South Dakota
Department of Revenue
445 East Capitol Avenue
Pierre, South Dakota 57501

Motor Vehicles Sales & Repair

October 2013

This tax fact sheet is designed to explain to motor vehicle dealers and related businesses how sales and use tax applies to items and services they sell. If your specific question is not answered in this Tax Fact Sheet please call our toll-free helpline at 1-800-829-9188 Monday - Friday and 8:00am - 5:00pm CST.

Information found in this document rescinds and replaces all previous, 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 of Revenue newsletters, press releases, Tax Facts, and other documents published by the department.

Taxes and Rates that may apply to a retail business.
State Sales and Use Tax..... 4%
Tourism Tax.....1.5%
Municipal Sales and Use Tax ..... 1 to 2%
Municipal Gross Receipts Tax 1%
Motor Vehicle Gross Receipts or Leasing Tax ..... 4 ½%
Wireless Gross Receipts Tax 4%

The gross receipts from the sale of a motor vehicle are exempt from sales and use tax. This applies even if the motor vehicle is exempt from the motor vehicle excise tax due to the age and value of the motor vehicle. However, dealers may still have a sales or use tax liability. Purchasers of new and used motor vehicles, trailers, semitrailers, recreational vehicles, truck tractors, road tractors, snowmobiles and motorcycles are subject to a 3% motor vehicle excise tax on the purchase price. Dealers are not required to collect or pay motor vehicle excise tax on the licensed motor vehicles. The purchase price is the selling price less the trade allowance.

Readying Inventory for Sale

New Car Preparation Charges
Car dealer preparation charges, including cleaning, removing protective shipping coverings, checking all fluids, running test checks on wipers, lights, horns, etc., are not subject to sales tax, but if separately stated on the bill of sale, are subject to 3% motor vehicle excise tax. These services can be bought for resale by the motor vehicle dealer. The dealership's gross receipts from these services are also exempt from sales tax if included in the price of the motor vehicle.

Customizing or Adding Parts to Dealer-Owned Motor Vehicles
Additional accessories or equipment added to a new or used motor vehicle prior to sale are not subject to sales or use tax, however such items must be listed on the purchase agreement and included in the price indicated on the Motor Vehicle Title and Registration Application Form (MV608).

These are items that will actually become a part of the motor vehicle such as seat covers, floor mats, mirrors, air conditioners, customized windshields, bug shields, permanently mounted cellular phones, and running boards. Not included are items such as helmets, T-shirts, cups and portable cellular phones that are given to the customer or sold by the dealer. These items are subject to sales tax.

If the part or equipment is installed in a motor vehicle which is exempt from the motor vehicle excise tax (i.e. eleven or more years old which is sold or transferred for $2200 or less before trade-in), the part or equipment is sales taxable.

Customizing a motor vehicle, such as adding a special paint job or installing bucket seats in a van prior to the sale, is not subject to sales tax provided the customization is included in the purchase price indicated on the MV 608. Motor vehicle excise tax is paid on these items if they are included in the purchase agreement. The dealer does not owe sales or use tax on the labor or parts used to customize the motor vehicle. If another shop's service is used to complete the customizing, the service may be purchased for resale by the dealer.

Repair to Used Car Inventory
Motor vehicles titled in the dealer's name that are for sale may have certain repairs done or parts replaced without sales tax being applied. Replacement parts are considered to be parts that will remain with the property for an indefinite period of time and includes items such as: tires, headlights, bodywork, hoses, belts, spark plugs, and batteries.

The dealer may take parts from their inventory to repair dealer-owned motor vehicles without reporting use tax on these items. They may also sublet repairs to body shops, electrical repair shops, upholstery shops, etc. When sublet repair services are performed on dealer owned motor vehicles, the repair shop may bill the services as sales for resale to the dealer without charging tax. The cost of the repair is included in the selling price of the motor vehicle and subject to the 3% motor vehicle excise tax. As proof, the owner of the repair shop should obtain an exemption certificate stating that the repair service is for resale to the dealer's customer.

Example
A motor vehicle which has been taken in on trade is taken to a body shop for repair. The body shop repairs the motor vehicle and bills the dealer but does not charge sales tax. This is correct, providing the body shop has an exemption certificate from the dealer who will be selling the motor vehicle.

The use tax exemption does not include routine maintenance items such as oil, windshield washer fluid, antifreeze, filters, auto detailing or cleaning services. Items taken from the dealer's inventory for routine maintenance are subject to use tax, even though the motor vehicle is held for sale. In addition, routine maintenance products and services purchased from other shops are subject to sales tax. They cannot be purchased for resale.

Internal labor is labor performed by the dealer on dealer-owned

motor vehicles and includes pre-delivery inspection, tune-up and cleaning of new motor vehicles, and tune-up and reconditioning of used motor vehicles prior to displaying the motor vehicles for sale. Since the dealer receives no payment for internal labor performed, it is not sales or use taxable and should not be included in gross receipts.

Many dealers have a bookkeeping or accounting system in which internal labor performed on such motor vehicles is billed to the motor vehicles. This billing is used only by the dealer in determining the cost of handling a motor vehicle. No payment is received for the labor and the labor should not be included in gross receipts. Since the labor is not reported in the gross receipts, no deduction may be taken on the sales tax return.

NOTE: This does not apply to leased motor vehicles or motor vehicles the dealer or others are using. Parts used to repair leased motor vehicles or motor vehicles being used are subject to use tax on the dealer's cost. If a charge is made to the lessee or any other party, the entire receipts are subject to sales tax.

Warranties

Manufacturer's Warranty
A manufacturer's warranty is included in the price of the motor vehicle. Since there is no additional charge, this warranty is not subject to sales tax. Parts and labor furnished by a dealer to fulfill a warranty obligation of the manufacturer are not subject to sales tax provided the customer is not charged for such parts or labor. The dealer's receipts from the manufacturer for warranty work are not taxable. The dealer does not owe use tax on parts taken from inventory used to complete manufacturer's warranty work.

- If a customer pays a deductible amount under the warranty,that payment is subject to sales tax.
  Any receipt from the customer or manufacturer for items not covered by the warranty are subject to sales tax.
- If the dealer provides a loaner/rental vehicle to the customer, under warranty, and the dealer is reimbursed by the manufacturer the reimbursement is subject to the motor vehicles gross receipt tax and not subject to sales tax. However if the dealer is reimbursed by the customer, the reimbursement is subject to the sales tax and the motor vehicles gross receipts tax and the tourism tax.

Extended Service Contracts (Extended Warranty)
If an extended service contract is sold at the time of purchase of the vehicle, it is subject to 3% motor vehicle excise tax. If an extended service contract is sold to a customer at a later date, the sale is subject to sales tax.

Mechanical Breakdown Insurance
Premiums paid for insurance policies sold by independent insurance agents are not considered service contracts. These premiums are not subject to sales tax; however, they are subject to insurance premiums tax. All charges made to the insurance company for parts and labor are subject to sales tax. Parts or service which are paid by an insurance claim are subject to sales tax.

If you have any doubt whether the service contracts you are selling are recognized as insurance or not, ask the company you are doing business with to advise you of the status of their contracts.

Implied Warranty
If a dealer makes repairs at no charge to a customer's motor vehicle after the sale, and those repairs are not covered by a written warranty, the dealer owes use tax on the cost of all parts installed in the customer's motor vehicle.

Repair and Body Shops

Repair Services
Services such as auto repair, body repair, and customizing which are not being purchased as a sale for resale, are subject to state and municipal sales tax. These services are taxed according to where the customer receives the service. If the item is picked up by the repair shop at the customer's location or delivered to the customer's location after the repair is completed, the tax applies at the customer's location. If the repaired item is picked up at the repair shop, tax applies at the repair shop.

Example
A repair shop in Sioux Falls picks up a transmission in rural Minnehaha County and brings it to their shop for repair. After the repair is made, the transmission is delivered to the customer. Only the state tax applies as the repair was delivered to the customer in rural Minnehaha County.

Resale Purchases
Dealers can purchase services such as auto repair, body repair, towing and customizing services for resale when being purchased for either a customer's motor vehicle or a dealer-owned motor vehicle that is for sale.

Businesses hired to customize motor vehicles or add conversion packages to a motor vehicle that is for sale by a dealer will not owe sales tax if the dealer furnishes them with an exemption certificate.

Dealers that are working on customer-owned motor vehicles, whether doing repair, detailing or customizing, may purchase another business' services for resale, as these charges will be passed on to the customer and sales tax will be applied at that time.

NOTE: Cleaning services for dealer-owned motor vehicles may not be purchased for resale, along with routine maintenance items such as oil, fluids, and filters.

Towing Services
Receipts from towing services are subject to state and city tax. The place the motor vehicle is towed to determines the tax to apply. If the motor vehicle is towed to a location outside South Dakota, South Dakota sales tax will not apply to these receipts.

Automotive Parts Wholesalers and Retailers
Wholesalers and retailers of automotive supplies are liable for sales tax on their receipts from sales of auto shop equipment, welding shop equipment, wash rack supplies, hand tools, grinding compounds, sandpaper, wiping rags, brushes, soap, paint remover, tape, carburetor and brake cleaner, and other material and equipment

which are sold to a garage or service station, when the supplies and equipment are not to be resold by the garage or station. Wholesalers and retailers are liable for use tax on the supplies and equipment which they consume in rendering their service.

Wholesalers and retailers that sell automotive parts, paints, paint thinner, lacquers, greases, lubricants, tire patches, cement, and items which become part of a motor vehicle may accept an exemption certificate for these items when sold to service stations, garages, or body shops. Such items are considered purchases for resale by the service station, garage, or body shop.

When merchandise is delivered or shipped to a customer, the point where the customer receives the merchandise determines the tax rate. If merchandise is delivered to a customer location outside of South Dakota, no South Dakota tax applies to the sale. If merchandise is delivered or shipped to a customer within South Dakota, the tax rate is determined by the location to which the merchandise is shipped. Many South Dakota municipalities impose a municipal tax. More information may be found in the Municipal Tax Bulletin, available on the department's website at www.state.sd.us/drr.

Delivery and Handling Fees

Delivery and handling charges are subject to the same state and municipal sales tax rate as the merchandise when delivered to a customer in South Dakota. If the product is not taxable, the delivery and handling charges are not taxable.

Delivery charges are the charges by the retailer for preparation and delivery to a location designated by the purchaser of tangible personal property or services. Delivery charges include transportation, shipping, postage, handling, crating, and packing.

If a retailer hires a transportation company and bills the customer for the transportation service, the retailer must include the transportation charges in their taxable receipts.

If both taxable and nontaxable products are in the same shipment, tax is due on the portion of the delivery charge for the taxable products. This is determined by using a percentage of the sales price or weight of the taxable property compared to the total sales or total weight of all property in the shipment.

Examples

1. A parts store in Sioux Falls ships a part to a customer in rural Minnehaha County. The parts store should charge the customer state sales tax and no municipal tax because the customer takes possession outside the city limits. Sales tax applies to the charge for the product and the delivery charge.

2. A parts store in Sioux Falls sells 100 spark plugs to a parts store in Watertown, charging $100 for the spark plugs and a $5 delivery fee. The Sioux Falls store should obtain an exemption certificate from the Watertown store for its parts. No sales tax is due on the parts or delivery fee.

3. Jones Auto sells and delivers the following items to Fred's Farm Store in Pierre: 2 tires for resale (cost $1000) and 1 office desk for use by the owner (cost $1000). Jones bills Fred $2000 plus $200 delivery. Fred's gave Jones an exemption certificate for the two tires. Jones charges state sales tax plus Pierre municipal sales tax on $1,100 ($1000 for the desk plus $100 shipping). Taxable shipping was determined by using the ratio of taxable products ($1000) to total sale ($2000). 1/2 of the shipping is taxable.

Use Tax

All supplies and services purchased by a business that are not being resold to a customer are subject to use tax, if sales tax was not paid on the purchase. Cost of items subject to use tax should be reported on the use tax line of the sales tax return. This includes items such as:

attorney/accountant services	office supplies
brake cleaner	paint brushes/sprayers
brochures	paint remover
carburetor cleaner	personnel training
cleaning compounds	promotional items
computers	rags
computer support services	sandpaper
consulting services	security services
contract labor	shop equipment
furniture	software
grinding compounds	solvent soap
Internet services	subscriptions
janitorial supplies	technician testing
services manufacturer supply	tools/hand tools
services (parts locator)	uniforms
masking tape	wash rack supplies/eqpmt.
mops/brooms	welding shop tools

Use tax is also due on regular maintenance items, such as filters, oil, other fluids, and brake, engine and carburetor cleaners that are used on dealer-owned motor vehicles that are for resale. Use tax is due on all parts and services purchased to repair motor vehicles that are lease motor vehicles, even if they are not currently being leased.

The fact that an additional charge may be added to a repair bill to cover costs of the supplies consumed does not relieve the dealer from his liability for the tax on such property used or consumed in the operation of his business.

The following example is of a situation in which an additional charge is paid by the customer to cover the dealer's cost on the property. Property which becomes part of a motor vehicle prior to title passing from the dealer to the customer, such as automotive parts, paints, paint thinner, lacquers, greases, lubricants, tire patches, and cement may be purchased for resale without paying the sales tax, provided the dealer furnishes the supplier with an exemption certificate showing his sales tax license number.

Example

ABC Dealership and XYZ Repair Shop both charge an additional 5% for shop supplies on all repair invoices issued to customers to cover the cost of the rags, cleaners, masking tape, etc. they use in the course of their repair work. Both businesses must pay sales tax on these supplies at the time of purchase and include the 5% in the taxable sales to the customer.

Mounted Equipment

Truck boxes, hoists, digger equipment, feed mixers, corn shellers or similar equipment are considered mounted equipment. If the mounted equipment is sold separately and added after the sale of the motor vehicle, both the equipment and the installation charges are subject to sales tax. If the mounted equipment is part of the motor vehicle, bought and mounted prior to the sale and included in the sale price, the equipment is subject to the 3% motor vehicle excise tax and is not sales taxable. This applies to both new and used motor vehicles and mounted equipment.

Example
Smith buys a truck for $12,000 then registers and licenses the motor vehicle. He pays the 3% motor vehicle excise tax on $12,000. He then buys a cement mixer and has it mounted on the truck. He pays sales tax on the mixer and installation charges.

Smith buys a truck worth $12,000 with a cement mixer worth $8,000 from a dealer and pays $20,000 for the whole unit. He then registers and licenses the motor vehicle. He pays no sales tax on the mounted equipment, but pays the 3% excise tax on the purchase price or $20,000.

Exceptions from the 3% motor vehicle excise tax—these items may be titled but are subject to sales and use tax. Proof that sales tax was paid must be provided before the title will be issued.

barbecue pits
car dollies
log splitters
small pull-type cement mixers
street sweepers
jeep boosters
stump grinders
tar pots
trailers for air compressors
tree chippers/tree spaces
welders

Boats

For information on taxes and boats, view the Boats Tax Facts at www.state.sd.us/drr or request a copy by calling 1-800-829-9188.

All Terrain Vehicles (ATV's)

All terrain vehicles are subject to sales tax, no matter what the intended use of the vehicle. Sales tax applies to ATVs that are intended for off-road and on-road use. ATVs purchased for exclusive agricultural purposes are subject to the 4% state sales tax, no municipal tax. An exemption certificate must be obtained from the purchaser to document the ATV is for agricultural use. The rental of ATV's is subject to state sales tax, applicable municipal tax, plus tourism tax if rented for 28 days or less.

Snowmobiles and Low-Speed Vehicles

Snowmobiles and low-speed vehicles (LVS) are subject to the 3% motor vehicle excise tax in lieu of sales tax and must be titled and registered with the county treasurer.

"Low-speed vehicle," (LSV) a 4-wheeled vehicle whose speed attainable in 1 mile is more than 20 miles per hour and not more than 25 miles per hour on a paved level surface. The manufacturer's certificate of origin or title must clearly identify the vehicle as a low-speed vehicle. A LSV is used primarily for short trips and recreational purposes, and has some safety equipment such as lights, reflectors, mirrors, parking brake, windshield, and safety belts.

Accessories such as helmets are subject to sales tax.

Converting Motor Vehicles to Alternative Fuels

Parts and labor required to convert a motor vehicle to run on compressed natural gas or mixtures containing 85% or more alcohol are subject to sales and use tax.

Commissions

Commission or fees received by retailer for arranging a loan between the buyer of the retailer's product and a lending institution are not subject to sales tax.

Driving Services

When a dealer hires a person to drive a motor vehicle from one location to another, the services of the driver are subject to sales tax. Dealers are responsible for remitting use tax on these services if the driver does not have a sales tax license.

Other Fees and Options

The customer may choose to purchase additional services when purchasing a motor vehicle. The chart shows examples of services and products that may be sold by vehicle dealers and the tax application.

Description	Subject to 3% Motor Vehicle Excise Tax	Subject to Sales Tax
Certification Charge	X	
Delivery Fee	X	
Documentation Fee - Included in Sale Price	X	
Documentation Fee - Not Included in Sale Price		X
Interest Charges	Exempt	Exempt
New Car Preparation Charges - Included in Sales Price	X	
Optional Contracts		
Credit Life & Disability Insurance - subject to insurance premium tax.	Exempt	Exempt
Debt Protection Plan - sold at time of vehicle purchase	X	
Extended Service Contract/Extended Warranty -		
▪ sold at time of vehicle purchase	X	
▪ sold after vehicle purchase		X
GAP Waiver - agreement from finance company to waive the loan value that is greater than the value of the vehicle if the vehicle is wrecked before the loan is paid off.	X	
GAP Insurance - subject to insurance premium tax.	Exempt	Exempt
Lease Wear Care or Protection Plans - on lease vehicles pays for damages such as scratches and dents	X	
Maintenance Care Contracts (may include oil and filter changes, antifreeze, tire rotations, chassis lubrications, inspections of safety and mechanical components, etc.)		X
Mechanical Breakdown Insurance - subject to insurance premium tax.	Exempt	Exempt
Other Optional Contracts - roadside assistance plans, tire and wheel repair plans, windshield repair plans, bent & dent dealer options, key replacement plans, trip interruption protection plans		X
Optional Products that when added to a new or used vehicle actually become part of the motor vehicle may include: Crystal Fusion Electric MV Connector Lo Jack Polyshield Starter Interrupter Devices Theft Etch Windshield Enhancements Mirrors Floor Mats Bug Shields Customized Paint		
• Added to a vehicle prior to purchase of vehicle	X	
• Added to vehicle after purchase of vehicle		X
Optional Products that do not become part of the motor vehicle may include: Helmets T-shirts Cups		X

Motor Vehicle Lease & Renting

Taxes are based on the amount of the rental payments. The state and municipal tax applies based on where the vehicle is delivered to the customer.

1. Automobiles, pickups or vans rented for 28 days or less, which are licensed under the noncommercial licensee fee schedule per SDCL 32-5-6 and have a manufacturer shipping weight, including accessories, of 10,000 pounds or less, are subject to the following taxes:

- State sales tax
- Municipal sales tax
- Motor vehicle gross receipts tax
- Tourism tax

Charges for the following items are subject to the same tax as the rental of the vehicle whether itemized or included in the car rental fee.

- Airport concession fees and facility fees
- Drop Charges
- Child seat
- Ski racks
- Car navigational (GPS) system
- Additional driver
- Drivers 24 years or younger
- Exceeding mileage
- Up charges for nonstandard vehicles
- Car Satellite radio
- Frequent Flyer Surcharge
- Fuel and Service Charges
- Fuel Purchase Option
- Loss Damage Waiver
- Energy Surcharges
- Emergency Roadside Service
- Vehicle licensing fees passed onto customer
- Rental tax surcharges

A car rental company does not owe sales tax on insurance premiums paid for insurance they sell to customers when the following criteria are met:

a. The insurance is from a licensed insurance company; b. The entire amount charged the customer for the premium is subject to insurance premiums tax; and c. The charge is itemized on the customer's invoice.

If the charge to the customer for the insurance is greater than the amount the insurance company pays insurance premiums tax on, the entire charge is subject to sales tax.

2. Trailers licensed with a trailer ID plate under 32-5-8.1 that have an unladen weight of 9,000 pounds or more are subject to the following taxes:

A. If rented for 28 days or less:
- State sales tax
- Municipal tax
- Motor vehicle gross receipts tax

Tourism tax does not apply.

B. If rented for 6 months or less, but more than 28 days:
- Motor vehicle gross receipts tax

3. Recreational equipment, which are also motor vehicles, including ATVs, campers, camping trailers, mopeds, motor coaches, motorcycles, snowmobile trailers, and watercraft trailers, when rented for 28 days or less are subject to the following taxes:

- State sales tax
- Municipal sales tax
- Tourism tax

4. All motor vehicles, other than the above categories, rented for 28 days or less are subject to the 4% state sales tax and municipal tax.

The lease or rental of motor vehicles is not subject to sales tax or tourism tax when rented under a single contract for more than 28 days.

Report the motor vehicle gross receipts tax and tourism tax in the city and special jurisdiction section of the sales tax return, using the following codes:

Motor vehicle gross receipts tax: code 600-1.
Tourism tax: code 700-1.

Motor Vehicle Leasing

Leases of motor vehicles, without an operator or driver, for more than 28 days are not subject to sales tax, gross receipts tax or tourism tax. These motor vehicles are subject to the 3% motor vehicle excise tax which is assessed at the time of registration based on the purchase price of the vehicle.

Motor vehicles removed from short term rental (28 or fewer days) and leased for more than 28 days, are subject to the 3% motor vehicle excise tax. If the same vehicle is later leased for 28 days or less, it is subject to the sales tax, motor vehicle gross receipts tax and applicable municipal tax. The short term rental of automobiles, pickups and vans are also subject to tourism tax.

The lessor or the lessee must pay the 3% excise tax on the purchase price of the vehicle with a gross vehicle weight rating of less than 16,000 pounds or fertilizer vehicles if leased more than 28 days. (Motorcycles and motorized bicycles are included.)

- The lessor must title and license the vehicle. In the case of a leasing company within a dealership, the leasing company name must be separate and distinct from that of the dealership.
- The lessor and the lessee's name must appear on the title.
- The South Dakota driver's license or Social Security number of each lessee must be given. If the lessee is a business, a FEIN is required (in the event of sole proprietorship of the business, the owner's SDDL or SSN may be used).
- The lessor or the lessee must pay the 3% excise tax on the purchase price of the vehicle (with a gross vehicle weight rating of less than 16,000 pounds or fertilizer vehicles).

Purchase price on a closed leased (a lease that has an established term) vehicle is the total consideration whether received in money or otherwise. Total consideration is: all lease payments, including cash, rebates, the net trade-in, extended warranties, administrative fees, acquisition fees, or any other fees assessed on the purchase of the vehicle. Total consideration does not include: title fees, registration fees, vehicle excise tax, federal excise tax attributable to the sale of the vehicle to the owner or to the lease of the vehicle by the owner, insurance, and refundable deposits.

- Calculation of the tax shall be done on the South Dakota Closed Lease Tax Worksheet. A copy of the worksheet must accompany the application for title and registration (MV608). The purchase price must be certified on the application for title and registration (MV608) or the lease tax worksheet.
- If the lessee buys the vehicle at the end of the lease, excise tax is assessed on the purchase price of the vehicle at the end of the lease.
- The lessor/dealer must assign the title to the lessee and submit the assigned title to the lessee's county treasurer, along with an application certifying the purchase price of the vehicle.
- If a lease is terminated prior to the termination date contained in the lease agreement, no refund is given for tax previously paid.

Leased Vehicle-Destroyed

If prior to the expiration of a lease, the leased vehicle is destroyed by fire, accident or vandalism to the extent that it constitutes a total loss of the vehicle, credit for the lease tax paid for the period remaining on the previous lease is allowed if another vehicle is substituted under the original lease or a new lease is executed with the intent to replace the vehicle subject to the previous lease.

The new lease or substituted vehicle under the original lease must be executed by the same lessor and lessee for lease of a vehicle of the same or similar make, model, year and options as the vehicle and the required fees and taxes.

- A lessee who entered into a lease prior to July 1, 2000, and who paid excise tax based on the purchase price of the vehicle, including the value of the leased vehicle at the end of the lease shall receive credit for tax previously paid if the lessee purchases the vehicle at the end of the lease. The lease must be for the remaining lease period as the previous lease, for the same lease price and under the same lease terms as the previous lease.

Out-of-State Vehicle Lease

Leased vehicles entering the state under a lease are subject to tax on the date the vehicle enters this state for the remaining months in the lease period.

Credit is given for tax that has been paid up-front to another state. The applicant must submit proof of payment of the tax. The lessee and the lessor must remain the same. [No credit is given if payment of the tax on a lease was being made to another state on a monthly basis.]

In the event tax was being paid by the lessee to another state on a monthly basis, the county treasurer shall require the leasing company making application for title and license to submit a completed application for title and registration, a South Dakota Lease Tax Worksheet For Out-Of-State Vehicle Lease, and a copy of the lease agreement.

Open-end Leases

An open-end lease is one in which the terms of the lease are not certain at the time the lease contract is executed. The purchase price on an open-end lease is defined as: the purchase price of the vehicle plus cash, rebates, the net trade-in, extended warranties, administrative fees, acquisition fees, or any other fees assessed on the purchase of the vehicle. The purchase price does not include title fees, registration fees, vehicle excise tax federal excise taxes attributable to the sale of the vehicle to the owner or to the lease of the vehicle by the owner, insurance and refundable deposits. No tax worksheet is required on this type of lease. The purchase price of the vehicle is certified by the dealer on the application for title (MV 608) or a purchase order must be submitted to substantiate the vehicle's purchase price.

Extended Leases or Additional Consideration

If a lease is extended or there is additional consideration paid for the lease, the lessor is responsible for remitting the 3% motor vehicle excise tax. The South Dakota Extended Lease or Additional Consideration Lease Tax Worksheet along with the additional tax payment is to be remitted through the County Treasurer's office of the county in which the vehicle is registered. The certificate of title on the vehicle does not have to be submitted.

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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