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**JANUARY - JUNE 2011
MUNICIPAL TAX RATE CHANGES**

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Want to receive **taxation** via
email? Send your email address
along with your tax license num-
ber to: webman@state.sd.us

New Municipal Tax Changes Effective Jan. 1

Beginning January 1, 2011, five South Dakota communities will implement new municipal taxes or update their current city taxes.

The municipal tax changes that will take effect next month include:

- **Cavour** is imposing a 2 percent general sales and use tax rate.
- **Hosmer** is increasing its 1 percent general sales and use tax rate to 2 percent.
- **Langford** is increasing its 1 percent general sales and use tax rate to 2 percent.
- **Lesterville** is increasing its 1 percent general sales and use tax rate to 2 percent.
- **Yale** is imposing a 1 percent general sales and use tax rate.

The South Dakota Department of Revenue and Regulation has Municipal Tax Information Bulletins available listing all municipal sales and use tax rates statewide as well as information on tribal sales, use and excise taxes. Updated bulletins are free of charge and available after January 1, 2011, by contacting the Department of Revenue and Regulation at 1-800-TAX-9188 (1-800-829-9188) or download a copy from the Department's website at www.state.sd.us/drr.

Recent Changes in the Tax Collection Agreements with Native American Tribes

If you provide services within the areas included in the tax collection agreements for the Cheyenne River, Rosebud, Standing Rock and Yankton Sioux Tribes you need to be aware of changes to these agreements.

Tourism Tax:

Effective October 1, 2010, the Cheyenne River Sioux Tribe signed a one year tax collection agreement. While there are no changes in the area included in the agreement the Tribe did add tourism tax to the tax collection agreement.

Effective November 1, 2010, the Rosebud Sioux Tribe began imposing tourism tax to transactions that occur within the Rosebud special taxing jurisdiction. This change is part of a five year agreement signed by the Rosebud Sioux Tribe effective August 1, 2010.

The Cheyenne River and Rosebud Sioux Tribes join the Standing Rock Sioux Tribe who began imposing the tourism tax January 1, 2009. Since these Tribes now impose the tourism tax on enrolled tribal members the Department will also begin enforcing the remittance of the state tourism tax by non-members.

CONTINUED...

As with the other taxable transactions which occur within an area defined as part of a tax collection agreement, a separate code is used to report the tourism tax. The following are the tax codes for reporting tourism tax for those special jurisdictions:

Special Jurisdiction	Code	Effective Date
Rosebud - Tourism	412-5	November 1, 2010
Cheyenne River - Tourism	408-5	October 1, 2010
Standing Rock - Tourism	413-5	January 1, 2009

The Oglala (Pine Ridge) Sioux Tribe is currently the only tribe with a comprehensive tax collection agreement that does not impose tourism tax.

New Tax Collection Agreement:

Effective November 1, 2010, the Yankton Sioux Tribe signed a limited tax collection agreement which includes use and contractors' excise tax at the following locations:

- 1) The Fort Randall Casino and Smokehouse property
- 2) Yankton Travel Plaza

Both properties are located on Highway 46, 10 miles west of Wagner, SD or 3 miles east of Pickstown, SD.

Receipts from construction services for projects at either of the above locations must be reported on the state's excise tax return. Contractors currently working on projects at either of these locations are to begin reporting their excise tax liability under the Yankton special taxing jurisdiction tax codes beginning with their first excise tax liability due after November 1, 2010. Excise tax liability due prior to November 1, 2010, is reported as state excise tax. If the contractor is on the cash accounting method any payments received after November 1, 2010, will be reported under the Yankton special jurisdiction excise tax. For contractors using the accrual accounting method any invoices billed after November 1, 2010 are reported under the Yankton special jurisdiction excise tax. Since this is only a change of how the tax is reported, the excise tax will be reported under the applicable code based on the date the tax is due rather than the date the project was let.

Contractors will report use tax on the state excise tax return using the Yankton special jurisdiction tax code. Retailers delivering materials to the project location are responsible for collecting the 4% state sales tax.

Contractors will use the following codes:

- Yankton – Excise Tax 418-2
- Yankton – Use Tax 418-4

If you have any questions concerning how tax applies on transactions which occur within Indian Country please refer to the Tourism and Tribal – Special Jurisdiction tax facts available on our website or contact the Department at 1-800-829-9188.

A Message from the Secretary

DRR Secretary Paul Kinsman

As South Dakota approaches the end of 2010, I, too, see my time as the Secretary of Revenue and Regulation come to a close. It has been both an honor and a privilege to serve as the Secretary of the department these last four years. I have had the pleasure to work with excellent people, both staff member and taxpayer alike, on a variety of issues. Every day brought another exciting and unique challenge making my tenure with the department an enjoyable and rewarding experience. It is an honor to be blessed with the opportunity to serve the citizens of South Dakota. On behalf of myself and the entire DRR staff, may 2011 bring you peace, happiness, and prosperity.



BUSINESS EDUCATION PROGRAM

Come join our Business Education Program at one of the workshops or seminars in your area. For the most current list of seminars or to register, visit our website at <https://apps.sd.gov/applications/RV23Education/classes.aspx>

Basic Tax Seminars

Basic Sales Tax seminars cover topics including how and when to apply for a tax license, exemptions from sales and use tax, exempt entities, use tax, municipal taxes, purchases for resale, and how to file tax returns electronically with SDQUEST.

Basic Contractors' Excise Tax meetings cover topics including how to apply for a CET license, projects for qualifying utilities and governmental agencies, sales and use tax, prime and sub-contractors, reservation projects, owner-furnished materials and how to file tax returns electronically using SDQUEST.

January 20, 2011

Sioux Falls, SD

Sales Tax: 9:00am – 11:30am

Contractors' Excise Tax: 1:30pm – 4:00pm

SD Department of Revenue & Regulation, Suite 102
300 S. Sycamore

Border Tax Seminars

Do you do business in South Dakota and Iowa, Minnesota, Nebraska, Wyoming, or North Dakota? Confused about which state taxes what services, or when to include tax on the freight charges? These seminars cover many of the basic differences in application and reporting of sales and use tax between South Dakota and other border states.

SD/MN Border Tax Seminar

Sioux Falls, SD

May 18, 2011

Sales Tax: 9:00am – Noon

Construction Contractors Tax: 1:00pm – 4:00pm

Morningside Community Center
2400 S Bahnson Ave

Direct Mail - New Rules on Where Tax Applies

Direct mail is printed material that is delivered to a mass audience where the cost of the items is not billed directly to the recipients. For example, a retailer sends flyers to their customers. They hire a printer to print and mail the flyers to the addresses provided by the retailer. The printer is providing a direct mail service.

Direct mail may be advertising or promotional material or other direct mail that includes information specific to the addressee such as invoices, bills, or statements of accounts or other legally required mailings.

Advertising and promotional direct mail is taxed as follows:

1. The purchaser may provide an exemption certificate to the printer. The purchaser then owes use tax based on where the items are delivered.
2. The purchaser may provide delivery information to the printer. The printer then pays sales tax based on where the items are delivered.
3. If the purchaser does not provide the printer with either of the items in 1 or 2, the printer must charge sales tax based on the location from which the mail was shipped.

Other direct mail is taxed as follows:

1. The purchaser may provide an exemption certificate to

the printer. The purchaser then owes use tax based on where the items are delivered.

2. If an exemption certificate is not provided, the printer must charge the rate of sales tax based on the location of the purchaser's business address.

Please review the Direct Mail Tax Facts for additional information.

Selling Discounted Vouchers Online?

Various on-line businesses provide websites for businesses to sell coupons or certificates at reduced prices. The retailer contracts with an on-line advertiser to sell vouchers redeemable at the retailer's business. For example, a retailer may sell a \$50 voucher for \$30 through the on-line company. The on-line company keeps a portion of the sales price for their services and sends the remainder to the retailer. The customer uses the voucher to purchase goods worth \$50. The sales of the coupon or certificate is not subject to sales tax, similar to a sale of a gift certificate.

When the voucher is redeemed the retailer owes sales tax on the \$30 paid for the voucher.

Tax Filing Deadlines

January

January 20

Paper returns & payments due for monthly filers.

January 23

SD QUEST returns due.

January 29

SD QUEST electronic payments due.

January 31

Paper returns & payments due for bi-monthly & quarterly filers.

February

February 22

Paper returns & payments due for monthly filers.

February 23

SD QUEST returns due.

February 25

SD QUEST electronic payments due.

March

March 21

Paper returns & payments due for 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.

Smoking Ban Exceptions

The smoking ban approved by the voters in November includes two exceptions - (1) “cigar bars” existing before January 1, 2009, and (2) tobacco retail stores (which cannot serve alcohol). See SDCL 34-46-18 and 34-46-19 for the requirements of each of these exceptions.

Both exceptions require that a certain percentage of the annual gross sales from the business come from tobacco. The Department is responsible for ensuring compliance with this requirement. Those establishments asking for an exception to the smoking ban need to provide information to the Department regarding their percentage of tobacco sales. A “Tobacco Sales Reporting Form” is available in the “general forms” section of the business tax forms.

The Department does not have the authority to determine whether the other criteria for the smoking ban exemptions have been met. If you have questions about the other criteria for the exemptions, or questions about the smoking ban in general, you should contact your attorney or your local law enforcement officials.

Tax Liens

Tax Lien...those words have quite a negative connotation. Fact is, the Department of Revenue and Regulation has filed over 2,800 tax liens so far this year.

Any time a taxpayer has past due tax, penalty, or interest there is an automatic lien in favor of the State against the taxpayer’s real and personal property. In order to preserve the State’s lien priority against other creditors or entities, the Department may file a Notice of Tax Lien with the Register of Deeds of the county where the taxpayer has property. Once the amount due covered by a lien is satisfied, a Notice of Lien Release will be sent to the Register of Deeds.

The Department does not report the filing or the release of tax liens to any credit reporting agencies. However, the filing of a lien may affect the taxpayer’s credit rating since most credit reporting agencies obtain this information from the Register of Deeds office. The filing of a lien may also affect the taxpayer’s ability to sell property and borrow money.

Almost daily we get calls from taxpayers who have tax liens showing up on their credit report, some of which were satisfied years earlier. Since the Department does not report to the credit reporting agencies there is little we can do to help. If you believe you have a tax lien that has been satisfied and is still showing on your credit report, you should get official documentation from the Register of Deeds of the county where the lien was filed and provide that to the credit reporting agency.

In South Dakota, corporate officers of corporations, member-managers or managers of limited liability companies, or partners of partnerships may be held personally liable for failure to file returns or pay tax due. The best way to avoid having tax liens filed against you or your business, and potentially harming your credit rating, is to file and pay your tax returns timely. If you wish to get an outstanding tax lien or tax delinquency resolved, please contact the nearest collection agent in our Sioux Falls, Rapid City, or Pierre office.

EFFECTIVE JANUARY - JUNE 2011 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	Lemmon*	206-2	2.00	Springfield*	336-2	2.00
Aberdeen	001-1	1.00	Edgemont*	104-2	2.00	Lennox*	207-2	2.00	Stickney*	337-2	2.00
Alaska*	004-2	2.00	Edgemont	104-1	1.00	Leola*	208-2	2.00	Stratford*	340-2	1.00
Alcester*	006-2	2.00	Egan*	105-2	2.00	Lesterville	209-2	2.00	Sturgis*	341-2	2.00
Alexandria*	007-2	2.00	Elk Point*	106-2	2.00	Letcher*	210-2	2.00	Sturgis	341-1	1.00
Alpena*	009-2	1.00	Elk Point	106-1	1.00	Letcher	210-1	1.00	Summerset*	425-2	2.00
Andover*	011-2	2.00	Elkton*	107-2	2.00	Madison*	221-2	2.00	Summerset	425-1	1.00
Arlington*	013-2	2.00	Emery*	110-2	2.00	Madison	221-1	1.00	Summit*	342-2	2.00
Armour*	014-2	2.00	Estelline*	113-2	2.00	Marion*	226-2	2.00	Tabor*	343-2	2.00
Artesian*	015-2	2.00	Ethan*	114-2	2.00	Martin*	227-2	2.00	Tea*	344-2	2.00
Ashton*	016-2	1.00	Eureka*	115-2	2.00	Martin	227-1	1.00	Tea	344-1	1.00
Astoria*	017-2	1.00	Fairfax	117-2	2.00	McCook Lake*	Report Under North Sioux City		Timber Lake*	345-2	2.00
Aurora*	019-2	1.00	Faith*	119-2	2.00				Toronto*	347-2	1.00
Avon*	020-2	2.00	Faith	119-1	1.00	McIntosh*	219-2	2.00	Trent*	349-2	1.00
Baltic*	022-2	2.00	Faulkton*	121-2	2.00	McLaughlin*	220-2	1.00	Tripp*	350-2	2.00
Baltic	022-1	1.00	Flandreau*	125-2	2.00	Menno*	233-2	2.00	Tulare*	351-2	1.00
Belle Fourche*	027-2	2.00	Flandreau	125-1	1.00	Midland*	234-2	2.00	Tyndall*	355-2	2.00
Belle Fourche	027-1	1.00	Florence*	126-2	2.00	Milbank*	235-2	2.00	Valley Springs*	359-2	2.00
Belvidere*	028-2	2.00	Fort Pierre*	129-2	2.00	Milbank	235-1	1.00	Veblen*	360-2	1.00
Beresford*	029-2	2.00	Fort Pierre	129-1	1.00	Miller*	237-2	2.00	Vermillion*	362-2	2.00
Beresford	029-1	1.00	Frederick*	132-2	1.00	Mission*	239-2	2.00	Vermillion	362-1	1.00
Big Stone City*	031-2	2.00	Freeman*	133-2	2.00	Mitchell*	242-2	2.00	Viborg*	363-2	2.00
Bison*	032-2	2.00	Garretson*	138-2	2.00	Mitchell	242-1	1.00	Viborg	363-1	1.00
Bhunt*	034-2	1.00	Garretson	138-1	1.00	Mobridge*	243-2	2.00	Volga*	367-2	2.00
Bhunt	034-1	1.00	Gary*	139-2	1.00	Mobridge	243-1	1.00	Volun*	368-2	2.00
Bonesteel*	035-2	2.00	Gayville*	140-2	2.00	Monroe*	244-2	1.00	Wagner*	369-2	2.00
Bowdle*	036-2	2.00	Geddes*	141-2	2.00	Montrose*	245-2	2.00	Wakonda*	370-2	2.00
Box Elder*	037-2	2.00	Gettysburg*	142-2	2.00	Morristown*	246-2	1.00	Wall*	372-2	2.00
Box Elder	037-1	1.00	Gettysburg	142-1	1.00	Mound City*	247-2	2.00	Wall	372-1	1.00
Brandon*	039-2	2.00	Glenham*	145-2	2.00	Mount Vernon*	248-2	2.00	Wallace*	373-2	1.00
Brandon	039-1	1.00	Gregory*	147-2	2.00	Mount Vernon	248-1	1.00	Ward*	375-2	2.00
Brandt*	040-2	2.00	Gregory*	147-1	1.00	Murdo*	250-2	2.00	Warner*	376-2	2.00
Bridgewater*	042-2	2.00	Grenville*	148-2	2.00	Murdo	250-1	1.00	Wasta*	377-2	1.00
Bristol*	043-2	2.00	Groton*	149-2	2.00	New Underwood*	254-2	2.00	Watertown*	379-2	2.00
Bitton*	044-2	2.00	Groton*	149-1	1.00	Newell*	255-2	2.00	Watertown	379-1	1.00
Britton	044-1	1.00	Harrisburg*	151-2	2.00	Nisland*	256-2	2.00	Waubay*	380-2	2.00
Brookings*	045-2	2.00	Harrisburg	151-1	1.00	North Sioux City*	258-2	2.00	Webster*	382-2	2.00
Brookings	045-1	1.00	Harold*	153-2	2.00	North Sioux City	258-1	1.00	Webster	382-1	1.00
Bryant*	047-2	2.00	Hartford*	154-2	2.00	Oacoma*	261-2	2.00	Wentworth*	383-2	2.00
Buffalo*	048-2	2.00	Hartford	154-1	1.00	Oacoma	261-1	1.00	Wessington*	384-2	1.00
Burke*	053-2	2.00	Hayti*	156-2	2.00	Olivet*	267-2	1.00	Wessington Springs*	385-2	2.00
Canistota*	055-2	2.00	Hazel*	157-2	1.00	Onida*	269-2	2.00	White*	388-2	2.00
Canistota	055-1	1.00	Hecla*	158-2	1.00	Orient*	272-2	1.00	White Lake*	389-2	2.00
Canova*	056-2	1.95	Henry*	159-2	1.00	Parker*	276-2	2.00	White Lake	389-1	1.00
Canton*	057-2	2.00	Hermosa*	160-2	2.00	Parkston*	277-2	2.00	White River*	391-2	2.00
Carthage*	061-2	2.00	Herreid*	161-2	2.00	Parkston	277-1	1.00	Whitewood*	393-2	2.00
Castlewood*	062-2	2.00	Highmore*	164-2	2.00	Philip*	280-2	2.00	Whitewood	393-1	1.00
Cavour*	063-2	2.00	Highmore	164-1	1.00	Pickstown*	281-2	2.00	Willow Lake*	394-2	2.00
Centerville*	065-2	2.00	Hill City*	165-2	2.00	Piedmont*	282-2	2.00	Wilmot*	395-2	2.00
Centerville	065-1	1.00	Hill City	165-1	1.00	Pierpont	283-2	2.00	Winner*	397-2	2.00
Central City*	066-2	2.00	Hitchcock*	166-2	1.00	Pierre*	284-2	2.00	Winner	397-1	1.00
Chamberlain*	067-2	2.00	Hosmer*	168-2	2.00	Pierre	284-1	1.00	Winton*	398-2	2.00
Chamberlain	067-1	1.00	Hot Springs*	169-2	2.00	Plankinton*	286-2	2.00	Wolsey*	399-2	2.00
Chancellor*	068-2	2.00	Hot Springs	169-1	1.00	Platte*	287-2	2.00	Wood	400-2	2.00
Chancellor	068-1	1.00	Hoven*	171-2	2.00	Platte	287-1	1.00	Woonsocket*	401-2	2.00
Clark*	073-2	2.00	Howard*	172-2	2.00	Pollock*	288-2	2.00	Worthing*	402-2	2.00
Clear Lake*	075-2	2.00	Hudson*	174-2	2.00	Presho*	291-2	2.00	Worthing	402-1	1.00
Clear Lake	075-1	1.00	Humboldt*	175-2	2.00	Pringle*	292-2	2.00	Yale*	404-2	1.00
Colman*	076-2	2.00	Humboldt	175-1	1.00	Quinn*	295-2	1.00	Yankton*	405-2	2.00
Colome*	077-2	2.00	Hurley*	176-2	2.00	Quinn	295-1	1.00	Yankton	405-1	1.00
Colton*	078-2	2.00	Huron*	177-2	2.00	Ramona*	297-2	1.00	Tribal Taxes		
Colton	078-1	1.00	Huron	177-1	1.00	Rapid City*	298-2	2.00	Cheyenne Sales	408-4	4.00
Corona*	081-2	2.00	Interior*	179-2	1.90	Rapid City	298-1	1.00	Cheyenne Excise	408-2	2.00
Corsica*	082-2	2.00	Ipswich*	181-2	2.00	Redfield*	301-2	2.00	Cheyenne Tourism	408-5	1.50
Corsica	082-1	1.00	Irene*	182-2	2.00	Redfield	301-1	1.00	Pine Ridge Sales	411-4	4.00
Crooks*	087-2	1.90	Iroquois*	183-2	1.00	Reliance*	305-2	2.00	Pine Ridge Excise	411-2	2.00
Crooks	087-1	1.00	Isabel*	184-2	2.00	Reliance	305-1	1.00	Rosebud Sales	412-4	4.00
Custer*	088-2	2.00	Java*	185-2	2.00	Revillo*	308-2	1.00	Rosebud Excise	412-2	2.00
Custer	088-1	1.00	Jefferson*	186-2	2.00	Roscoe*	312-2	1.00	Rosebud Tourism	412-5	1.50
Dallas*	089-2	2.00	Kadoka*	187-2	2.00	Rosholt*	314-2	1.00	Sisseton		
Dallas	089-1	1.00	Kadoka	187-1	1.00	Roslyn*	315-2	2.00	Wahpeton Use	414-4	4.00
Davis*	091-2	2.00	Kennebec*	190-2	2.00	Saint Lawrence	320-2	2.00	Sisseton		
Deadwood*	093-2	2.00	Kennebec	190-1	1.00	Salem*	322-2	2.00	Wahpeton Excise	414-2	2.00
Deadwood	093-1	1.00	Keystone*	192-2	2.00	Salem	322-1	1.00	Standing Rock Sales	413-4	4.00
Dell Rapids*	094-2	2.00	Keystone	192-1	1.00	Scotland*	324-2	2.00	Standing Rock Excise	413-2	2.00
Dell Rapids	094-1	1.00	Kimball*	193-2	2.00	Selby*	325-2	2.00	Standing Rock Tourism	413-5	1.50
Delmont*	095-2	2.00	Kimball	193-1	1.00	Sherman*	328-2	1.00	Yankton Use	418-5	4.00
De Smet*	092-2	2.00	Kranzburg*	194-2	2.00	Sioux Falls*	330-2	2.00	Yankton Excise	418-2	2.00
De Smet	092-1	1.00	La Bolt	196-2	1.00	Sioux Falls	330-1	1.00			
Dimock*	097-2	2.00	Lake Andes*	197-2	2.00	Sisseton*	331-2	2.00	Other Taxes		
Doland*	098-2	2.00	Lake Norden*	199-2	1.00	Sisseton	331-1	1.00	Telecommunication	900-1	4.00
Dupree*	101-2	1.00	Lake Preston*	200-2	2.00	South Shore*	333-2	1.00	Tourism Tax	700-1	1.50
Eagle Butte*	102-2	2.00	Langford*	202-2	2.00	Spearfish*	334-2	2.00	Motor Vehicle	600-1	4.50
Eagle Butte	102-1	1.00	Lead*	204-2	2.00	Spearfish	334-1	1.00	Sioux Falls Lodging	800-1	1.00
			Lead	204-1	1.00	Spencer*	335-2	2.00			

* denotes general city tax rate



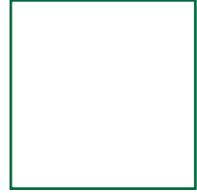
Revenue &
egulation

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