Department E-News

July | 2013

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Upcoming Revenue Deadlines...

Business Tax

July 1 May 2013 (custom monthly filer) paper return and payment due for monthly filers
July 22 June 2013 paper return and payment due for monthly filers
July 23 SD Quest and EPath returns due
July 31 January to June 2013 (semi-annual); April to June 2013 (quarterly); May to June 2013 (bi-monthly); June 2013 (custom filer) paper return and payment due
August 20 July 2013 paper return and payment due for monthly filers
August 23 EPath returns due
August 29 EPath payments due
August 31 Paper returns & payments due for custom-monthly filers
September 3 July 2013 (custom-monthly filer) paper return and payment due for monthly filers
September 20 August 2013 paper return and payment due for monthly filers
September 23 Epath returns due
September 27 Epath payments due
September 30 July to August 2013 (bi-monthly); August 2013 (custom monthly filer) paper return and payment due
October 21 September 2013 paper return and payment due for monthly filers
October 23 Epath returns due
October 30 EPath payments due
October 31 July to September 2013 (quarterly); September 2013 (custom filer) paper return and payment due
November 20 October 2013 paper return and payment due for monthly filers
November 25 EPath returns due
November 27 EPath payments due
December 2 September to October 2013 (bi-monthly); October 2013 (custom-monthly filer) paper return and payment due
December 20 November 2013 paper return and payment due for monthly filers
December 23 EPath returns due
December 30 EPath payments due
December 31 November 2013 (custom-monthly filer) paper return and payment due for monthly filers

Motor Vehicles

Vehicle Registration Dates

Date corresponds to the first letter of the owner's last name.

July	M, N
August	P, Q, R
September	S
November	T, U, V, W, X, Y, Z

Message from the Secretary

Greetings everyone! I hope you would agree the mild and wet spring has been a blessing to help ease South Dakota's drought conditions. It is also our hope that the conditions will strengthen agricultural production over the summer along with leading to a profitable season for all seasonal industries. South Dakota's Department of Tourism is predicting a strong tourism season based on the increased demand for vacation guides, e-newsletters and visitor inquiries on their informational websites. No matter if you are a resident or visitor, exploring our great state is a thrill and helps to strengthen our state's economy and to support hometown businesses.

In addition to our scheduled training, informational sessions, and webinars, Department of Revenue staff will be very involved this summer with legislative interim meetings and studies. Our agency will present and provide information to the State-Tribal Relations Committee, the Agricultural Land Assessment Task Force, as well as the Education Funding Formula Study Committee. Information on the interim meetings is available through the South Dakota Legislative Research Council's interim webpage at http://legis.state.sd.us/interim/2013/index.aspx.

In an effort to serve our customers, the Department invites you to take a stroll on EPath, our new electronic tax filing and payment platform. EPath provides users with secure, one-stop account access to manage all your taxpayer information. Review the article on EPath in this newsletter and please consider signing up to file and pay your taxes electronically!

We are always exploring new technology to ensure ease of transaction for ourselves and our customers. In addition to EPath, self-service vehicle registration terminals have been a huge success. With terminal locations in Aberdeen, Brookings, Mitchell, Pierre, Rapid City, Sioux Falls, and Watertown, vehicle owners from any county can use a terminal (with proper identification) to complete their motor vehicle registration renewal. A new terminal location in Yankton is scheduled to be installed this summer. The address locations of the self-service terminals are available on our website at http://dor.sd.gov/.

I hope you find this newsletter to be informative and helpful. Do you have suggestions on different and better ways the department can serve you? We'd love to hear about it! Please contact Kelsey Baker at kelsey.baker@state.sd.us with any service or newsletter article suggestions.

Receive a Sales Tax Collection Allowance beginning January 1, 2014

The 2013 South Dakota Legislators approved a collection allowance for sales tax returns and payments due after January 1, 2014.

If you file and pay your sales tax return electronically and on time you will receive a collection allowance beginning January 1, 2014. The filing allowance will be 1.5% of the tax due on the sales tax return, not to exceed $70 for each reporting period.

The due date for returns filed electronically is the 23rd of the month following the reporting period. Payment is due the 2nd to last working day of the month following the reporting period.You will not receive the collection allowance on your sales tax return if you have a past due return or amount due on your sales tax, contractors excise tax, motor fuel tax, or 911 Surcharge account, or if you file or pay by paper. No allowance is provided for contractors' excise tax returns.

Act now to be sure you are prepared to benefit from the filing allowance. If you are not set up to file electronically create an account on our EPath site at http://sd.gov/epath/. If you have outstanding tax returns or a balance due, call our Taxpayer Assistance Center at 1-800-829-9188 for assistance in filing and paying.

2013 Horse Racing Season Comes to an End

The 2013 racing season began at Fort Pierre on April 20 and concluded at the Brown County Fairgrounds on Memorial Day. The races at Fort Pierre were cancelled opening day, April 20, due to a late spring snow storm. Track management tried to make up as many races as possible by running I 0 races each day the remaining two weekends. In spite of the loss of opening day the handle at Fort Pierre was down only 3.22% ($135,300 compared to $139,812 in 2012).

The handle at the Brown County Fairgrounds was down $36,103 or 9.24% ($219,228 compared to $250,729 in 2012).

Five jockeys received injuries that required hospital emergency room treatment at Fort Pierre. One of these injuries actually occurred before the first racing day. There were no injuries at the Brown County Fairgrounds that required emergency room treatment or hospitalization.

Two horses broke down during or immediately after races at each track and were euthanized by private practice veterinarians. There were no drug positives at either track. The Board of Stewards issued eight rulings for the following violations: two for improper entry of horses ($100 fine and $200 fine) three for jockeys' failure to fulfill engagements ($100 fine, $500 fine and $200 fine)for participating in racing before obtaining a license ($100 fine and $500 fine) one of possession of needles, hypodermic syringes and needles and similar instruments used for injections (trainer's license suspended for 12 days and a fine of $1,500.00 with $500.00 suspended on condition of no like violations for one year).

Record Jackpots Lead South Dakota Lottery to Highest Lotto Sales Ever

When lotto jackpots hit record levels, that means higher sales for state lotteries. Such sales have made fiscal year 2013 a record breaker for the South Dakota Lottery. Thanks to several record jackpots since July 1, 2012, including a $590 million Powerball jackpot won in the May 18, 2013 drawing, lotto sales in South Dakota are currently up 14% over the previous fiscal year, according to lottery executive director Norm Lingle.

"A record-breaking Mega Millions jackpot made fiscal year 2012 a record year for lotto sales in South Dakota, and we've already topped that for the current fiscal year," Lingle said. "When jackpots reach such astronomical levels, people who don't normally play Powerball or Mega Millions purchase tickets, driving sales much higher than they would be for an average drawing. The dream of winning that kind of money appeals to everyone."

Lingle says the lucky winners who hit the jackpots are not the only ones who benefit when the top prize grows into the hundreds of millions.

"Higher sales of lotto tickets also mean more revenue for the Lottery's beneficiaries," said Lingle. In South Dakota, the first $1.4 million of revenue from lotto ticket sales goes to the state General Fund while any additional revenue is transferred to the Capital Construction Fund. *For current jackpot amounts and more information on where lottery revenues go, visit the South Dakota Lottery website at lottery.sd.gov.*

New Electronic Filing - EPath

South Dakota Department of Revenue has great news for you!

EPath, the Department of Revenue's new electronic filing and paying system, is now available for your use in filing and paying your sales, use, or contractors' excise tax.

Owners with licenses for multiple locations or businesses may file for all licenses under one EPath account. You may add your sales, use, or contractors' excise tax license to an existing account. If you do not have an EPath account create one using one of your licenses, then add the remaining to that account.

You may create an EPath account at any time.

- Go to: http://sd.gov/epath
- Create a Username of your choice
- Enter your license number, The Owner or DBA Name, the Tax Due on your last non-zero return, Name, phone number, email address, and select and answer three security questions.
- A temporary password will be mailed to the address shown. Please allow 3-5 days to receive the temporary password.
- Use your Username and the temporary password to Log into EPath.
- You will be required to create a new password.

If you currently file electronically, and are an **SD Quest User,** you may continue to file your returns online or by phone using SD Quest through July 23, 2013 (to file the June return due July 23).

There is **NO TELEFILE** option with EPath. If you currently file by telephone you will need to either file online using EPath or file by paper return. If you do not create an EPath account you will be sent paper returns beginning with the July return, due in August, 2013.

SD Quest Users, to create your EPath account:

- Go to: http://sd.gov/epath
- Use your SD Quest PIN and ID to create your EPath account in a matter of minutes.
- Create a Username of your choice and select your security questions.
- **Be sure your email is correct.** A temporary password will immediately be sent to the email listed.
- Use your Username and the temporary password to Log into EPath.
- You will be required to create a new password.
- You may immediately view your account and file and pay your taxes.

Keep your USERNAME and PASSWORD in a safe place. You will need these to log onto EPath in the future.

Benefits of EPath

- Provides 24/7 access to file and pay returns by electronic means
- Easy Data entry or Data upload
- System does all calculations
- Pay by ACH Debit or ACH Credit

New Features

- Amend returns online
- Review previously filed returns, payments, outstanding returns, and account balances
- Make payments
- View pending payments and make changes to a payment up to the date payment is scheduled
- Use a bank account for a one-time payment or save account information for future payments
- Use one EPath account to file and pay taxes for multiple licenses with the same ownership
- Assign additional users access to your EPath account for a license or multiple licenses
- Change your password, security questions, and email address at any time

Additional information and instructions for using EPath are available at: http://dor.sd.gov/epath/
Have questions or need assistance? Call 1-800-829-9188 (Option 1) or send Email to EPath@state.sd.us.

Transient Vendors: Get the Facts Before You Buy

Transient vendor season is underway in South Dakota, a time when out-of-state vendors roll into the state to sell their products and services. While many of the vendors are legitimate, the South Dakota Department of Revenue advises people to take common-sense steps to ensure vendors are reputable before doing business with them.

If you're considering hiring a person to provide repair or construction services, the department advises you to:

- Ask for a price quote, in advance, in writing.
- Question the contractor about a permanent address and telephone number, and don't assume that if the information they provide is local, they're a local business. Transient vendors often have business cards printed with local mailing services or motel addresses and telephone numbers.
- Ask for a list of local references and check them before making a decision.
- Ask if the contractor has worker's compensation and general liability insurance. If vendors are not properly insured, homeowners may be liable for accidents that occur on their property.
- Be careful about paying for work in advance; before making final payments, make sure transient vendors have paid their local suppliers or you may be held liable for unpaid materials.
- Make sure you're completely satisfied with the work before paying the bill, and don't pay more for the job than originally quoted unless you've given written approval for the additional work or cost.

Out-of-state vendors often travel to South Dakota to sell items like fruit, seafood, meat packages, paintings, magazine subscriptions, rugs, T-shirts, sunglasses, household cleaners, furniture, stuffed animals, and asphalting and roofing services. Asking the right questions when approached by those vendors can help you avoid making a purchase you may regret:

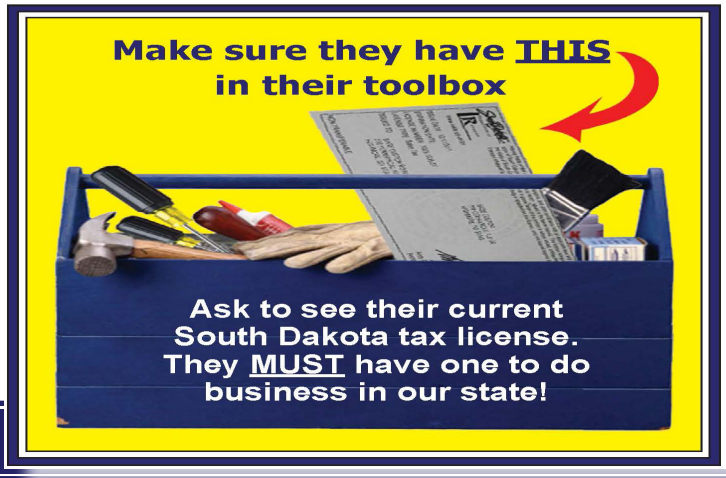
- Question the salesperson about the product, warranties, guarantees, etc.
- Get something in writing with the company's name, address and phone number.
- Ask to see their current South Dakota tax license. State law requires everyone selling products or service to have a current South Dakota sales or contractors' excise tax license. To verify if the license is valid, call the Department's toll-free help line at 1-800-829-9188.

All sellers must provide you with a contract or receipt at the time of sale showing the date, merchant's name and address, and a statement informing you of your right to cancel the contract within three days. After proper cancellation, the seller has 10 days to refund your money.

If you have doubts about the vendor or think you may have been the victim of a scam, call your local police department or county sheriff's office immediately. You can also contact the Attorney General's Consumer Protection Office at 1-800-300-1986 or by email at consumerhelp@state.sd.us. Be prepared to give as much information as you can about the vendor, including the name of the company and salesperson; company address and telephone number; and make, model and license number (if possible) of the vehicle the vendor was driving. Without tips from the public, law enforcement officials may not be able to catch illegal vendors before they move on to the next community.

For more information on transient vendors, contact the South Dakota Department of Revenue's toll-free help line at 1-800-829-9188, press "1" for the Business Tax Division.

Thinking about hiring a transient vendor to do repairs or construction on your home or business?



Transient Vendors are back in South Dakota for another season. While most of them are legitimate, some of them aren't.

Are out-of-state vendors trying to sell you household cleaners, rugs, food, housewares, magazine subscriptions, asphalting or roofing services?

Asking the right questions when approached by those vendors can help you avoid making a purchase you may regret. Remember to:

- ✔ Get a price quote, in advance, in writing.
- ✔ Ask if they have a permanent address and phone number.
- ✔ Get a list of local references and CHECK THEM before making a decision.
- ✔ Be careful about paying for work in advance.
- ✔ Get something in writing with the company's name, address & phone number.
- ✔ Ask the salesperson about the product warranties, guarantees, etc.
- ✔ Find out if they have workman's compensation and general liability insurance. If they don't, YOU could be liable for accidents that occur on your property!
- ✔ Make sure you're completely satisfied with the work before paying the bill, and don't pay more for the job than originally quoted unless you've given written approval for the additional work or cost.

Reminder of Motor Vehicle Registration Fee Increase

The South Dakota Department of Revenue, Division of Motor Vehicles, wants to remind motor vehicle owners that the second phase of the non-commercial motor vehicle registration fee increase will go into effect on July 1, 2013.

House Bill 1192, which was passed in 2011 over Gov. Dennis Daugaard's veto, raised vehicle registration fees in a two-phase process. The first phase took place in 2011, and the second increase will happen July1. The new funds from the increase will go to local roads and bridges.

Registration fees are computed according to the weight schedules for non-commercial vehicles. The new fee rate schedule can be viewed online at the Division of Motor Vehicles webpage: http://www.state.sd.us/drr2/motorvehicle/index.htm (see "New Fee Schedules).

For more information on vehicle registration renewals, contact the South Dakota Division of Motor Vehicles at 605.773.3541, visit its webpage or access the online motor vehicle registration renewal system at www.SDcars.org.

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What to Expect from a Department of Revenue Audit

Taxpayers are audited on a periodic basis to ensure compliance with State laws. If your business is selected for audit, here is what you can expect:

- An auditor will contact you to inform you of the audit and the returns that will be audited.
- The auditor will also ask some questions about who to contact and where the business records are kept.
- The auditor will describe the documents that need to be available for examination and then select a date that works for both of you to commence the audit.
- After the initial contact, you will receive a follow-up letter summarizing your conversation along with an official Notice of Intent to audit (NOI) that lists the license(s) and returns to be audited as well as the commencement date of the audit. The commencement date should be at least thirty days after you are notified of the audit to allow you to gather the records necessary. If you would like to expedite the process, you may waive your right to the thirty day wait period by signing the bottom of the NOI and returning it to the auditor.

When the audit commences, the auditor will meet with you to discuss the audit procedures and gather an understanding of your business practices. Then the auditor will review the data provided, and may request additional documentation. You will have sixty days to furnish any additional documentation to the auditor. When all records have been reviewed, your auditor will provide you with a detailed list of the items discovered during the audit. If a sample was done, your auditor will explain how the error rate was computed and applied to your returns to calculate the total underpayment or overpayment of tax. You will be given an opportunity to provide any additional documentation supporting your original treatment of any listing.

After the audit and closing conferences are completed, the auditor will send you a Certificate of Assessment (COA) via certified mail. The COA will list the licenses audited, the audit period, and the amount of overpayment to be applied to later returns or the amount of tax and interest owed. If you believe all or part of an assessment is based on an error of fact or mistake of law, you may request a hearing in writing within sixty days of the COA. Audit payments are due within sixty days of the COA date unless other arrangements are made.

Municipal Tax Changes Effective July 1

Beginning July 1, 2013, two South Dakota communities will update their current city taxes. The municipal tax changes that will take effect in July include:

- Monroe is increasing its general sales and use tax rate to 2 percent
- Stratford is increasing its general sales and use tax rate to 2 percent

The South Dakota Department of Revenue 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 July 1, 2013, by contacting the Department of Revenue at 1-800-829-9188 or download a copy from Business Tax Publications page on the Department's website.

Senate Passes Marketplace Fairness Act

The U.S. Supreme Court held in Bellas Hess v Illinois and Quill Corp v North Dakota that a state may not require a seller that does not have a physical presence in the state to collect tax on sales into the state. The Court ruled that the existing tax system was too complicated to impose on a business that did not have a physical presence in the state. The Court said Congress has the authority to allow states to require remote sellers to collect tax.

In 2000, the Streamlined Sales Tax Organization took on the challenge to simplify sales and use tax administrations to reduce the taxpayers burden by creating the Streamlined Sales and Use Tax Agreement. The Agreement focuses on the following:

- State level administration of sales and use tax collections.
- Uniformity in the state and local tax bases.
- Uniformity of major tax base definitions.
- Central, electronic registration system for all member states.
- Simplification of state and local tax rates.
- Uniform sourcing rules for all taxable transactions.
- Simplified administration of exemptions.
- Simplified tax returns.
- Simplification of tax remittances.
- Protection of consumer privacy.

On May 6, 2013, the U.S. Senate passed The Marketplace Fairness Act (S. 743) on a 69-27 vote. The purpose of S. 743 is "To restore States' sovereign rights to enforce State and local sales and use tax laws, and for other purposes."

H.R. 684, which is the House version of S. 743, is currently in the House Judiciary committee waiting action. If passed, the Streamlined member states may begin to collect sales and use tax from remote sellers.

S. 743 provides that each Member State under the Streamlined Sales and Use Tax Agreement is authorized to require all sellers not qualifying for the small seller exception to collect and remit sales and use taxes with respect to remote sales sourced to that Member State. States that are not a Streamlined Member State must meet certain simplifications before they may collect from remote sellers.

South Dakota will be able to require a business to collect and remit South Dakota sales tax if that business sells more than $1,000,000 in states in which it is not currently required to collect or remit sales and use tax. South Dakota businesses should also be aware that if they meet the $1,000,000 limit they may be required to collect and remit in states they make sales in but are not currently reporting to.

Sellers that sell less than $1,000,000 combined in states they are not currently required to be licensed in will not be required to be licensed under this legislation.

Today there are twenty-four full member states of the Streamlined Sales and Use Tax Organization. South Dakota has been a full member state since 2005. These states, which represent over 31% of the population, have adopted the simplification measures in the Agreement and more states are moving to adopt the simplification measure.