

July 2014

**NOTE:** This brochure is intended **ONLY** as a guide and not as a comprehensive explanation of any refund program. Please contact the Department for answers to specific questions regarding your proposed project.

South Dakota offers various programs that allow businesses to seek a refund of sales, use and contractors' excise tax or delay the payment of sales and use taxes. This brochure outlines the available programs. Each project requires a separate application as well as supporting documentation. Application deadline requirements vary for each program. To find out more, contact the Department of Revenue at 1-800-829-9188 or visit us on the web at [dor.sd.gov](http://dor.sd.gov).

The refund programs pertain only to South Dakota state sales, use, or contractors' excise taxes. Municipal taxes are not included in these programs.

## Small Wind Farms

**Who's eligible:** New and expanded wind generation facilities that produce 10 megawatts of electricity or less with costs greater than \$500,000.

### **Refund amounts:**

- Refund of 100% of the contractors' excise tax.
- No exemption or refund is given for sales or use taxes.

**Refund window:** 36 months. The State of South Dakota holds a 10% retainer.

## Fabricators State Sales and Use Tax Refund for Contractors and Subcontractors

**Who's eligible:** Licensed contractors and subcontractors who are fabricators if ALL six of the following criteria are met:

- The sales or use tax was paid by the contractor or subcontractor who is requesting the refund.
- The items upon which the sales and use tax was paid were purchased by the contractor or subcontractor who is requesting the refund.
- The items upon which the sales and use tax was paid were fabricated by the contractor or subcontractor in South Dakota.
- The fabricated item was used outside of South Dakota by the contractor or subcontractor in the performance of a contract.
- The fabricated item is not returned to South Dakota.
- The fabricated item is exempt from sales or use tax in the state where the contract is performed.

### **Refund amounts:**

- Refund of 100% of the sales or use tax.
- Refund claim may only be made for the cost of the material that becomes part of the item the contractor fabricates by forming, combining, or altering materials. The refund claim does not apply to labor or other expenses incurred by the contractor in the fabrication process.

**Refund window:** 36 months. The application must be filed within three years of the date the material is taken out of state.

## Delay Pay Permit Program

**Who's eligible:** Manufacturing, fabricating and processing businesses that purchase equipment or machinery for direct use in their business. Project cost must be more than \$20,000 to apply.

**Delay provisions:** The program provides for a six month extension to pay sales or use tax on the equipment or machinery.

**Application window:** 30 days prior to the commencement of the project.

## 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/drr](http://www.state.sd.us/drr), email us at [bustax@state.sd.us](mailto:bustax@state.sd.us) or write us:

### **South Dakota**

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

Aberdeen  
419 Moccasin Drive  
Aberdeen, SD 57401

Mitchell  
417 N. Main, Suite 112  
Mitchell, SD 57301

Rapid City  
1520 Haines Avenue, Suite 3  
Rapid City, SD 57701

Sioux Falls  
300 S. Sycamore Ave, St.102  
Sioux Falls, SD 57110

Watertown  
715 S Maple  
Watertown, SD 57201

Yankton  
1900 Summit Street  
Yankton, SD 57078-1951