

taxation

South Dakota Department of Revenue & Regulation

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JULY - DECEMBER 2009
MUNICIPAL TAX RATE CHART

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with your tax license number to:
webman@state.sd.us

New Municipal Tax Changes Effective

Beginning July 1, 2009, the new state and local level municipal tax rates are as follows:

- **Big Stone City** is increasing its general sales and use tax rate from 1% to 2%.
- **Bonesteel** is increasing its general sales and use tax rate from 1% to 2%.
- **Eagle Butte** is imposing a 2% general sales and use tax rate.
- **Eagle Butte** is imposing a 1% municipal gross receipts tax on admissions, eating establishments, and lodging accommodations.
- **Elk Point** is imposing a 1% municipal gross receipts tax on admissions, alcoholic beverages, eating establishments, and lodging accommodations.
- **Estelline** is increasing its general sales and use tax rate from 1% to 2%.
- **Mission** is increasing its general sales and use tax rate from 1.75% to 2%.
- **Mobridge** is renewing its 1% municipal gross receipts tax on alcoholic beverages, eating establishments, and lodging accommodations until June 30, 2014.

The complete updated July 2009 Municipal Sales Tax Rate Chart can be found on page 5 of this publication. The South Dakota Department of Revenue and Regulation has Municipal Tax Information Bulletins available listing all municipal sales and use tax rates statewide as well as information on tribal sales, use and excise taxes. Updated bulletins are free of charge and available by contacting the Department of Revenue and Regulation at 1-800-TAX-9188 (1-800-829-9188) or download a copy from the Department's website at www.state.sd.us/drr.

Online Renewal System Expands Services for South Dakota Vehicle Owners

An on-line system that allows South Dakota vehicle owners to renew their vehicle registration any time of the day or night from their personal computer has expanded to include the electronic issuance of seller's permits.

Under the state's license plate with owner system, individuals selling vehicles through private sales are required to obtain a seller's permit prior to the vehicle being sold. The seller's permit, which is free, allows the buyer to drive the vehicle in the interval between purchase and registration for a period of 30 days or upon registration, whichever comes first.

According to Deb Hillmer, Director of the state Division of Motor Vehicles, only one permit per vehicle is allowed to be issued on-line; additional permits

CONTINUED...

must be obtained from your county treasurer's office. On-line reprints are available on the day of issue with a maximum of 10 permits allowed per on-line visit.

The on-line renewal system can be accessed at www.SDcars.org and is available from 90 days up to 10 days prior to the vehicle's registration expiration date; on-line renewals are not accepted less than 10 days prior to the registration expiration date to allow time for processing. To renew on-line, individuals enter an identification number along with their date of birth. In the case of a company, a sealed renewal form has been mailed to the company containing instructions and a password to be used in the on-line renewal process.

Because the transaction is completed electronically, a \$1.00 convenience fee is assessed per vehicle, in addition to the registration and mailing fees. Acceptable forms of payment include electronic check, credit cards (MasterCard or Discover only), or ATM/debit cards supported by Pulse, Star, and NYCE.

Only vehicle renewals that are within the 90-day renewal period can be completed on-line; boat and certain snowmobile renewals are not available at this time but will be added in the future along with other enhancements. Address changes must also be made through your county treasurer's office prior to on-line renewal.

For more information on vehicle registration renewals and seller's permits, contact the South Dakota Division of Motor Vehicles at 605.773.3541 or log on to www.state.sd.us/drr2/motorvehicle.

State Tourism Tax Increased July 1

People enjoying South Dakota's many special events, and marveling over the state's prehistoric and historic heritage are helping to support two organizations promoting them with the recent increase in South Dakota's tourism tax.

Effective July 1, the tourism tax rate increased from 1% to 1.5%, under a law passed by the 2009 South Dakota Legislature. The new rate, which amounts to an extra \$.50 per \$100, will remain in effect until June 30, 2011. The tax increase is expected to raise about \$2.6 million in additional revenue annually, a portion of which will go to fund the South Dakota Arts Council and the state's Archaeological Research Center.

First enacted in 1995, the tourism tax applies year-round to the gross receipts of hotels and lodging establishments; campgrounds; motor vehicle and recreational equipment rentals;

recreational services; spectator events; and visitor attractions.

The tax also applies to the gross receipts of visitor-intensive businesses during the months of June, July, August, and September. State law defines visitor-intensive businesses as "any antique shop, book store, candy store, flea market, gift shop, indigenous arts and crafts shop, jewelry, lapidary shop, leather goods shop, marina, novelty shop, pottery shop, rock shop, souvenir shop, and tee shirt shop" if 50% or more of the business' annual total receipts come from the sale of tangible personal property or any product transferred electronically during the months of June through September.

For more information on South Dakota's tourism tax, visit the Department of Revenue & Regulation's website at www.state.sd.us/drr or call their toll-free helpline at 800-829-9188.

Qualified Utilities

Effective June 1, 2009, municipalities will be able to use a 50 percent primary purpose test to determine whether a mixed realty improvement contract will be subject to the Contractor's Excise Tax of SDCL 10-46A or the Alternative Contractor's Excise Tax of SDCL 10-46B.

Mixed realty improvement contracts are contracts with municipalities that by the project's nature require both work subject to the contractor's excise tax of SDCL 10-46A (like street resurfacing, road construction and erecting buildings) and work that if done as a separate project would be subject to the alternative contractor's excise tax of SDCL 10-46B (like laying water pipes for the municipal water utility, replacing municipal sewer mains, and placing municipal utility electricity lines and poles).

Project costs utilizing an engineer's estimate will be the determinative factor for the 50 percent primary purpose test. For more information check out our publication on Qualified Utilities.

BUSINESS EDUCATION PROGRAM

Come join our Business Education Program at one of the workshops or seminars in your area. For the most current list of seminars or to register, visit our website at www.state.sd.us/drr2/businessstax/seminar/seminar.htm.

Basic Tax Seminars

Basic Contractors' Excise Tax meetings cover topics including how to apply for a CET license, projects for qualifying utilities and governmental agencies, sales and use tax, prime and subcontractors, reservation projects, owner-furnished materials and how to file tax returns electronically using SDQUEST.

Basic Sales Tax meetings cover topics including how and when to apply for a tax license, exemptions from sales and use tax, exempt entities, use tax, municipal taxes, purchases for resale, and how to file tax returns electronically with SDQUEST.

South Dakota

June 18, 2009

Sales Tax: 9:00am – 11:30am

Contractors' Excise Tax: 1:30pm – 4:00pm

300 S Sycamore St, Suite 102

Sioux Falls, SD

South Dakota

August 4, 2009

Sales Tax: 9:00am – 11:30am

Contractors' Excise Tax: 1:30pm – 4:00pm

300 S. Sycamore, Suite 102

Sioux Falls, SD

Small Business Workshops

Information regarding the Department of Revenue & Regulation, Department of Labor, and the Small Business Administration will be covered. Seminars run from 8:00am - 4:00pm.

June 10, 2009

Avera Queen of Peace Hospital
525 North Foster (Community Room)

Mitchell, SD

June 24, 2009

Technical Education Center
Community Room

Yankton, SD

July 22, 2009

SD Department of Labor
Upstairs East Conference Room
420 South Roosevelt Street

Aberdeen, SD

September 9, 2009

Brookings Library
515 3rd Street

Brookings, SD

September 23, 2009

Holiday Inn Express
East Hi-Way 44

Winner, SD

October 14, 2009

Western Dakota Technical Institute
800 Mickelson Dr

Rapid City, SD

Phone Lines for Internet Access

Effective 7/1/2008, telecommunication services purchased by an internet service provider for providing internet services are no longer subject to sales tax. The internet service provider is still responsible for sales tax on the full charge for providing internet services to their customers.

Please contact the Department if you have questions concerning this.

Gift Certificates

The sale of a gift certificate is not subject to sales tax at the time of purchase. When the gift certificate is redeemed for services or goods it is subject to sales tax. The sale of a gift certificate is included in gross receipts and then taken as a deduction under nontaxable sales.

When the certificate is redeemed for products or services, the sale amount of the products or services is included in line 1 of the sales tax return.

Tax Filing Deadlines

July

July 20

Paper returns & payments due for monthly filers.

July 23

SD QUEST returns due.

July 30

SD QUEST electronic payments due.

July 31

Paper returns & payments due for bi-monthly filers.

August

August 20

Paper returns & payments due for monthly filers.

August 23

SD QUEST returns due.

August 28

SD QUEST electronic payments due.

September

September 21

Paper returns & payments due for monthly filers.

September 23

SD QUEST returns due.

September 29

SD QUEST electronic payments due.

September 29

Paper returns and payments due for bi-monthly filers.

Do you Barter?

Bartering is the trading of one product or service for another. Usually there is no exchange of cash. Barter may take place on an informal one-on-one basis between individuals and businesses. A barter exchange is a third party business offering services to facilitate the barter transaction.

Examples: A plumber does \$250 in repair work for an accountant in exchange for bookkeeping services valued at \$200. The fair market value of the goods and services exchanged must be reported as follows:

The bookkeeper will report \$200 on line one of the sales tax return as gross receipts, plus applicable municipal tax in the municipal tax section. The plumber will report \$250 as gross receipts on line one of the contractors' excise tax return.

A contractor paints a home for a homeowner in exchange for a used freezer. The \$500 fair market value of the used freezer is gross receipts for the contractor. The contractor will include \$500 on line one of the return as gross receipts. The contractor will also owe use tax on the value of the paint if tax was not paid at the time the paint was purchased. The homeowner does not owe tax as the homeowner is not in the business of selling items at retail.

A computer service company barter computer repair services valued at \$100 in exchange for janitorial services valued at \$100. Both the computer service company and the cleaning company must report \$100 on line one of the sales tax return as gross sales. In addition, if municipal tax is applicable the transaction must be listed in the municipal section of the return.

Here are a few things you should know about bartering:

- **Barter Income:** If you conduct any direct barter - barter for another's products or services - you must report the fair market value of the products or services you received on your tax return. For sales taxable transactions, the received barter is income received and must be included in the figure reported in gross receipts on the sales tax return.

In situations involving contractors' excise taxable services, the contractor will report the barter amount received as gross receipts on line one of the contractors' excise tax return subject to 2% contractors' excise tax. The contractor will also owe 4% state and applicable municipal tax on the value of the materials if sales tax was not paid at the time of purchase or if a lesser rate was paid at the time of purchase.

- **Barter Exchange:** A barter exchange functions primarily as the organizer of a marketplace where members buy and sell products and services among themselves. A Barter exchange business located in South Dakota, whether this activity operates out of a physical office or is internet based, is required to have a South Dakota sales tax license. Taxable receipts include charges for set-up costs, software fees, broker commissions, newsletters, directories, transaction forms, other materials, and maintenance fee, etc.

The cash transaction fee, or a percentage charged to the buyer/seller for each trade transaction, is also a taxable transaction. In addition, the barter exchange business will owe use tax on the value of software or other tangible personal property purchased if no tax was charged by the vendor at the time of purchase.

The value of the barter is taxable in the month the bartered item or service is received or performed.

EFFECTIVE JULY - DECEMBER 2009 MUNICIPAL SALES TAX RATE CHART

City	Code	Rate	City	Code	Rate	City	Code	Rate	City	Code	Rate
Aberdeen*	001-2	2.00	Eagle Butte*	102-2	2.00	Lead*	204-2	2.00	South Shore*	333-2	1.00
Aberdeen	001-1	1.00	Eagle Butte	102-1	1.00	Lead	204-1	1.00	Spearfish*	334-2	2.00
Akaska*	004-2	2.00	Eden*	103-2	1.00	Lemmon*	206-2	2.00	Spearfish	334-1	1.00
Alcester*	006-2	2.00	Edgemont*	104-2	2.00	Lennox*	207-2	2.00	Spencer*	335-2	2.00
Alexandria*	007-2	2.00	Edgemont	104-1	1.00	Leola*	208-2	2.00	Springfield*	336-2	2.00
Alpena*	009-2	1.00	Egan*	105-2	2.00	Lesterville	209-2	1.00	Stickney*	337-2	2.00
Andover*	011-2	2.00	Elk Point*	106-2	2.00	Letcher*	210-2	2.00	Stratford*	340-2	1.00
Arlington*	013-2	2.00	Elk Point	106-1	1.00	Letcher	210-1	1.00	Sturgis*	341-2	2.00
Armour*	014-2	2.00	Elkton*	107-2	2.00	Madison*	221-2	2.00	Sturgis	341-1	1.00
Artesian*	015-2	2.00	Emery*	110-2	2.00	Madison	221-1	1.00	Summerset*	425-2	2.00
Ashton*	016-2	1.00	Estelline*	113-2	2.00	Marion*	226-2	2.00	Summerset	425-1	1.00
Astoria*	017-2	1.00	Ethan*	114-2	2.00	Martin*	227-2	2.00	Summit*	342-2	2.00
Aurora*	019-2	1.00	Eureka*	115-2	2.00	Martin	227-1	1.00	Tabor*	343-2	2.00
Avon*	020-2	2.00	Faith*	119-2	2.00	McCook Lake*	Report Under		Tea*	344-2	2.00
Baltic*	022-2	2.00	Faith	119-1	1.00		North Sioux City		Tea	344-1	1.00
Baltic	022-1	1.00	Faulkton*	121-2	2.00	McIntosh*	219-2	2.00	Timber Lake*	345-2	2.00
Belle Fourche*	027-2	2.00	Flandreau*	125-2	2.00	McLaughlin*	220-2	1.00	Toronto*	347-2	1.00
Belle Fourche	027-1	1.00	Flandreau	125-1	1.00	Menno*	233-2	2.00	Trent*	349-2	1.00
Belvidere*	028-2	2.00	Florence*	126-2	2.00	Midland*	234-2	2.00	Tripp*	350-2	2.00
Beresford*	029-2	2.00	Fort Pierre*	129-2	2.00	Milbank*	235-2	2.00	Tulare*	351-2	1.00
Beresford	029-1	1.00	Fort Pierre	129-1	1.00	Milbank	235-1	1.00	Tyndall*	355-2	2.00
Big Stone City*	031-2	2.00	Frederick*	132-2	1.00	Miller*	237-2	2.00	Valley Springs*	359-2	2.00
Bison*	032-2	2.00	Freeman*	133-2	2.00	Mission*	239-2	2.00	Veblen*	360-2	1.00
Blunt*	034-2	1.00	Garretson*	138-2	2.00	Mitchell*	242-2	2.00	Vermillion*	362-2	2.00
Blunt	034-1	1.00	Garretson	138-1	1.00	Mitchell	242-1	1.00	Vermillion	362-1	1.00
Bonesteel*	035-2	2.00	Gary*	139-2	1.00	Mobridge*	243-2	2.00	Viborg*	363-2	2.00
Bowdle*	036-2	2.00	Gayville*	140-2	2.00	Mobridge	243-1	1.00	Viborg	363-1	1.00
Box Elder*	037-2	2.00	Geddes*	141-2	2.00	Monroe*	244-2	1.00	Volga*	367-2	1.00
Box Elder	037-1	1.00	Gettysburg*	142-2	2.00	Montrose*	245-2	2.00	Volin*	368-2	1.00
Brandon*	039-2	2.00	Gettysburg	142-1	1.00	Morrison*	246-2	1.00	Wagner*	369-2	2.00
Brandon	039-1	1.00	Glenham*	145-2	2.00	Mound City*	247-2	2.00	Wakonda*	370-2	1.00
Brandt*	040-2	2.00	Gregory*	147-2	2.00	Mount Vernon*	248-2	2.00	Wall*	372-2	2.00
Bridgewater*	042-2	2.00	Gregory	147-1	1.00	Mount Vernon	248-1	1.00	Wall	372-1	1.00
Bristol*	043-2	2.00	Grenville*	148-2	2.00	Murdo*	250-2	2.00	Ward*	375-2	2.00
Britton*	044-2	2.00	Groton*	149-2	2.00	Murdo	250-1	1.00	Warner*	376-2	2.00
Britton	044-1	1.00	Groton	149-1	1.00	New Underwood*	254-2	2.00	Wasta*	377-2	1.00
Brookings*	045-2	2.00	Harrisburg*	151-2	2.00	Newell*	255-2	2.00	Watertown*	379-2	2.00
Brookings	045-1	1.00	Harrisburg	151-1	1.00	Nisland*	256-2	2.00	Watertown	379-1	1.00
Bryant*	047-2	2.00	Harold*	153-2	2.00	North Sioux City*	258-2	2.00	Waubay*	380-2	2.00
Buffalo*	048-2	1.00	Hartford*	154-2	2.00	North Sioux City	258-1	1.00	Webster*	382-2	2.00
Burke*	053-2	2.00	Hartford	154-1	1.00	Oacoma*	261-2	2.00	Webster	382-1	1.00
Canistota*	055-2	2.00	Hayti*	156-2	2.00	Oacoma	261-1	1.00	Wentworth*	383-2	2.00
Canistota	055-1	1.00	Hazel*	157-2	1.00	Olivet*	267-2	1.00	Wessington*	384-2	1.00
Canova*	056-2	1.95	Hecla*	158-2	1.00	Onida*	269-2	2.00	Wessington Springs*	385-2	2.00
Canton*	057-2	2.00	Henry*	159-2	1.00	Orient*	272-2	1.00	White*	388-2	2.00
Carthage*	061-2	2.00	Hermosa*	160-2	2.00	Parker*	276-2	2.00	White Lake*	389-2	2.00
Castlewood*	062-2	2.00	Herreid*	161-2	2.00	Parkston*	277-2	2.00	White Lake	389-1	1.00
Centerville*	065-2	2.00	Highmore*	164-2	2.00	Parkston	277-1	1.00	White River*	391-2	2.00
Centerville	065-1	1.00	Highmore	164-1	1.00	Philip*	280-2	2.00	Whitewood*	393-2	2.00
Central City*	066-2	2.00	Hill City*	165-2	2.00	Pickstown*	281-2	2.00	Whitewood	393-1	1.00
Chamberlain*	067-2	2.00	Hill City	165-1	1.00	Piedmont*	282-2	2.00	Willow Lake*	394-2	2.00
Chamberlain	067-1	1.00	Hitchcock*	166-2	1.00	Pierpont	283-2	2.00	Wilmot*	395-2	2.00
Chancellor*	068-2	2.00	Hosmer*	168-2	1.00	Pierre*	284-2	2.00	Winner*	397-2	2.00
Chancellor	068-1	1.00	Hot Springs*	169-2	2.00	Pierre	284-1	1.00	Winner	397-1	1.00
Clark*	073-2	2.00	Hot Springs	169-1	1.00	Plankinton*	286-2	2.00	Witten*	398-2	2.00
Clear Lake*	075-2	2.00	Hoven*	171-2	2.00	Platte*	287-2	2.00	Wolsey*	399-2	2.00
Clear Lake	075-1	1.00	Howard*	172-2	2.00	Platte	287-1	1.00	Woonsocket*	401-2	2.00
Colman*	076-2	2.00	Hudson*	174-2	2.00	Pollock*	288-2	2.00	Worthing*	402-2	2.00
Colome*	077-2	2.00	Humboldt*	175-2	2.00	Presho*	291-2	2.00	Worthing	402-1	1.00
Colton*	078-2	2.00	Humboldt	175-1	1.00	Pringle*	292-2	2.00	Yankton*	405-2	2.00
Colton	078-1	1.00	Hurley*	176-2	2.00	Quinn*	295-2	1.00	Yankton	405-1	1.00
Corona*	081-2	2.00	Huron*	177-2	2.00	Quinn	295-1	1.00	Tribal Taxes		
Corsica*	082-2	2.00	Huron	177-1	1.00	Ramona*	297-2	1.00	Cheyenne Sales	408-4	4.00
Corsica	082-1	1.00	Interior*	179-2	1.90	Rapid City*	298-2	2.00	Cheyenne Excise	408-2	2.00
Crooks*	087-2	1.90	Ipswich*	181-2	2.00	Rapid City	298-1	1.00	Pine Ridge Sales	411-4	4.00
Crooks	087-1	1.00	Irene*	182-2	2.00	Redfield*	301-2	2.00	Pine Ridge Excise	411-2	2.00
Custer*	088-2	2.00	Iroquois*	183-2	1.00	Redfield	301-1	1.00	Rosebud Sales	412-4	4.00
Custer	088-1	1.00	Isabel*	184-2	2.00	Reliance*	305-2	2.00	Rosebud Excise	412-2	2.00
Dallas*	089-2	2.00	Java*	185-2	2.00	Reliance	305-1	1.00	Sisseton		
Dallas	089-1	1.00	Jefferson*	186-2	2.00	Revillo*	308-2	1.00	Wahpeton Use	414-4	4.00
Davis*	091-2	2.00	Kadoka*	187-2	2.00	Roscoe*	312-2	1.00	Sisseton		
Deadwood*	093-2	2.00	Kadoka	187-1	1.00	Rosholt*	314-2	1.00	Wahpeton Excise	414-2	2.00
Deadwood	093-1	1.00	Kennebec*	190-2	2.00	Roslyn*	315-2	2.00	Standing Rock Sales	413-4	4.00
Dell Rapids*	094-2	2.00	Kennebec	190-1	1.00	Saint Lawrence	320-2	2.00	Standing Rock Excise	413-2	2.00
Dell Rapids	094-1	1.00	Keystone*	192-2	2.00	Salem*	322-2	2.00	Standing Rock Tourism	413-5	1.00
Delmont*	095-2	2.00	Keystone	192-1	1.00	Salem	322-1	1.00			
De Smet*	092-2	2.00	Kimball*	193-2	2.00	Scotland*	324-2	2.00	Other Taxes		
De Smet	092-1	1.00	Kimball	193-1	1.00	Selby*	325-2	2.00	Telecommunication	900-1	4.00
Dimock*	097-2	2.00	Kranzburg*	194-2	2.00	Sherman*	328-2	1.00	Tourism Tax	700-1	1.50
Doland*	098-2	2.00	Lake Andes*	197-2	2.00	Sioux Falls*	330-2	2.00	Motor Vehicle	600-1	4.50
Dupree*	101-2	1.00	Lake Norden*	199-2	1.00	Sioux Falls	330-1	1.00	Sioux Falls Lodging	800-1	1.00
			Lake Preston*	200-2	2.00	Sisseton*	331-2	2.00			
			Langford*	202-2	1.00	Sisseton	331-1	1.00			

* denotes general city tax rate



445 EAST CAPITOL AVENUE
PIERRE, SD 57501-3185

taxation

www.state.sd.us/drr

bustax@state.sd.us or call 1-800-TAX-9188

Return Service Requested

