

inside this issue

2

**ALCOHOLIC BEVERAGE LAW
CHANGES**
Transient Vendors

3

BUSINESS EDUCATION PROGRAM

4

**USE TAX APPLIES TO INTERNET
AND OUT-OF-STATE PURCHASES**
Snowmobiles and Low-Speed
Vehicles

5

**JULY - DECEMBER 2010
MUNICIPAL TAX RATE CHANGES**

Contact Us:

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Want to receive **taxation** via email? Send your email address along with your tax license number to: webman@state.sd.us

New Municipal Tax Changes Effective July 1

As of July 1, 2010, two South Dakota communities have implemented new municipal taxes or updated their current city taxes. The municipal tax changes taking effect this month include:

- **Wakonda** is increasing its 1 percent general sales and use tax rate to 2 percent.
- **Wallace** is imposing a 1 percent general sales and use tax rate.

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.

Construction Tax Refund Program Changes Effective July 1, 2010

Final actions taken by lawmakers of the 2010 Session have generated some changes to existing South Dakota programs that allow businesses to seek a refund of sales, use and contractors' excise tax.

Effective July 1, the changes to the refund programs will include a new program for wind energy and redefines the tax refund tiers in the current program under laws passed by the 2010 South Dakota Legislature. These programs will remain in effect until January 1, 2013.

House Bill 1060 broadened the refund program to include new or expanded wind energy facilities. This bill defined "wind energy facility" to include: any new facility or expanded facility, new or upgraded electric transmission lines, and new business facility that manufactures, assembles, or distributes wind or transmission components. A qualifying project must incur project costs greater than \$10 million and the amount of the tax refund is a percentage of the taxes paid. The applicable payment tiers are as follows: for project costs of less than ten million dollars, there shall be no refund; for project costs of ten million or more dollars but less than forty million dollars, there shall be a refund of forty-five percent of the taxes paid; for project costs of forty million or more dollars, there shall be a refund of fifty-five percent of the taxes paid.

The passage of Senate Bill 195 changed the tax refund tiers in the current program. Project costs for a qualifying project must be greater than \$10 million and the amount of the tax refund is a percentage of taxes paid as defined by chapter 10-45B. This bill sets forth the following refund payment tiers: for project costs of less than ten million dollars, there is no refund; for project costs of ten mil-

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lion or more dollars but less than forty million dollars, there shall be a refund of forty-five percent of the taxes paid; for project costs of forty million or more dollars but less than five hundred million dollars, there shall be a refund of fifty-five percent of the taxes paid; and for project costs of five hundred million or more dollars, there shall be no refund.

Refunds do **NOT** include any applicable municipal tax. Each project requires a separate application as well as supporting documentation. To find out more, contact the Department of Revenue and Regulation at 1-800-829-9188 or visit us on the web at www.state.sd.us/drr.

Alcoholic Beverage Law Changes

During the 2010 Legislative Session, several changes were made to the alcoholic beverage laws of South Dakota. One of the most notable changes was to the minimum age requirement for a person to be able to sell/serve alcoholic beverages.

As of July 1, 2010, Package Off Sale Liquor (**PL**), Package Off Sale Malt Beverage (**PB**), Package Off Sale Malt Beverage & Off Sale Farm Wines (**PF**) may allow 18 – 20 year olds to sell alcoholic beverages if less than 50% of the gross business is from the sale of alcoholic beverages. There is **no** requirement for anyone 21 or over to be on the premise.

PLEASE NOTE: This has changed the current law for PB licensees who were allowed to permit anyone (14-17 year-olds) to sell malt beverages without supervision. **As of July 1, 2010, no person under the age of 18 will be permitted to sell any type of alcoholic beverage in any establishment.**

Transient Vendors: Get the Facts Before You Buy

Transient vendor season is beginning in South Dakota, a time when out-of-state vendors roll into the state to sell their products and services. While many of the vendors are legitimate, the South Dakota Department of Revenue and Regulation advises people to take common-sense steps to ensure vendors are reputable before doing business with them.

If you're considering hiring a person to provide repair or construction services, the department advises you to:

- 1) Ask for a price quote, in advance, in writing.
- 2) Question the contractor about a permanent address and telephone number, and don't assume that if the information they provide is local, they're a local business. Transient vendors often have business cards printed with local mailing services or motel addresses and telephone numbers.
- 3) Ask for a list of local references and check them before

making a decision.

4) Ask if the contractor has worker's compensation and general liability insurance. If vendors are not properly insured, homeowners may be liable for accidents that occur on their property.

5) Be careful about paying for work in advance; before making final payments, make sure transient vendors have paid their local suppliers or you may be held liable for unpaid materials.

6) Make sure you're completely satisfied with the work before paying the bill, and don't pay more for the job than originally quoted unless you've given written approval for the additional work or cost.

Out-of-state vendors often travel to South Dakota to sell items like fruit, seafood, meat packages, paintings, magazine subscriptions, rugs, T-shirts, sunglasses, household cleaners, furniture, stuffed animals, and asphaltting and roofing services. Asking the right questions when approached by those vendors can help you avoid making a purchase you may regret:

- 1) Question the salesperson about the product, warranties, guarantees, etc.
- 2) Get something in writing with the company's name, address and phone number.
- 3) Ask to see their current South Dakota tax license. State law requires everyone selling products or services to have a current South Dakota sales or contractors' excise tax license. To verify if the license is valid, call the Department's toll-free helpline at 1-800-829-9188.

All sellers must provide you with a contract or receipt at the time of sale showing the date, merchant's name and address, and a statement informing you of your right to cancel the contract within three days. After proper cancellation, the seller has 10 days to refund your money.

If you have doubts about the vendor or think you may have been the victim of a scam, call your local police department or county sheriff's office immediately. You can also contact the Attorney General's Consumer Protection Office at 1-800-300-1986 or by email at consumerhelp@state.sd.us. Be prepared to give as much information as you can about the vendor, including the name of the company and salesperson; company address and telephone number; and make, model and license number (if possible) of the vehicle the vendor was driving. Without tips from the public, law enforcement officials may not be able to catch illegal vendors before they move on to the next community.

For more information on transient vendors, contact the South Dakota Department of Revenue and Regulation's toll-free helpline at 1-800-829-9188.

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 Sales Tax seminars 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.

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.

July 14, 2010 **Sioux Falls, SD**

Sales Tax: 9:00am – Noon

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

SD Department of Revenue & Regulation, Suite 102
300 S. Sycamore

July 22, 2010 **Rapid City, SD**

Sales Tax: 9:00am – Noon

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

Western Dakota Technical Institute, Room CTC-A
800 Mickelson Drive

September 16, 2010 **Yankton, SD**

Sales Tax: 9:30am – Noon

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

Technical Education Center, Room 113
1200 W 21st Street

October 5, 2010 **Oacoma, SD**

Sales Tax: 9:00am – Noon

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

Al's Oasis, Boardroom
1000 E Highway 16

October 14, 2010 **Watertown, SD**

Sales Tax: 9:30am – Noon

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

Watertown Library
160 6th Street

October 19, 2010 **Sioux Falls, SD**

Sales Tax: 9:00am – Noon

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

SD Department of Revenue & Regulation, Suite 102
300 S. Sycamore

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.

July 22, 2010 **Aberdeen, SD**

SD Department of Labor, Conference Room
420 S Roosevelt Street

September 9, 2010 **Brookings, SD**

Brookings Library
515 3rd Street

September 23, 2010 **Pierre, SD**

Kneip Building, Conference Rooms 1 & 2
700 Governor's Drive

October 14, 2010 **Rapid City, SD**

Western Dakota Technical Institute, Room CTC-A
800 Mickelson Drive

Border Tax Seminars

Information regarding how tax applies in multiple states.

ND/SD Border Tax Seminar **Fargo, ND**

September 14, 2010

Sales Tax: 8:30am – Noon

Construction Contractors Tax: 1:00pm – 3:30pm
West Acres Mall, Basement
JC Penny Wing

Tax Filing Deadlines

July

July 20

Paper returns & payments due for monthly filers.

July 23

SD QUEST returns due.

July 29

SD QUEST electronic payments due.

July 31

Paper returns & payments due for bi-monthly & quarterly filers.

August

August 20

Paper returns & payments due for monthly filers.

August 23

SD QUEST returns due.

August 30

SD QUEST electronic payments due.

September

September 20

Paper returns & payments due for monthly filers.

September 23

SD QUEST returns due.

September 29

SD QUEST electronic payments due.

September 30

Paper returns & payments due for bi-monthly filers.

Use Tax Applies to Internet and Out-of-State Purchases

Our office often gets questions on sales tax and Internet purchases. Did you know you might owe use tax on Internet sales? If you purchase an item over the Internet, through a catalog or in another state for use in South Dakota, and were not charged sales tax at the time of purchase, you owe South Dakota use tax.

The differences between the sales tax and use tax are when it is applied and who is responsible for remitting it.

Sales tax is applied at the time of purchase of goods and services; the seller of the item is responsible for reporting and remitting the tax. Use tax is applied after the purchase is made. That is, when a purchase is made without paying sales tax, the buyer or user of the goods or services is responsible for paying use tax.

The rates for use tax are the same as the sales tax rates—four percent state tax plus applicable municipal tax. Use tax applies to services as well. If the service is used in South Dakota, use tax is due if the service provider does not collect sales tax.

You owe use tax to South Dakota:

If you did not pay sales tax when you bought the item; or the sales tax you paid to another state was not as much as what you would have paid in South Dakota. The difference in the two amounts is how much use tax is owed. Add the 4% state tax to any applicable city tax to determine if you owe additional use tax.

Reciprocity: If the rates of the other state's sales tax are the same or more than South Dakota's tax rate, you do not owe any use tax.

Snowmobiles and Low-Speed Vehicles

Snowmobiles and low-speed vehicles (LVS) are subject to the 3% motor vehicle excise tax in lieu of sales tax and must be titled and registered with the county treasurer.

“Low-speed vehicle,” (LSV) is a 4-wheeled vehicle whose speed attainable in 1 mile is more than 20 miles per hour and not more than 25 miles per hour on a paved level surface. The manufacturer's certificate of origin or title must clearly identify the vehicle as a low-speed vehicle. A LSV is used primarily for short trips and recreational purposes, and has some safety equipment such as lights, reflectors, mirrors, parking brake, windshield, and safety belts.

Accessories such as helmets are subject to sales tax.

Tanning Bed Federal Excise Tax

The new 10% excise tax imposed on indoor tanning services by the Federal Government in U.S.C. Sec 10907 Chapter 49 is imposed on the consumer. If the 10% excise tax is listed separately on the customer's invoice, it is not included in the receipts subject to sales tax. If the excise tax is not separately stated on the invoice, it is included in the receipts subject to sales tax.

EFFECTIVE JULY - DECEMBER 2010 MUNICIPAL SALES TAX RATE CHART

City	Code	Rate	City	Code	Rate	City	Code	Rate	City	Code	Rate
Aberdeen*	001-2	2.00	Edgemont*	104-2	2.00	Lemmon*	206-2	2.00	Spencer*	335-2	2.00
Aberdeen	001-1	1.00	Edgemont	104-1	1.00	Lennox*	207-2	2.00	Springfield*	336-2	2.00
Alaska*	004-2	2.00	Egan*	105-2	2.00	Leola*	208-2	2.00	Stickney*	337-2	2.00
Alcester*	006-2	2.00	Elk Point*	106-2	2.00	Lesterville	209-2	1.00	Stratford*	340-2	1.00
Alexandria*	007-2	2.00	Elk Point	106-1	1.00	Letcher*	210-2	2.00	Sturgis*	341-2	2.00
Alpena*	009-2	1.00	Elkton*	107-2	2.00	Letcher	210-1	1.00	Sturgis	341-1	1.00
Andover*	011-2	2.00	Emery*	110-2	2.00	Madison*	221-2	2.00	Summerset*	425-2	2.00
Arlington*	013-2	2.00	Estelline*	113-2	2.00	Madison	221-1	1.00	Summerset	425-1	1.00
Armour*	014-2	2.00	Ethan*	114-2	2.00	Marion*	226-2	2.00	Summit*	342-2	2.00
Artesian*	015-2	2.00	Eureka*	115-2	2.00	Martin*	227-2	2.00	Tabor*	343-2	2.00
Ashton*	016-2	1.00	Fairfax	117-2	2.00	Martin	227-1	1.00	Tea*	344-2	2.00
Astoria*	017-2	1.00	Faith*	119-2	2.00	McCook Lake*	Report Under North Sioux City		Tea	344-1	1.00
Aurora*	019-2	1.00	Faith	119-1	1.00	McIntosh*	219-2	2.00	Timber Lake*	345-2	2.00
Avon*	020-2	2.00	Faulton*	121-2	2.00	McLaughlin*	220-2	1.00	Toronto*	347-2	1.00
Baltic*	022-2	2.00	Flandreau*	125-2	2.00	Menno*	233-2	2.00	Trent*	349-2	1.00
Baltic	022-1	1.00	Flandreau	125-1	1.00	Midland*	234-2	2.00	Tripp*	350-2	2.00
Belle Fourche*	027-2	2.00	Florence*	126-2	2.00	Milbank*	235-2	2.00	Tulare*	351-2	1.00
Belle Fourche	027-1	1.00	Fort Pierre*	129-2	2.00	Milbank	235-1	1.00	Tyndall*	355-2	2.00
Belvidere*	028-2	2.00	Fort Pierre	129-1	1.00	Miller*	237-2	2.00	Valley Springs*	359-2	2.00
Beresford*	029-2	2.00	Frederick*	132-2	1.00	Mission*	239-2	2.00	Veblen*	360-2	1.00
Beresford	029-1	1.00	Freeman*	133-2	2.00	Mitchell*	242-2	2.00	Vermillion*	362-2	2.00
Big Stone City*	031-2	2.00	Garretson*	138-2	2.00	Mitchell	242-1	1.00	Vermillion	362-1	1.00
Bison*	032-2	2.00	Garretson	138-1	1.00	Mobridge*	243-2	2.00	Viborg*	363-2	2.00
Bhunt*	034-2	1.00	Gary*	139-2	1.00	Mobridge	243-1	1.00	Viborg	363-1	1.00
Bhunt	034-1	1.00	Gayville*	140-2	2.00	Monroe*	244-2	1.00	Volga*	367-2	2.00
Bonesteel*	035-2	2.00	Geddes*	141-2	2.00	Montrose*	245-2	2.00	Volin*	368-2	2.00
Bowdle*	036-2	2.00	Gettysburg*	142-2	2.00	Morristown*	246-2	1.00	Wagner*	369-2	2.00
Box Elder*	037-2	2.00	Gettysburg	142-1	1.00	Mound City*	247-2	2.00	Wakonda*	370-2	2.00
Box Elder	037-1	1.00	Glenham*	145-2	2.00	Mount Vernon*	248-2	2.00	Wall*	372-2	2.00
Brandon*	039-2	2.00	Gregory*	147-2	2.00	Mount Vernon	248-1	1.00	Wall	372-1	1.00
Brandon	039-1	1.00	Gregory	147-1	1.00	Murdo*	250-2	2.00	Wallace*	373-2	1.00
Brandt*	040-2	2.00	Grenville*	148-2	2.00	Murdo	250-1	1.00	Ward*	375-2	2.00
Bridgewater*	042-2	2.00	Groton*	149-2	2.00	New Underwood*	254-2	2.00	Warner*	376-2	2.00
Bristol*	043-2	2.00	Groton	149-1	1.00	Newell*	255-2	2.00	Wasta*	377-2	1.00
Bitton*	044-2	2.00	Harrisburg*	151-2	2.00	Nisland*	256-2	2.00	Watertown*	379-2	2.00
Britton	044-1	1.00	Harrisburg	151-1	1.00	North Sioux City*	258-2	2.00	Watertown	379-1	1.00
Brookings*	045-2	2.00	Harold*	153-2	2.00	North Sioux City*	258-1	1.00	Waubay*	380-2	2.00
Brookings	045-1	1.00	Hartford*	154-2	2.00	Oacoma*	261-2	2.00	Webster*	382-2	2.00
Bryant*	047-2	2.00	Hartford	154-1	1.00	Oacoma	261-1	1.00	Webster	382-1	1.00
Buffalo*	048-2	2.00	Hayti*	156-2	2.00	Oelton*	267-2	1.00	Wentworth*	383-2	2.00
Burke*	053-2	2.00	Hazel*	157-2	1.00	Olivet*	267-2	1.00	Wessington*	384-2	1.00
Canistota*	055-2	2.00	Hecla*	158-2	1.00	Onida*	269-2	2.00	Wessington Springs*	385-2	2.00
Canistota	055-1	1.00	Henry*	159-2	1.00	Orient*	272-2	1.00	White*	388-2	2.00
Canova*	056-2	1.95	Hermosa*	160-2	2.00	Parker*	276-2	2.00	White Lake*	389-2	2.00
Canton*	057-2	2.00	Herreid*	161-2	2.00	Parkston*	277-2	2.00	White Lake	389-1	1.00
Carthage*	061-2	2.00	Highmore*	164-2	2.00	Parkston	277-1	1.00	White River*	391-2	2.00
Castlewood*	062-2	2.00	Highmore	164-1	1.00	Philip*	280-2	2.00	Whitewood*	393-2	2.00
Centerville*	065-2	2.00	Hill City*	165-2	2.00	Pickstown*	281-2	2.00	Whitewood	393-1	1.00
Centerville	065-1	1.00	Hill City	165-1	1.00	Piedmont*	282-2	2.00	Willow Lake*	394-2	2.00
Central City*	066-2	2.00	Hitchcock*	166-2	1.00	Pierpont	283-2	2.00	Wilmot*	395-2	2.00
Chamberlain*	067-2	2.00	Hosmer*	168-2	1.00	Pierre*	284-2	2.00	Winner*	397-2	2.00
Chamberlain	067-1	1.00	Hot Springs*	169-2	2.00	Pierre	284-1	1.00	Winner	397-1	1.00
Chancellor*	068-2	2.00	Hot Springs	169-1	1.00	Plankinton*	286-2	2.00	Witten*	398-2	2.00
Chancellor	068-1	1.00	Hoven*	171-2	2.00	Platte*	287-2	2.00	Wolsey*	399-2	2.00
Clark*	073-2	2.00	Howard*	172-2	2.00	Platte	287-1	1.00	Wood	400-2	2.00
Clear Lake*	075-2	2.00	Hudson*	174-2	2.00	Pollock*	288-2	2.00	Woonsocket*	401-2	2.00
Clear Lake	075-1	1.00	Humboldt*	175-2	2.00	Presho*	291-2	2.00	Worthing*	402-2	2.00
Colman*	076-2	2.00	Humboldt	175-1	1.00	Pringle*	292-2	2.00	Worthing	402-1	1.00
Colome*	077-2	2.00	Hurley*	176-2	2.00	Quinn*	295-2	1.00	Yankton*	405-2	2.00
Colton*	078-2	2.00	Huron*	177-2	2.00	Quinn	295-1	1.00	Yankton	405-1	1.00
Colton	078-1	1.00	Huron	177-1	1.00	Ramona*	297-2	1.00	Tribal Taxes		
Corona*	081-2	2.00	Interior*	179-2	1.90	Rapid City*	298-2	2.00	Cheyenne Sales	408-4	4.00
Corsica*	082-2	2.00	Ipswich*	181-2	2.00	Rapid City	298-1	1.00	Cheyenne Excise	408-2	2.00
Corsica	082-1	1.00	Irene*	182-2	2.00	Redfield*	301-2	2.00	Pine Ridge Sales	411-4	4.00
Crooks*	087-2	1.90	Iroquois*	183-2	1.00	Redfield	301-1	1.00	Pine Ridge Excise	411-2	2.00
Crooks	087-1	1.00	Isabel*	184-2	2.00	Reliance*	305-2	2.00	Rosebud Sales	412-4	4.00
Custer*	088-2	2.00	Java*	185-2	2.00	Reliance	305-1	1.00	Rosebud Excise	412-2	2.00
Custer	088-1	1.00	Jefferson*	186-2	2.00	Revillo*	308-2	1.00	Sisseton		
Dallas*	089-2	2.00	Kadoka*	187-2	2.00	Roscoe*	312-2	1.00	Wahpeton Use 414-4	4.00	
Dallas	089-1	1.00	Kadoka	187-1	1.00	Rosholt*	314-2	1.00	Sisseton		
Davis*	091-2	2.00	Kennebec*	190-2	2.00	Roslyn*	315-2	2.00	Wahpeton Excise	414-2	2.00
Deadwood*	093-2	2.00	Kennebec	190-1	1.00	Saint Lawrence	320-2	2.00	Standing Rock Sales	413-4	4.00
Deadwood	093-1	1.00	Keystone*	192-2	2.00	Salem*	322-2	2.00	Standing Rock Excise	413-2	2.00
Dell Rapids*	094-2	2.00	Keystone	192-1	1.00	Salem	322-1	1.00	Standing Rock Tourism	413-5	1.50
Dell Rapids	094-1	1.00	Kimball*	193-2	2.00	Scotland*	324-2	2.00			
Delmont*	095-2	2.00	Kimball	193-1	1.00	Selby*	325-2	2.00	Other Taxes		
De Smet*	092-2	2.00	Kranzburg*	194-2	2.00	Sherman*	328-2	1.00	Telecommunication	900-1	4.00
De Smet	092-1	1.00	La Bolt	196-2	1.00	Sioux Falls*	330-2	2.00	Tourism Tax	700-1	1.50
Dimock*	097-2	2.00	Lake Andes*	197-2	2.00	Sioux Falls	330-1	1.00	Motor Vehicle	600-1	4.50
Doland*	098-2	2.00	Lake Norden*	199-2	1.00	Sisseton*	331-2	2.00	Sioux Falls Lodging	800-1	1.00
Dupree*	101-2	1.00	Lake Preston*	200-2	2.00	Sisseton	331-1	1.00			
Eagle Butte*	102-2	2.00	Langford*	202-2	1.00	South Shore*	333-2	1.00			
Eagle Butte	102-1	1.00	Lead*	204-2	2.00	Spearfish*	334-2	2.00			
Eden*	103-2	1.00	Lead	204-1	1.00	Spearfish	334-1	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