

This Tax Facts is designed to explain how sales and use tax applies to storage services. If this Tax Facts does not answer your specific question, please call the Department toll-free at 1-800-829-9188 between 8:00 AM – 5:00 PM CST, Monday through Friday.

Information 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 of Revenue.

## Exempt Mini-Storage, self storage

The gross receipts from renting mini-storage, self storage units or storage space are not subject to sales tax. Storage space provided with no additional services, except for electricity or security cameras, is not subject to South Dakota sales tax. This includes storage units that are rented with or without a fence, key or access card to enter the facility, or video surveillance.

## Exempt - Farm product warehousing

The gross receipts from warehousing and storage of farm products, including grain elevators, are not subject to tax. (SDCL 10-45-12.1, SIC industry no. 4221)

## Taxable Warehousing and Storage

**Warehousing and storage, with services**, is subject to the state sales tax plus applicable municipal sales tax where the storage or warehouse is located.

Examples of services that may be provided with storage and warehousing are inventory, insurance, handling, packing or repacking, security guards, climate or temperature controls, and inventory retrieval.

**Cold or refrigerated storage or warehousing** including food lockers, frozen food lockers, cold or refrigerated warehousing.

**Airport hangar rental** including aircraft storage at airports.

Deposits for taxable services, such as a security deposit, are subject to sales tax. The sales tax on deposits may be refunded to the customer when the deposit is refunded.

### **Exceptions:**

Storage provided as part of a moving service is not subject to sales tax.

Storage or warehouse space leased for office use is not subject to sales tax. If office space is leased along with taxable mini-storage or warehousing, the charge for the office space must be separately stated. If not separately stated, the entire charge is subject to sales tax.

### **Examples of taxable services:**

1. A heated warehouse with separate secure areas for storage.
2. A warehouse that picks up and delivers items to be stored, inventories items as they are received and returned, and provides security.
3. A climate controlled warehouse for storing classic cars.
4. A climate - moisture level controlled facility that is used for storing furs.
5. A mini-storage facility that provides a security guard.

## Use Tax

Use tax is due on any items purchased or services used or consumed by a storage business when no tax was originally paid. Some examples of use taxable items to a storage company include computers, software, maintenance, promotion items – such as calendars and mugs, office supplies, cleaning supplies, bookkeeping services, shop equipment and tools, forklifts, and repair parts.

## Exempt Entities

Accredited schools, non-profit hospitals, approved relief agencies, and government entities are exempt from sales and use tax. Government entities must provide an exemption certificate to the vendor or the vendor must keep documentation to show the purchase was paid from government funds. Documentation may include a purchase order or a check stub.

Relief agencies and religious or private schools must provide an exemption certificate to purchase products and services exempt from sales and use tax.

## 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:

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