

taxation

South Dakota Department of Revenue & Regulation

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2009 SALES TAX RATE CHART

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New Municipal Tax Changes Effective Jan. 1

Beginning January 1, 2009, the following South Dakota communities will implement new municipal taxes or update their current city taxes.

- **Crooks** is implementing a 1% municipal gross receipts tax on alcoholic beverages, admissions, eating establishments, and lodging accommodations.
- **Doland** is increasing its general sales and use tax rate from 1% to 2%.
- **Grenville** is implementing a 2% general sales and use tax rate.
- **Herried** is increasing its general sales and use tax rate from 1% to 2%.
- **Hudson** is increasing its general sales and use tax rate from 1% to 2%.
- **Orient** is implementing a 1% general sales and use tax rate.
- **Sioux Falls** is increasing its general sales and use tax rate from 1.92% to 2%.
- **Winner** is imposing a 1% municipal gross receipts tax on alcoholic beverages, admissions, eating establishments, and lodging accommodations.

The complete updated January 2009 Municipal Sales Tax Rate Chart can be found on page 5 of this publication.

Dealer Access, Internet Renewals Next Phase

Now that South Dakota's new license plate with owner process and accompanying computer system have been in operation for six months, state officials and programmers are planning for the next developments to the system which include expanding access to motor vehicle dealers and providing online renewals for vehicle owners.

Effective July 1, 2008, the state changed from a license plate with vehicle system to a license plate with owner system. The changeover prompted the implementation of a new computer system called SDcars (Customized Automated Registration System). Despite computer glitches and user problems during the first few months under the new system, Debra Hillmer, Director of the Division of Motor Vehicles, says SDcars is now operating more efficiently and state officials are working to get motor vehicle dealers onto the system.

"Once all of the state's dealers have access, they will be able to enter vehicle sales information directly into the system, providing an immediate record of the sale," Hillmer said. "This will save a lot of data entry time and allow for further action to be taken if the vehicle buyer doesn't complete the transaction with the county within the required 30 days."

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According to Hillmer, another time-saving feature of the new system is online vehicle registration, which may be available to vehicle owners in early 2009.

“SDcars was designed to allow for online vehicle registration, meaning owners will be able to register their vehicles over the Internet,” Hillmer said. “Once that feature is implemented, people will be able to register their vehicles from home in a secure and convenient manner. No standing in line at the treasurer’s office, no rushing to make it during office hours. They can do it anytime that’s convenient for them as long as it is during their scheduled renewal period.”

Online renewals will also free up time for staff in county treasurer’s offices. By reducing the number of customers that have to be waited on over the counter, staff members will have more time to process transactions and perform their regular daily duties.

For more information on the SDcars system or the license plate with owner system, go to www.SDcars.org.

When Tax Rates Change: Whenever the state or municipal tax rates change (changes for municipal tax can only occur on January 1 and July 1), there can be confusion about when the business should implement the new rate.

On the accrual method of accounting the business will pay the tax rate that is in effect on the date the customer was billed.

On the cash method the business must pay the tax rate that is in effect when the payment is **received**. For instance, if a rate change takes place January 1, and the customer was billed in December, but did not make the payment until January, the business would owe **the new tax rate** on the payment received in January.

Contractors Excise Tax Projects

Construction Material, for a contract bid or assigned prior to a municipal tax rate increase, is subject to the municipal tax rate in effect at the time of the bid or signing of the contract. A copy of the bid sheet or contract will be sufficient documentation for the contractors file. The contractor may note on the purchase invoice or any purchase contract as to when the contract was bid or awarded. The supplier should charge municipal sales tax at the rate at the time of the bid.

Quick Bits

Returns Mailed to same address

Even though our Sioux Falls office has moved to a new location at 300 South Sycamore, Suite 102, our remittance address for tax returns and payments remains the same. All returns and payments should be mailed to Sioux Falls Remit Center, PO Box 5055, Sioux Falls, SD 57117-5055.

New license numbers

The Department of Revenue & Regulation is issuing new license numbers effective January 1, 2009. Your old number is valid for all returns filed for December 2008. After January 1, 2009 your new license number will be pre-printed on all of your tax returns. Upon receipt of your new license card, please destroy your old license card and display the new one in public view. Taxpayers who are updating resale certificates should wait until they receive their new number.

Extended Warranty vs Maintenance Contracts

When a motor vehicle is purchased the customer may opt to purchase additional services. Not all of these services are subject to the 3% Motor Vehicle Excise Tax, Here are some examples of these services and how they are taxed.

	3% Motor Vehicle Excise Tax	Subject to Sales Tax	Exempt
Documentation Fee & Vehicle Financing - included in sale price	X		
Documentation Fee & Vehicle Financing - not included in sale price		X	
Interest Charges			X
Extended Service Contract / Extended Warranty - sold at time of vehicle purchase	X		
Extended Service Contract / Extended Warranty - not sold at time of vehicle purchase		X	
Optional Debt Cancellation	X		
Delivery Fee	X		
Certification Charge	X		
Maintenance Care Contract (may include oil changes, filter changes, antifreeze, etc)		X	
Optional Contracts (may include roadside assistance, tire & wheel repair, windshield repair, etc)		X	
Lease-Wear Care	X		
GAP Waiver	X		
GAP Insurance			X*
Credit Life & Disability Insurance			X*
Mechanical Breakdown Insurance			X*

*Subject to Insurance Premium Tax

SALES & USE TAX

Fuel Surcharge

Many companies add an additional fuel surcharge for the delivery of goods.

If the fuel surcharge is an additional delivery or transportation charge for taxable goods, it is subject to sales tax based on where the goods are delivered. If the goods are exempt from tax, the fuel surcharge is exempt from tax.

Drop Shipments

Drop shipments occur when a retailer purchases an item from a vendor and the vendor delivers (or drop ships) the product directly to the retailer's customer in South Dakota.

If the vendor has a South Dakota tax license, they must charge the retailer South Dakota sales tax unless the retailer provides a properly completed exemption certificate claiming resale.

If the retailer is located out-of-state they may provide their out-of-state tax permit number on the exemption certificate.

For example: A Minnesota retailer sells equipment to a South Dakota customer. The retailer purchases the equipment from a manufacturer in Wisconsin and has the manufacturer deliver the equipment directly to the South Dakota customer. The manufacturer has a South Dakota tax license.

Since the manufacturer has a tax license in South Dakota they are required to charge the retailer sales tax based on where the equipment is delivered unless the retailer provides an exemption certificate. The retailer may use their Minnesota tax permit number on the exemption certificate; they do not have to provide a South Dakota number.

Catering

Catering is subject to the state sales tax, applicable municipal tax and applicable 1% municipal gross receipts tax based on where the meal is served. For example, if a catering company serves a banquet in Mitchell the tax due is 4% state tax, plus 2% Mitchell city sales tax, plus 1% Mitchell gross receipts tax, for a total tax due of 7%

Digital-to-Analog Converter Box Coupon Program

The federal government is issuing coupons that can be applied towards the purchase of eligible converter boxes. The customer must provide the retailer with a coupon for which the federal government will reimburse the retailer up to \$40 per coupon. South Dakota sales tax applies to the gross receipts from the sale of the converter boxes, which includes the value of the coupon.

Gross receipts include the value of coupons for which the retailer will receive reimbursement from a third party. In this case, the reimbursement is from the Federal Government; however, because the sale is to an individual, not to the government, the gross receipts from the transaction remain taxable.

Concession Stands

Receipts from sales of all food and beverages at concession or snack stands are subject to state sales tax, applicable municipal sales tax, and municipal gross receipts tax that applies to eating establishments. Examples where concession stands may be are: sporting events, lounges, bowling alleys, and movie theaters. Concessions stands on the grounds of a visitor attraction or at a spectator event such as a concert, ball game, or exposition are also subject to the 1% tourism tax. (See Tourism Tax facts for further information)

Tax Filing Deadlines

January

January 20

Paper returns & payments due for monthly filers.

January 23

SD QUEST returns due.

January 30

SD QUEST electronic payments due.

January 31

Paper returns & payments due for semi-annual & annual filers.

February

February 20

Paper returns & payments due for monthly filers.

February 23

SD QUEST returns due.

February 26

SD QUEST electronic payments due.

March

March 20

Paper returns & payments due for bi-monthly filers.

March 23

SD QUEST returns due.

March 30

SD QUEST electronic payments due.

March 31

Paper returns & payments due for bi-monthly filers.

911 Surcharge on Prepaid Wireless Service

During the 2008 legislature a bill was passed to revise certain provisions regarding collection and administration of the 911 emergency surcharge and operations of 911 services. The new law provided for a surcharge on active prepaid wireless accounts. The surcharge is 75 cents per active account or 2% of the retail sale at the time of purchase.

This surcharge is administered by the Department of Public Safety but the funds and return will be sent to the Remit Center, PO Box 5055, Sioux Falls, SD 57117-5055. For questions, please contact the Office of Emergency Management, Department of Public Safety at 605-773-3231. For additional information on the 911 surcharge and reporting go to <http://www.oem.sd.gov/>

Prepared Food and Municipal Gross Receipts Tax - New Tax Facts

Municipalities in South Dakota have the option of imposing a 1% municipal gross receipts tax on Eating Establishments where the public is invited to eat, dine, or purchase and carry out prepared food for immediate consumption. This tax is in addition to the state sales tax and the municipal sales tax. The municipal gross receipts tax applies to all prepared food for immediate consumption.

Prepared food includes:

- Food that is sold in a heated state or is heated by the seller at any time before the sale, even if it is not warm at the time of sale, that the customer would generally eat without reheating.
- Two or more food ingredients that are mixed or combined by the seller for sale as a single item.
- Food sold with eating utensils. If the seller provides plates, bowls, glasses, and cups required to hold the food, then the food is prepared food for immediate consumption.

Immediate consumption includes any prepared food that can be consumed immediately and is generally meant to be eaten soon after it is purchased. Food that generally requires additional preparation by the customer after it is purchased, such as cooking, heating, or combining with other food products is not prepared food for immediate consumption. The tax facts for Prepared Food and information on Municipal Tax is available online at www.state.sd.us/drr or calling our helpline at 1-800-829-9188.

Bakeries and Donut Shops

Most food made by a bakery is prepared food for immediate consumption and is subject to the 1% municipal gross receipts tax. This tax applies whether the customer chooses to eat there or take the food with them. However, some items are not for immediate consumption. If the food generally requires further preparation by the customer such as heating, cooking, or combining with other products, then it is not subject to the municipal gross receipts tax. Bread loaves, buns (such as hamburger or sandwich buns), whole pies or cakes sold for home consumption are not considered for immediate consumption, therefore not subject to the municipal gross receipts tax. Cakes, such as wedding cakes or special occasion cakes that are delivered are catering and subject to municipal gross receipts tax.

EFFECTIVE JANUARY - JUNE 2009 MUNICIPAL SALES TAX RATE CHART

City	Code	Rate	City	Code	Rate	City	Code	Rate	City	Code	Rate
Aberdeen*	001-2	2.00	Eden*	103-2	1.00	Lenmon*	206-2	2.00	South Shore*	333-2	1.00
Aberdeen	001-1	1.00	Edgemont*	104-2	2.00	Lennox*	207-2	2.00	Spearfish*	334-2	2.00
Akaska*	004-2	2.00	Edgemont	104-1	1.00	Leola*	208-2	2.00	Spearfish	334-1	1.00
Alcester*	006-2	2.00	Egan*	105-2	2.00	Lesterville	209-2	1.00	Spencer*	335-2	2.00
Alexandria*	007-2	2.00	Elk Point*	106-2	2.00	Letcher*	210-2	2.00	Springfield*	336-2	2.00
Alpena*	009-2	1.00	Elkton*	107-2	2.00	Letcher	210-1	1.00	Stickney*	337-2	2.00
Andover*	011-2	2.00	Emery*	110-2	2.00	Madison*	221-2	2.00	Stratford*	340-2	1.00
Arlington*	013-2	2.00	Estelline*	113-2	1.00	Madison	221-1	1.00	Sturgis*	341-2	2.00
Armour*	014-2	2.00	Ethan*	114-2	2.00	Marion*	226-2	2.00	Sturgis	341-1	1.00
Artesian*	015-2	2.00	Eureka*	115-2	2.00	Martin*	227-2	2.00	Summerset*	425-2	2.00
Ashton*	016-2	1.00	Faith*	119-2	2.00	Martin	227-1	1.00	Summerset	425-1	1.00
Astoria*	017-2	1.00	Faith	119-1	1.00	McCook Lake*	Report Under		Sunmit*	342-2	2.00
Aurora*	019-2	1.00	Faulkton*	121-2	2.00		North Sioux City		Tabor*	343-2	2.00
Avon*	020-2	2.00	Flandreau*	125-2	2.00	McIntosh*	219-2	2.00	Tea*	344-2	2.00
Baltic*	022-2	2.00	Flandreau	125-1	1.00	McLaughlin*	220-2	1.00	Tea	344-1	1.00
Baltic	022-1	1.00	Florence*	126-2	2.00	Menno*	233-2	2.00	Timber Lake*	345-2	2.00
Belle Fourche*	027-2	2.00	Fort Pierre*	129-2	2.00	Midland*	234-2	2.00	Toronto*	347-2	1.00
Belle Fourche	027-1	1.00	Fort Pierre	129-1	1.00	Milbank*	235-2	2.00	Treat*	349-2	1.00
Belvidere*	028-2	2.00	Frederick*	132-2	1.00	Milbank	235-1	1.00	Tripp*	350-2	2.00
Beresford*	029-2	2.00	Freeman*	133-2	2.00	Miller*	237-2	2.00	Tulare*	351-2	1.00
Beresford	029-1	1.00	Garretson*	138-2	2.00	Mission*	239-2	1.75	Tyndall*	355-2	2.00
Big Stone City*	031-2	1.00	Garretson	138-1	1.00	Mitchell*	242-2	2.00	Valley Springs*	359-2	2.00
Bison*	032-2	2.00	Gary*	139-2	1.00	Mitchell	242-1	1.00	Veblen*	360-2	1.00
Blunt*	034-2	1.00	Gayville*	140-2	2.00	Mobridge*	243-2	2.00	Vermillion*	362-2	2.00
Blunt	034-1	1.00	Geddes*	141-2	2.00	Mobridge	243-1	1.00	Vermillion	362-1	1.00
Bonesteel*	035-2	1.00	Gettysburg*	142-2	2.00	Monroe*	244-2	1.00	Viborg*	363-2	2.00
Bowdle*	036-2	2.00	Gettysburg	142-1	1.00	Montrose*	245-2	2.00	Viborg	363-1	1.00
Box Elder*	037-2	2.00	Glenham*	145-2	2.00	Morristown*	246-2	1.00	Volga*	367-2	1.00
Box Elder	037-1	1.00	Gregory*	147-2	2.00	Mound City*	247-2	2.00	Volin*	368-2	1.00
Brandon*	039-2	2.00	Gregory*	147-1	1.00	Mount Vernon*	248-2	2.00	Wagner*	369-2	2.00
Brandon	039-1	1.00	Grenville*	148-2	2.00	Mount Vernon	248-1	1.00	Wakonda*	370-2	1.00
Brandt*	040-2	2.00	Groton*	149-2	2.00	Murdo*	250-2	2.00	Wall*	372-2	2.00
Bridgewater*	042-2	2.00	Groton	149-1	1.00	Murdo	250-1	1.00	Wall	372-1	1.00
Bristol*	043-2	2.00	Harrisburg*	151-2	2.00	New Underwood*	254-2	2.00	Ward*	375-2	2.00
Britton*	044-2	2.00	Harrisburg	151-1	1.00	Newell*	255-2	2.00	Warner*	376-2	2.00
Britton	044-1	1.00	Harrold*	153-2	2.00	Nisland*	256-2	2.00	Wasta*	377-2	1.00
Brookings* 045-2	2.00		Hartford*	154-2	2.00	North Sioux City*	258-2	2.00	Watertown*	379-2	2.00
Brookings	045-1	1.00	Hartford	154-1	1.00	North Sioux City	258-1	1.00	Watertown	379-1	1.00
Bryant*	047-2	2.00	Hayti*	156-2	2.00	Oacoma*	261-2	2.00	Waubay*	380-2	2.00
Buffalo*	048-2	1.00	Hazel*	157-2	1.00	Oacoma	261-1	1.00	Webster*	382-2	2.00
Burke*	053-2	2.00	Hecla*	158-2	1.00	Olivet*	267-2	1.00	Webster	382-1	1.00
Canistota*	055-2	2.00	Henry*	159-2	2.00	Onida*	269-2	2.00	Wentworth*	383-2	2.00
Canistota	055-1	1.00	Hermosa*	160-2	2.00	Orient*	272-2	1.00	Wessington*	384-2	1.00
Canova*	056-2	1.95	Herreid*	161-2	2.00	Parker*	276-2	2.00	Wessington Springs*	385-2	2.00
Canton*	057-2	2.00	Highmore*	164-2	2.00	Parkston*	277-2	2.00	White*	388-2	2.00
Carthage*	061-2	2.00	Highmore	164-1	1.00	Parkston	277-1	1.00	White Lake*	389-2	2.00
Castlewood*	062-2	2.00	Hill City*	165-2	2.00	Philip*	280-2	2.00	White Lake	389-1	1.00
Centerville*	065-2	2.00	Hill City	165-1	1.00	Pickstown*	281-2	2.00	White River*	391-2	2.00
Centerville	065-1	1.00	Hitchcock*	166-2	1.00	Piedmont*	282-2	2.00	Whitewood*	393-2	2.00
Central City*	066-2	2.00	Hosmer*	168-2	2.00	Pierpont	283-2	2.00	Whitewood	393-1	1.00
Chamberlain*	067-2	2.00	Hot Springs*	169-2	2.00	Pierre*	284-2	2.00	Willow Lake*	394-2	2.00
Chamberlain	067-1	1.00	Hot Springs	169-1	1.00	Pierre	284-1	1.00	Wilmot*	395-2	2.00
Chancellor*	068-2	2.00	Hoven*	171-2	2.00	Plankinton*	286-2	2.00	Winner*	397-2	2.00
Chancellor 068-1	1.00		Howard*	172-2	2.00	Platte*	287-2	2.00	Winner	397-1	1.00
Clark*	073-2	2.00	Hudson*	174-2	2.00	Platte	287-1	1.00	Witten*	398-2	2.00
Clear Lake*	075-2	2.00	Humboldt*	175-2	2.00	Pollock*	288-2	2.00	Wolsey*	399-2	2.00
Clear Lake 075-1	1.00		Humboldt	175-1	1.00	Presho*	291-2	2.00	Woonsocket*	401-2	2.00
Colman*	076-2	2.00	Hurley*	176-2	2.00	Pringle*	292-2	2.00	Worthing*	402-2	2.00
Colome*	077-2	2.00	Huron*	177-2	2.00	Quinn*	295-2	1.00	Worthing	402-1	1.00
Colton*	078-2	2.00	Huron	177-1	1.00	Quinn	295-1	1.00	Yankton*	405-2	2.00
Colton	078-1	1.00	Interior*	179-2	1.90	Ramona*	297-2	1.00	Yankton	405-1	1.00
Corona*	081-2	2.00	Ipswich*	181-2	2.00	Rapid City*	298-2	2.00	Tribal Taxes		
Corsica*	082-2	2.00	Irene*	182-2	2.00	Rapid City	298-1	1.00	Cheyenne Sales	408-4	4.00
Corsica	082-1	1.00	Iroquois*	183-2	1.00	Redfield*	301-2	2.00	Cheyenne Excise	408-2	2.00
Crooks*	087-2	1.90	Isabel*	184-2	2.00	Redfield	301-1	1.00	Pine Ridge Sales	411-4	4.00
Crooks	087-1	1.00	Java*	185-2	2.00	Reliance*	305-2	2.00	Pine Ridge Excise	411-2	2.00
Custer*	088-2	2.00	Jefferson*	186-2	2.00	Reliance	305-1	1.00	Rosebud Sales	412-4	4.00
Custer	088-1	1.00	Kadoka*	187-2	2.00	Revillo*	308-2	1.00	Rosebud Excise	412-2	2.00
Dallas*	089-2	2.00	Kadoka	187-1	1.00	Roscoe*	312-2	1.00	Sisseton		
Dallas	089-1	1.00	Kennebec*	190-2	2.00	Rosholt*	314-2	1.00	Wahpeton Use	414-4	4.00
Davis*	091-2	2.00	Kennebec	190-1	1.00	Roslyn*	315-2	2.00	Sisseton		
Deadwood*	093-2	2.00	Keystone*	192-2	2.00	Saint Lawrence	320-2	2.00	Wahpeton Excise	414-2	2.00
Deadwood	093-1	1.00	Keystone	192-1	1.00	Salem*	322-2	2.00	Standing Rock Sales	413-4	4.00
Dell Rapids*	094-2	2.00	Kimball*	193-2	2.00	Salem	322-1	1.00	Standing Rock Excise	413-2	2.00
Dell Rapids	094-1	1.00	Kimball	193-1	1.00	Scotland*	324-2	2.00			
Delmont*	095-2	2.00	Kranzburg*	194-2	2.00	Selby*	325-2	2.00	Other Taxes		
De Smet*	092-2	2.00	Lake Andes*	197-2	2.00	Sherman*	328-2	1.00	Telecommunication	900-1	4.00
De Smet	092-1	1.00	Lake Norden*	199-2	1.00	Sioux Falls*	330-2	2.00	Tourism Tax	700-1	1.00
Dimock*	097-2	2.00	Lake Preston*	200-2	2.00	Sioux Falls	330-1	1.00	Motor Vehicle	600-1	4.50
Doland*	098-2	2.00	Langford*	202-2	1.00	Sisseton*	331-2	2.00	Sioux Falls Lodging	800-1	1.00
Dupree*	101-2	1.00	Lead*	204-2	2.00	Sisseton	331-1	1.00			
			Lead	204-1	1.00						

* denotes general city tax rate



445 EAST CAPITOL AVENUE
PIERRE, SD 57501-3185

taxation

www.state.sd.us/drr

bustax@state.sd.us or call 1-800-TAX-9188

Return Service Requested

