

June 2016

This fact sheet is designed to provide general guidelines rodeo and rodeo related activities on how tax applies to items and services purchased and sold at these events. If this Tax Facts does not answer your specific question, please call the Department's toll-free helpline at 1-800-829-9188 between 8:00 AM - 5:00 PM CST, Monday through Friday.

Information found in this document rescinds and replaces all previously written information on this subject. All readers and users of this publication are responsible for keeping informed about changes in tax laws and regulations by reading the department's newsletters, press releases, Tax Facts, and other documents published by the Department of Revenue.

Rodeo-related activities and events include all activities associated with rodeos. Examples of activities are: Bull-O-Ramas, Matched Saddle Bronc Rides, Jackpot Barrel Races, Jackpot Team Ropings, High School rodeos, 4-H rodeos, Little Britches rodeos, NFR, SDRA, PRCA and any other rodeo event held in South Dakota.

Admissions

The gross receipts from admissions to any rodeo or rodeo-related activity held in South Dakota are subject to the 4.5% state sales tax, applicable municipal sales and municipal gross receipts taxes, and 1.5% tourism tax.

Any group, club, city, school, or organization sponsoring a rodeo in South Dakota and collecting admissions needs to remit the appropriate tax. If the event is held at a civic center or arena, and the civic center or arena is collecting admissions, they are responsible for remitting the tax.

Admissions to grandstand events at fairs are exempt with the exception of rodeos.

Admissions to rodeos at fairs, including the state fair, are subject to tax. If the admissions fee is for multiple grandstand events, the fee can be prorated so only the rodeo portion is taxable.

Examples

1. A \$20 ticket provides admission to a concert and a rodeo at a county fair. Unless otherwise documented to show the fee for the concert is greater, \$10.00 of the \$20 (or half of the fee) is subject to sales tax.
2. Admissions to a Rodeo held in Ft. Pierre, SD are subject to 4.5% state tax, 2% Ft. Pierre municipal tax, 1% Ft.

Pierre municipal gross receipts tax, and 1.5% tourism tax, for a total of 9% tax.

Entry Fees

Entry fees for participants are exempt from sales tax.

Rodeo Services

Rodeo services performed for rodeos by promoters, stock contractors, stock handlers, announcers, judges, and clowns are exempt from sales tax.

Concessions and other sales

Concession sales and beer sales are subject to the 4.5% state sales tax, applicable municipal sales and municipal gross receipts taxes, and tourism tax.

Sales of nonfood or nondrink products are subject to the 4.5% state sales tax, applicable municipal sales tax, and tourism tax.

If the organization holding (sponsoring) the rodeo is also selling concessions or other products, all sales are taxable and can be reported on the same tax return.

If the person or organization selling concessions or other products is not the sponsor of the rodeo, that person or organization is responsible for remitting tax on their receipts.

Exception: If the concessions or other products are sold by a religious, benevolent, fraternal, youth association, or charitable organization, and all receipts after deducting the costs of the activity are expended for religious, benevolent, fraternal, youth association, or charitable purposes, and the event is 3 or less consecutive days (5 or less consecutive days for a county fair), the receipts from the concessions are not subject to sales tax. Sales or use tax is to be paid on all products or services purchased for use in the activity.

Examples

1. A high school rodeo club in Wall is sponsoring a 1 day rodeo and will sell concessions. The club is responsible for remitting sales tax on all receipts from the admissions. The receipts from the concessions, which go to the youth organization, are not taxable. Sales tax is due on all purchases made by the rodeo club.
2. The Elks Club, which is a benevolent organization, is re-

Rodeo and Rodeo-Related Activities

sponsible for the concessions at a 2 day rodeo the county is holding at a county fair. Because the Elks Club is a benevolent organization and all proceeds after the expenses are given to benevolent causes, they do not owe sales tax on the concession sales. The Elks Club must pay sales tax on purchases of all products they will use or sell at the event.

3. Various vendors sell photos, clothing, purses, and tack at a state youth rodeo. The vendors sales are subject to the 4.5% state sales tax, applicable municipal sales tax, and tourism tax. Each vendor is responsible for remitting tax on their sales.

4. A fire department is holding a bull riding competition to raise funds. The receipts from admissions are subject to tax.

Sales for Resale

Vendors may purchase food and other products that will be sold to a customer from their supplier as a “sale for resale”. The business does not pay sales tax to the supplier at the time of the purchase, but must furnish the supplier with an exemption certificate. If a business purchases an item for resale, but later uses that item, the purchaser is responsible for reporting and paying use tax on that item.

To purchase products for resale, the vendor must have a sales tax license.

Exception: Sellers that do not owe sales tax on the sale of concessions or products because the proceeds from their sale are for charitable purposes, cannot purchase products for resale. These organizations should pay sales tax on all purchases that will be used or sold at that event.

Exemption certificates may be obtained from our website at <http://dor.sd.gov> or by calling 1-800-829-9188.

Municipal Tax

Many municipalities in South Dakota have a sales or use tax in addition to the state sales tax. If a rodeo or rodeo related event is held in one of these municipalities, the municipal sales tax will apply to all admissions and sales of products or services that are subject to the state sales tax.

Municipalities may also have a 1% gross receipts tax that is in addition to the municipal sales tax. The gross receipts tax can be imposed on lodging, eating establishments, alcoholic beverages and ticket sales or admissions to places of amusement, athletic or cultural events. This is in addition to the state sales tax, the municipal sales tax and tourism tax.

Municipal taxes are reported under the City and Special Jurisdiction section of the return using the codes assigned to each city and tax type. A list of municipal tax rates is available on the department’s website at <http://dor.sd.gov>

or by calling 1-800-829-9188.

Tourism Tax

The tourism tax rate is 1.5% and is in addition to state sales tax and any applicable municipal taxes. Tourism tax is reported under the City and Special Jurisdiction section of the return using the code 700-1.

The sale of any products, concessions, admissions, services, parking, or transportation on the site of a spectator event is subject to the tourism tax. Tourism tax does not apply to the purchase of products or services used to put on the event. The following are spectator events: Rodeo (including rodeo related events), Fairs, Horse Races, Horse Shows, Concerts, and Sporting Events. For a complete listing of spectator events, see the Tourism Tax Facts available online at <http://dor.sd.gov> or call 1-800-829-9188.

Tourism tax also applies to hotels and lodging places, campgrounds, motor vehicle rentals, recreational equipment rentals, recreational services, visitor attractions and visitor-intensive businesses.

How to Apply for a Sales Tax License

Applications for a state tax license may be submitted online at <http://dor.sd.gov>. If you do not have access to the Internet, stop by any of our local offices to complete your application or call 1-800-829-9188. Be sure to apply well ahead of your event so you have time to obtain the license before purchasing products you will be selling.

There is no fee for a sales or contractors’ excise tax license. You will receive a license card once the license is approved.

Organizations that have a sales tax license should notify the Department of changes in mailing address or contact persons. Send the new address, contact person and their phone number to the department along with your tax license number.

Records

Every taxpayer must establish and maintain records that are adequate to determine the correct amount of that taxpayer’s tax liability. Records, such as purchase and sales invoices, bills of lading, books of all receipts and sales, cash register receipts, and other pertinent papers and documents, are required to be kept for at least three years and be available for inspection during business hours.

Talk to Us!

If you have a tax problem or question, call the South Dakota Department of Revenue toll-free at 1-800-829-9188. Visit us on the web at <http://dor.sd.gov>, email us at bustax@state.sd.us or write us:

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