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Remote Seller Bulletin

September 2018

The purpose of this bulletin is to provide general guidelines on how tax applies to the sale of products and services by remote sellers. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

Remote Seller

A remote seller is a business located in another state that lacks a physical presence in South Dakota but makes sales to South Dakota consumers.

Beginning November 1, 2018, remote sellers must license their business and remit applicable sales tax if the business meets one or both of the following criteria in the previous or current calendar year:

- gross sales into South Dakota exceeding \$100,000; or
- 200 or more separate transactions into South Dakota.

Gross sales or transactions include the sale of tangible personal property, any products transferred electronically, or services. ([SDCL ch. 10-64](#))

The Department understands it is important to partner with the business community to ensure a successful transition. We understand there are preparatory steps remote sellers need to take before collections begin. If there are concerns about complying with this timeframe, please contact the Department of Revenue directly for further assistance.

A remote seller must obtain a sales tax license from the South Dakota Department of Revenue.

Apply for a sales tax license online at www.sd.gov/taxapp or through the Streamlined system at www.streamlinedsalestax.org.

South Dakota Business

As a retailer located in South Dakota your tax collection obligations for South Dakota do not change. All sellers with a physical presence in South Dakota continue to be required to hold a sales tax license and remit sales tax regardless of the amount of sales or number of transactions.

If you are a South Dakota business and a remote seller, you may need to obtain a license in other states.

- Each state's remote seller taxation laws are different. If you sell products or services delivered to other states, you may be required to pay sales tax in that state. Click [here](#) to view the state-by-state directory.
- Visit the Streamlined Sales Tax website to view collection requirements from the 24 member states.
 - ⇒ Click [here](#) to register for tax collection through the Streamlined Sales Tax Project.

If you are unable to contact other states, contact the South Dakota Department of Revenue for assistance.

Remote Seller FAQs

How does a remote seller obtain a sales tax license?

- The Department of Revenue offers a convenient, online application for a variety of taxes, including sales tax. To get started, click [here](#).
- You can also register through the Streamlined Sales Tax Project. To get started, click [here](#).

How does a remote seller file and pay taxes with South Dakota?

- Once licensed, a remote seller can file, pay, and amend tax returns by using South Dakota's online tax filing system [EPath](#).

Will South Dakota go back and try to recover taxes that weren't collected and paid on purchases made prior to the ruling?

- No, the state cannot go back and retroactively collect sales tax from a remote seller. The state is legally precluded from enforcing retroactive tax collection on remote sellers for any sale made prior to November 1, 2018. ([SDCL 10-64-6](#))

Once a business reaches one or both of the thresholds (gross sales of more than \$100,000 into South Dakota or more than 200 separate transactions into South Dakota), will the state tax all of that company's in-state transactions from the previous year?

- If a business meets one or both of the thresholds (gross sales of more than \$100,000 into South Dakota or more than 200 separate transactions into South Dakota) in the previous calendar year, the business is required to become licensed and remit South Dakota sales tax for the following year.
- If a business meets one or both of the thresholds (gross sales of more than \$100,000 into South Dakota or more than 200 separate transactions into South Dakota) during the current calendar year, the business is required to become licensed and remit South Dakota sales tax from that point forward.

Does South Dakota require a remote seller to file separate returns for state and municipal sales taxes?

- No, South Dakota state and municipal taxes are reported and paid on the same sales tax return.

What is the Streamlined Sales Tax Project?

- The Streamlined Sales Tax Project provides businesses of all sizes the ability to simultaneously obtain a license, file and pay sales tax with the program's 24-member states.
- To learn more about the Streamlined Sales Tax Project, click [here](#).

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue**.

Call toll-free: 1-800-829-9188

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