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Church Use Tax Frequently Asked Questions

What is the difference between use tax and sales tax?

Sales tax is charged by the vendor and remitted to the state. If the vendor is not licensed in South Dakota they will not charge tax. In that case the customer owes the tax directly to the state. This is called use tax and it is the same rate as sales tax.

Our church hired an out-of-state engineering consultant that did not charge us sales tax. Do we owe use tax on this fee?

Yes. Your church owes South Dakota state and applicable municipal use tax on consulting services based on the location of the church.

I need to pay tax on hymnals and candles that we purchased over the Internet. I understand I need to pay the 4.5% state tax, but I don't understand the municipal tax rate. If your church is located within the city limits of a city that has a city tax, you need to pay city tax. Included in this packet is a city tax schedule. Some cities have two city tax rates - use the rate for your city that has the asterisk beside it.

Our church was not charge tax for on-line service fees and Internet access fees. Is tax due on these services?

Yes. Your church is the user/consumer of those services. Your church owes South Dakota state and applicable municipal use tax based on the location of the church.

Our church purchased computers, software, office equipment and supplies from an out-of-state mail order company. There is no tax charged on the invoice. Do we owe use tax on these purchases?

Yes. These are purchases of tangible personal property. Your church owes South Dakota state and applicable municipal use tax based on where your church took possession of the items.

Our church did not purchase any items or services without sales tax last year. Does our church need to complete a reporting form?

If your church does not have a use tax obligation for a particular you do not need to return the reporting form for that year.

Examples of use taxable items:

Computers	Computer software	Kitchen Supplies
Office Equipment	Office Supplies	On-line Service Fees
Books/Publications	Music downloads	Internet Access Fees
Candles	Furnishings	Printing Services
Stereo Equipment	Hymnals	Cleaning Supplies
Lawn Mowing	Snow Removal	(Freight/handling charges)

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June 2016