

TAX BASICS

South Dakota does not have a corporate, unitary, or personal income tax. However, businesses may be subject to one or more of the following taxes:

The Department of Revenue administers these taxes. The following sections are basic descriptions of each tax and information on how to report the tax. This is general information only.

For explanations on specific laws and how they apply to your business, refer to South Dakota laws, administrative rules, and publications on our website at <http://dor.sd.gov> or call 1-800-829-9188.

Sales Tax.....	4.5%
Use Tax.....	4.5%
Contractor's Excise Tax.....	2%
Amusement Machine Receipts.....	4.5%
Farm Machinery and Irrigation Equipment.....	4.5%
Municipal Sales and Use Tax	1-2%
Municipal Gross Receipts Tax	1%
Tourism Tax	1.5%
Motor Vehicle Gross Receipts Tax	4.5%
Wireless Gross Receipts Tax	4%
Sioux Falls Lodging Tax	1%
911 Emergency Surcharge	\$1.25 per user line per month
911 Prepaid Wireless Emergency Surcharge.....	2%

SALES TAX

The sales tax applies to the gross receipts of all retail sales, including the sale, lease, or rental of tangible personal property or any product transferred electronically, and the sale of services.

The state sales tax rate is 4.5%.

A business must report and pay sales tax on its gross receipts from the sale of a product or service unless:

A. They receive an exemption certificate from the buyer stating:

- a. the purchase is intended for resale;
- b. the purchase is intended for an exempt use; or
- c. the sale is to an exempt agency, such as South Dakota state or local governments;

B. The product or service is specifically exempt by law; or

C. The service is a construction service taxed in chapter 10-46A or 10-46B. See the Contractor's Excise Tax Guide for information on tax on construction services.

South Dakota law allows the seller to add the tax to the price of the product or service. However, the seller is liable for the sales tax due, whether or not it is collected.

Determine the location of the sale

Sales tax applies where the customer receives the product or service.

1. Products picked up at the seller's location are subject to sales tax at that location.
2. Products delivered are subject to sales tax where delivered. Delivery may be by the seller or by a transportation company

hired by the customer.

3. If the product is delivered, but the delivery address is unknown, sales tax applies based on the customer's address.

4. For products transferred electronically, if there is no delivery or customer address on file, sales tax applies based on where the product is first available for transmission by the seller.

Sales delivered to a location outside South Dakota are not subject to South Dakota sales tax, but may be subject to that state's tax.

Sales to non-residents are taxable if possession is taken in South Dakota.

- Personal care services are taxed at the location the service is performed, which is the same location where the purchaser receives the service. This includes any service performed on the physical human body, such as haircuts or massages.

- Services performed on products are taxed at the location the product is delivered to the customer. This includes services such as repair services.

- Lease or rental of products is taxed where the customer receives the product. However, if the product is moved to another location, sales tax on future payments applies at that location.