



<https://dor.sd.gov/> 1-800-829-9188

# South Dakota's Tax Refund and Tax Delay Payment Programs

*The purpose of this brochure is to outline the available programs involving refund of sales, use, and contractor's excise tax, and delay the payment of sales and use taxes. This brochure is intended ONLY as a guide and not as a comprehensive explanation of any refund program. It is not intended to answer all questions that may arise. The information contained in this brochure is current as of the date of publication.*

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## Programs

South Dakota offers various programs that allow businesses to seek a refund of sales, use and contractor's excise tax or delay the payment of sales and use taxes. This brochure outlines the available programs. Each project requires a separate application as well as supporting documentation. Application deadline requirements vary for each program. To find out more, contact the Department of Revenue at 1-800-829-9188 or visit us on the web at [dor.sd.gov](http://dor.sd.gov).

The refund programs pertain only to South Dakota state sales, use, or contractor's excise taxes. **Municipal taxes are not included in these programs.**

South Dakota Taxes and Rates	
<b>State Sales Tax and Use Tax</b> – Applies to all sales or purchases of taxable products and services.	<b>4.5%</b>
<b>Contractor's Excise Tax</b> – Imposed on the gross receipts of all prime contractors engaged in construction services or realty improvement projects in South Dakota. The gross receipts include the tax collected from the consumer.	<b>2%</b>

## Small Wind Farms

**Who's eligible:** New and expanded wind generation facilities that produce 10 megawatts of electricity or less with costs greater than \$500,000.

**Refund amounts:**

- Refund of 100% of the contractor's excise tax.
- No exemption or refund is given for sales or use taxes.

**Refund window:** 36 months. The State of South Dakota holds a 10% retainer.

## Fabricators State Sales and Use Tax Refund for Contractors and Subcontractors

**Who's eligible:** Licensed contractors and subcontractors who are fabricators if **ALL** six of the following criteria are met:

1. The sales or use tax was paid by the contractor or subcontractor who is requesting the refund.
2. The items upon which the sales and use tax was paid were purchased by the contractor or subcontractor who is requesting the refund.
3. The items upon which the sales and use tax was paid were fabricated by the contractor or subcontractor in South Dakota.
4. The fabricated item was used outside of South Dakota by the contractor or subcontractor in the performance of a contract.
5. The fabricated item is not returned to South Dakota.
6. The fabricated item is exempt from sales or use tax in the state where the contract is performed.

## **Fabricators State Sales and Use Tax Refund for Contractors and Subcontractors (cont.)**

### **Refund amounts:**

- Refund of 100% of the sales or use tax.
- Refund claim may only be made for the cost of the material that becomes part of the item the contractor fabricates by forming, combining, or altering materials. The refund claim does not apply to labor or other expenses incurred by the contractor in the fabrication process.

**Refund window:** 36 months. The application must be filed within three years of the date the material is taken out of state.

## **Delay Pay Permit Program**

**Who's eligible:** Manufacturing, fabricating and processing businesses that purchase equipment or machinery for direct use in their business. Project cost must be more than \$20,000 to apply.

**Delay provisions:** The program provides for a six month extension to pay sales or use tax on the equipment or machinery.

**Application window:** 30 days prior to the commencement of the project.

### **Contact Us**

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

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

**Business Tax Division Email:** [bustax@state.sd.us](mailto:bustax@state.sd.us)

**Website:** <https://dor.sd.gov/>

**Mailing address and office location:** South Dakota Department of Revenue  
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