

**JULY 2012**

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- Municipal Tax Updates
- Licensed Dealer Permit
- Dyed Diesel Fuel

## Upcoming Revenue Deadlines...

### Business Tax

- July 20** Paper returns & payments due for monthly filers
- July 23** SD QUEST and EPath returns due
- July 30** SD QUEST and EPath payments due
- July 31** Paper returns & payments due for bimonthly, quarterly and semi-annual filers
- August 20** Paper returns & payments due for monthly filers
- August 23** SD QUEST and EPath returns due
- August 30** SD QUEST and EPath payments due
- August 31** Paper returns & payments due for custom-monthly filers

- September 20** Paper returns & payments due for monthly filers
- September 24** SD QUEST and EPath returns due
- September 27** SD QUEST and EPath payments due
- October 1** Paper returns & payments due for custom-monthly and bimonthly filers

### Motor Vehicles

#### **Vehicle Registration Dates**

Date corresponds to the first letter of the owner's last name.

July	M, N
August	P, Q, R
September	S
November	T, U, V, W, X, Y, Z

### Gaming

Quarterly Meeting of the Commission on Gaming:  
Wednesday, September 12 at 9:00 AM  
Deadwood City Hall, Deadwood

### SD Quest Tax Filing System

Apply today to file your taxes securely online with SD Quest. Go to: [www.state.sd.us/drr2/sdquest](http://www.state.sd.us/drr2/sdquest)

### Contact Us

SD Department of Revenue - 445 E Capitol Avenue  
Pierre, SD 57501-3185

**Pierre Office:** 1-605-773-3311  
Taxpayer Assistance Center: 1-800-829-9188  
Motor Vehicles: 1-605-773-3541  
SD Lottery: 1-605-773-5770  
Gaming Commission: 1-605-773-6050

## DEPARTMENT OF REVENUE

### Message from the Secretary



Greetings and I hope that the summer has gotten off to an excellent start for everyone. It has been a great 2012 in South Dakota with seasonably mild weather and relatively few obstacles from Mother Nature. Last year at this time, communities along with Missouri River were fighting the flooding and concerned about their economic future. I am happy to report we have had some positive economic news that indicates South Dakota has weathered the post 2008 recession and the 2011 flooding. I believe this success shows the resiliency of our citizens and can be credited to our consistently low unemployment rate and practical approach to doing business in South Dakota.

The two most important revenue numbers we track in the Department of Revenue are Sales and Use Tax and Contractors Excise Tax reporting figures. From 2011 to 2012, we have seen increases of over 5% in Sales and Use Tax and over 20% in Contractors Excise Tax revenues. Both figures indicate the increased confidence by South Dakotans to purchase at the retail level and build both commercially and residentially. Additionally, the Department of Tourism reports tourism receipts are up over 10% for the first quarter of 2012, with hotel occupancy increasing steadily.

Most regions in South Dakota are seeing significant increases in agricultural land values. A recent study by South Dakota State University shows a 2011-2012 annual increase of 26.8% for all agricultural land values in South Dakota. This is noted as the highest annual rate of increase in the past 22 years. This also shows the major economic factor influencing South Dakota farmland market conditions in 2011 and 2012 is the agricultural commodity price boom that resumed in the summer of 2010.

Finally, I'd like to comment on the "post smoking ban" status of South Dakota's lottery and gaming industry. Video lottery continues to contribute to the reduction of property taxes at the local level throughout South Dakota. The new line games being offered by the state's video lottery operators are gaining popularity, and are helping to offset the initial revenue shortfalls brought on by the 2010 smoking ban. Deadwood is also experiencing a resurgence, with total gross revenues increasing from 2011 to 2012. This may indicate that travelers are returning to Deadwood.

I would like to offer my personal thanks to Joe Kafka, Jr. for all of his hard work at the Department of Revenue and with the Revenue newsletter. Joe recently accepted a position with the Governor's Office of Economic Development and I wish him well on his future endeavors.

I hope you enjoy the summer edition of our newsletter and wish you all the best.



## MOTOR VEHICLES

### Electronic Lien & Title

The Division of Motor Vehicles will soon be implementing an ELT (Electronic Lien and Title) System. Once the system is implemented, paper certificates of titles on vehicles that denote liens will no longer be issued. The title record will be retained electronically in the state's data base. Once a lien is released, a paper title will be issued.

Lenders have the option to utilize a third party provider that will provide a lender with electronic notices of title and lien when a record is issued in the state system. Upon release of a lien, a participating lender will release a lien electronically through its provider. Upon receipt of the electronic lien release, the title will be printed and mailed to the owner, unless directed otherwise by the lender.

Lenders that do not participate through a provider will not receive notification that advises them of a title issuance or lien perfection; however, access to search the state's title system to verify title and lien records will be available upon implementation of the ELT system. For further information on ELT, please contact the Division of Motor Vehicles at 773-3541 or visit DMV's website at: <http://www.state.sd.us/drr2/motorvehicle/ELT.htm>

## BUSINESS TAX

### Money Transmitters

The fee charged by companies that transmit money for clients is subject to sales or use tax. Use tax is due by the client if the money transmitter company is not licensed in South Dakota to collect sales tax. Internet money transfer companies have increased in popularity as security has improved and as more and more people purchase over the Internet using electronic payments.

Money transmission is defined as the sale or issuance of payment instruments or stored value or of receiving money or monetary value for transmission to a location within or outside the United States by any means, including wire, facsimile, or electronic transfer.

Persons engaged in the business of money transmission must obtain a license from the South Dakota Division of Banking, although the fee is not subject to the South Dakota bank franchise tax.

### Municipal Tax Update

Peever is imposing a 2% general sales and use tax rate effective July 1, 2012.

City	Municipal Code	Rate	Type
Peever	279-2	2%	General Sales and Use Tax

## BUSINESS TAX

### Hunting and Fishing

Don't forget certain products are taxable when it comes to Hunting and Fishing. When payment is received for services, you must obtain a sales tax license and remit tax on your receipts. Payment does not need to be in cash; barter income is also subject to sales tax. Barter income includes any product or service that you receive in exchange for providing fishing or hunting services.

Examples of taxable products are:

- Ammunition sales
- Club memberships, fishing or hunting
- Meals, sales of
- Preserve operation
- Bait sales
- Guide services
- Membership fees
- Room rentals
- Camping, fishing or hunting
- Sale of hunting privileges
- Outfitters

### Tax Rates

Fishing and hunting services are subject to the 4% sales tax. The following taxes may apply to fishing and hunting services in addition to the state sales tax.

- Tourism tax applies to your receipts if your service includes guiding, lodging, or recreational services and all products or services sold at any hunting or shooting preserve.
- Municipal sales tax applies to your entire receipts if you provide any portion of the service such as lodging, meals or other services in a city that imposes a municipal sales tax.
- Municipal Gross Receipts tax applies to your entire receipts if you provide any portion of the service such as lodging, meals, or alcohol in a city that imposes a municipal gross receipts tax on those items.

For a complete list of recreational services see the Tourism Tax Facts. Tourism tax is reported on the state sales tax return under City/Special Jurisdiction Calculations using code 700-1.

## BUSINESS TAX

### Health Care Tax Facts

#### Temporary Help/Contract Services

Services provided by a temporary help agency are subject to the 4% state sales tax, plus applicable municipal sales tax. However, temporary health care services provided by a temporary help agency or an office or clinic of licensed health care practitioners on a contract or fee basis are not subject to sales tax. This includes doctors, nurses, medical lab technicians, pharmacists, and other service providers as listed in the Health Services Tax Fact found on our website under Business Tax Publications.

## Example

1. A temporary help agency employs nurses, nutritionists, and anesthesiologists. The temporary help agency provides employees to for-profit hospitals and clinics when the for-profit hospital or clinic needs help. The for-profit hospital or clinic then controls the work done by these employees. Because the temporary help is that of people providing exempt health services, the temporary help agency does not owe sales tax on their receipts.

## MOTOR VEHICLES

### Dealer Event Permits

#### **Manufacturer and Customizer:**

Allows any person engaged in the business of manufacturing or customizing motor vehicles to display, but not sell, any motor vehicles at an event, if the event lasts 3 or more days. The manufacturer/customizer must register with the Department of Revenue and purchase a permit. The fee for a 10-day permit is \$250 if purchased prior to the event; however, if the permit is purchased at or after the event, the fee is \$500.

#### **Motorcycle and Trailer (New): Sell**

Allows any licensed dealer to sell trailers or motorcycles at an event, if the event lasts 3 or more days. A dealer must register with the Department of Revenue and purchase a permit. An out-of-state dealer must provide proof of being a licensed dealer in another state and must attest to having no outstanding dealer violations. The permit can only be issued if the motorcycles or trailers being sold are not franchised in this state. The fee for a 10-day permit is \$250 if purchased prior to the event; however, if the permit is purchased at or after the event, the fee is \$500.

#### **Trailer Dealer (New): Display**

Allows any trailer dealer to display trailers at an event that lasts 3 or more days regardless of whether the trailer is franchised in this state. A dealer must register with the Department of Revenue and purchase a permit. An out-of-state dealer must provide proof of being licensed in another state and must attest to having no outstanding dealer violations. The permit is valid for 10 days and costs \$250 if purchased prior to the event; however, if the permit is purchased at or after the event, the fee is \$500.

#### **Motorcycle and Trailer Dealer (Used): Sell**

Allows a dealer to sell used trailers or motorcycles at an event, if the event lasts 3 or more days. The dealer must register with the Department of Revenue and purchase a permit. An out-of-state dealer must provide proof of being a licensed dealer in another state and must attest to having no outstanding dealer violations. The fee for a permit is

\$250 if purchased prior to the event; however, if the permit is purchased at or after the event, the fee is \$500.

#### **Boat and Boat Trailer Dealer (New or Used): Sell**

Allows any licensed dealer to sell boats and boat trailers at an event, if the event lasts 2 or more days. A dealer must register with the Department of Revenue and purchase a permit at least 5 days before the event. An out-of-state dealer must provide proof of being licensed in another state and must attest to having no outstanding dealer violations. In order to qualify, the event must be an organized, sponsored event with no less than 3 licensed boat dealers displaying boats. The fee for a boat and boat trailer permit is \$200 and is valid for 10 days.

#### **Out-of-State Dealer (Classic Vehicle or Classic Motorcycle): Auction**

Allows an out-of-state licensed dealer to sell a vehicle that is 20 years old or more or a motorcycle that is 30 years old or more that is titled in the dealer's name at public auction. An out-of-state dealer must purchase a permit and provide proof of being licensed in another state and must attest to having no outstanding dealer violations. The fee for a permit is \$250 if purchased prior to the auction; however if the permit is purchased at or after the auction, the fee is \$500.

## MOTOR FUEL

### Dyed Diesel Fuel

Under the dyed fuel program, special fuel that is used for off-road purposes will have dye added to it at the refinery or at the fuel terminal rack. Fuel Marketers (retail stations, convenience stores or bulk fuel distributors) must charge South Dakota sales tax to purchasers of dyed fuel.

If dyed fuel is sold for Agricultural purposes an Ag exemption certificate must be given to the marketer by the agricultural user.

If dyed fuel is sold to a Highway contractor and the fuel is used in a fuel taxable manner the contractor may take a credit for the sales tax on their Highway Contractor return.

A fire truck, garbage truck, enforcement vehicle or any other type of vehicle not used for road construction, repair or maintenance will be required to use clear diesel. All farm trucks are required to use clear diesel fuel as well.



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PIERRE, SD 57501-3185

## Upcoming Dates

### Do you sell Prepaid Wireless Airtime Cards or Phones with Prepaid minutes?

*If yes*, you must do the following:

1. Register for a 911 Emergency Surcharge Identification number.
2. Create an EPath account to file and pay the surcharge electronically.
3. Collect and remit the 2% 911 Prepaid Wireless Emergency Surcharge on the retail sale of the Prepaid Wireless Airtime Cards or phones with prepaid minutes beginning July 1, 2012.

*To register and create your EPath account go to <http://www.state.sd.us/drr2/businessstax/911Surcharge.htm>. You may also register by calling 1-800-829-9188.*

### Reminder...

The South Dakota division of Motor Vehicles is implementing Electronic filing July 1st for the Motor Fuel Suppliers. The July return will be due by the 23rd of August; and the payment due on or before the second to last day of the month.

*For more information, contact Nancy Peck at 605.773.3501.*

### Important News:

As of January 1, 2013, The Department of Revenue will be going green!

We will discontinue the print version of this newsletter and be converting to a strictly online version.  
In order to not miss future publications, sign up for our mailing list at [webman@state.sd.us](mailto:webman@state.sd.us).