

South Dakota, which has neither a personal nor a corporate income tax, is dependent upon the sales and use taxes. Sales tax applies to the gross receipts from a sale of a product or service at the time of the sale. The seller reports and remits the sales tax based on where the customer receives the product or service.

Use tax applies after the transaction takes place and only on products and services on which South Dakota sales tax was not paid. The purchaser remits the use tax on products or services they use, store, or consume in South Dakota. Purchasers using services in South Dakota owe use tax on those services, even if the service provider completes their work outside the state.

4% state and applicable municipal sales or use tax is due on the price paid for the product or service plus any delivery charges.

You owe use tax to South Dakota if:

- You did not pay sales tax when you bought the product or service;
- 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).

Services

Examples of taxable services:

campaign managers calling centers consulting phone solicitation photography
survey or polling temporary help

Paid labor such as walkers, stuffers, and drivers to place or remove and dispose of signs

Not taxable: Volunteers, W-2 employees

Advertising

Fees to prepare AND place an ad in the media are not taxable. Example: A company that creates a TV ad and sends the ad to the TV station to be run at 6pm and 6:30pm does not owe sales tax.

Fees to prepare the ad (without placing it) are taxable.

Fees charged by the media for the placement of the ad in that media are not taxable. This includes airtime for radio or TV ads, or charges by a newspaper or magazine.

Fees to prepare AND place a website or advertisement on the Internet are not taxable.

Web hosting fees are taxable.

Computer graphics or programming services are taxable.

Direct mail - fees paid to companies to print and mail advertising to SD locations are taxable. (Exception: the charge for postage is not taxable when you use a direct mail service.)

Email - The preparation of ads or information to send by email is taxable. The fee to send ads or information by email is also taxable.

Phone messaging - The preparation of phone messages is taxable. An automated calling service that delivers phone messages is taxable.

Taxes on the Campaign Trail

Promotional items given free to the public, contributors, or staff are taxable when purchased.

Examples: bags bumper stickers buttons calendars flyers jackets
note pads pens posters T-shirts yard signs

If these items are purchased from an out-of-state supplier and no tax is charged, the purchaser owes use tax.

Are you selling products or are you taking donations?

The receipts from the sale of any product or service from any political committee, party, or candidate is not considered a contribution when the selling price of the item does not exceed the fair market value and does not include any intent to contribute beyond the item's value. The sale of a product that is not considered a contribution is subject to sales tax. **Example:** T-shirts sold for \$10 are a retail sale subject to sales tax.

Receipts from contributions are not subject to sales tax. Gifts or prizes given to contributors, that are valued less than the contribution, are subject to sales or use tax when purchased. **Example:** For a \$100 contribution, the contributor receives a free T-shirt. Because the \$100 is greater than the fair market value of a T-shirt, the \$100 is a contribution and not subject to sales tax.

Signs – Billboards

Billboards - the creating AND placing of a sign on a billboard is not taxable. However, the purchase of a wrap to put on a billboard is subject to sales tax. Rental of billboard space is not taxable. Contractors that construct a billboard or install a new sign or wrap on a billboard owe contractors' excise tax.

Banquets - Fundraisers

Admissions or donations to a political fundraising banquet are not taxable. All products and services purchased for the event are taxable. This includes food, drinks, banquet services, catering, room rentals, entertainment, and promotional items.

Sales and use tax may be complex, depending upon your business. We encourage you to contact the department if you have any questions.

A use tax license can be applied for online at www.state.sd.us/taxapp.

Talk to Us!

If you have a tax problem or question, call the South Dakota Department of Revenue toll-free at **1-800-TAX-9188**. Visit us on the web at www.state.sd.us/revenue, email us at bustax@state.sd.us or write us:

**SD Department of Revenue
445 East Capitol Ave.
Pierre, SD 57501-3100**