearly with likelihood of quarterly payments	--
Sales/Accommodations/Use Tax – Dept. of Revenue	Usually monthly	MyDORWAY
Business Personal Property Tax – South Carolina Business One Stop	Yearly	MyDORWAY
Withholding – Dept. of Revenue	Usually quarterly	MyDORWAY
Submission of W2s – South Carolina Business One Stop	Yearly	South Carolina Business One Stop
Unemployment Insurance Wage and Contribution Reports – South Carolina Business One Stop	Quarterly	South Carolina Business One Stop
New hires – Dept. of Social Services	As they occur	South Carolina Dept. of Social Services
New hires – Citizen and Immigration Services	As they occur	Citizen and Immigration Services
Local Business license - Municipalities	Yearly renewal	Municipalities
Local Business License - Counties	Yearly renewal	Counties

Business Resources

SCBOS has a good list of helpful [resources](#).