



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

# 911 Emergency Surcharge

The purpose of this Tax Fact is to explain how the 911 Emergency Surcharge applies in South Dakota. 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.

July 2017

## Prepaid Wireless 911 Emergency Surcharge

All sellers and wireless service providers that sell prepaid wireless service are responsible for collecting and remitting the Prepaid Wireless 911 Emergency Surcharge.

The surcharge is 2% on the gross receipts from retail sales of all types of prepaid wireless services.

- Applies to sales of goods and services delivered to customers in South Dakota or sold to online customers with a South Dakota address.
- Includes prepaid wireless airtime cards and prepaid wireless minutes and plans.

Surcharges itemized on the customer's invoice are not subject to sales tax.

- If not itemized, the surcharge is subject to state and applicable municipal sales tax.

The surcharge applies to the entire price when prepaid wireless service is sold with other products for a single price. One of the following criteria must be met for the surcharge to apply only to the prepaid wireless service:

- The amount of the prepaid wireless service and surcharge is disclosed to the customer.
- The seller identifies the portion of the price that is for the prepaid wireless service in their records.

A provider can choose to not collect the 2% surcharge on a prepaid wireless device, such as a prepaid cell phone, that is bundled with prepaid wireless service of less than 10 minutes or \$5.00.

### Prepaid Wireless 911 Emergency Surcharge Examples

1. A retailer sells a prepaid phone package for \$9.95. The package includes 20 minutes of airtime to allow the customer to activate the phone. The retailer does not know the dollar value of the 20 minutes of airtime.
  - The 2% surcharge applies to \$9.95 because the package includes more than 10 minutes and the retailer cannot document the value of the minutes.
  - Sales tax applies to \$9.95.
2. A wireless phone provider sells a prepaid phone package for \$19.95 which includes 20 minutes of airtime to allow the customer to activate the phone. The provider documents in their records the value of the airtime at \$4.00 and the phone at \$15.95.
  - The 2% surcharge applies to the \$4.00.
  - The provider can choose not to collect the surcharge because the airtime is documented as less than \$5.00.
  - Sales tax applies to \$19.95.
3. A phone is purchased with 100 minutes of prepaid airtime for \$75.00.
  - The 2% surcharge applies to the \$75.00 because the minutes are not itemized.
  - If the package indicates the fee for the phone is \$50.00 and the prepaid airtime is \$25.00, then only \$25.00 is subject to the 2% surcharge.
  - Sales tax applies to \$75.00.

## 911 Emergency Surcharge

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All telecommunications service providers, wireless service providers, or Interconnected Voice over Internet Protocol service providers are responsible for collecting and remitting the 911 Emergency Surcharge.

The surcharge is \$1.25 per service user line per month.

- The surcharge does not apply to prepaid wireless services.
- The surcharge cannot be charged on more than 100 service lines per customer account billed per month.

Surcharges itemized on the customer's invoice are not subject to sales tax.

- If not itemized, the surcharge is subject to state and applicable municipal sales tax.

**Multi-Station Network Systems:** The service user lines will be equal to the number of calls that can simultaneously be made from such system to the public switched telephone network.

### **Example of Multi-Station Network**

A hospital has 50 phones in its rooms; however, only 20 outgoing calls are allowed at one time.

- The 911 Emergency Surcharge is due on 20 lines.

## Reporting

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All Prepaid Wireless 911 Emergency Surcharges are reported and paid to the South Dakota Department of Revenue.

All 911 Emergency Surcharges per user line are reported directly to the South Dakota Department of Revenue with the exception of sales to customers on Indian country at the following locations:

- Cheyenne River Sioux Tribe
  - \* Dewey County
  - \* Ziebach County
- Oglala Sioux Tribe
  - \* Oglala Lakota County
  - \* Jackson County south of the White River
- Rosebud Sioux Tribe
  - \* Todd County
  - \* Portions of Mellette, Tripp, Gregory, and Lyman counties

Contact the tribal governments for questions regarding how to report and remit any Tribal 911 Surcharges.

Both surcharges reported to the Department of Revenue must be filed online monthly through Epath ([www.sd.gov/epath](http://www.sd.gov/epath)). Do not file the 911 Emergency Surcharge or the Prepaid Wireless 911 Emergency Surcharge on your sales tax return.

Returns need to be filed by the 20th of each month following the reporting period regardless of amount due. Payments are due the 25th of each month. When a filing or payment due date falls on a Saturday, Sunday, or legal holiday, the filing or payment is due the next business day.

Penalties and interest apply to late returns or payments. Returns must be filed even if no amounts are due.

### **Administrative Fee**

All sellers and providers are allowed to keep an administrative fee each month as an allowance for the cost of collecting and remitting the 911 Emergency Surcharge. The fee is calculated at 2% of the total surcharge collected or \$25, whichever is greater. The administrative fee cannot exceed the amount of surcharge collected. The return must be filed and paid electronically on time in order to receive the allowance.

*All businesses reporting the 911 Emergency Surcharge or Prepaid Wireless 911 Emergency Surcharge are required to register with the South Dakota Department of Revenue.*

**Register online at**  
**[www.sd.gov/taxapp](http://www.sd.gov/taxapp)**

## **Additional Information**

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**Service Provider:** Any person or entity providing, offering to provide, or selling telecommunications service, wireless telecommunications service, or Interconnected Voice over Internet Protocol service.

**Prepaid Wireless Service Seller:** Any person who sells prepaid wireless telecommunications service to prepaid wireless service consumer.

**Prepaid Wireless Service Provider:** Any person that provides prepaid wireless telecommunications service pursuant to a license issued by the Federal Communications Commission.

**Interconnected Voice-over Internet Protocol (VOIP):** Any service that has the following characteristics:

- a. Enables real-time two-way voice communication.
- b. Requires a broadband connection from the user's location.
- c. Requires internet protocol-compatible customer premise equipment.
- d. Permits users generally to receive calls that originate and terminate on the public switched telephone network.

Laws regarding the 911 Emergency Surcharge are in [SDCL Chapter 34-45, Emergency Reporting System](#).

**Entities exempt from sales and use tax** are still liable for the 911 Emergency Surcharge and the Prepaid Wireless 911 Emergency Surcharge.

**More information** for your business can be found online at <http://dor.sd.gov/taxpubs> in the following tax facts:

- Telecommunications Services
- Communications Equipment—Installation & Repair
- Audits

## **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:** <http://dor.sd.gov/>

**Mailing address and office location:** South Dakota Department of Revenue  
445 East Capitol Ave  
Pierre, SD 57501

If you have any questions on the distribution or use of the 911 Emergency Surcharge, please contact the **South Dakota Department of Public Safety**.

**Call toll-free:** 1-605-773-3178

**Business Tax Division Email:** [sd911coordinator@state.sd.us](mailto:sd911coordinator@state.sd.us)

**Mailing address and office location:** South Dakota State 911 Coordinator  
118 West Capitol Ave  
Pierre, SD 57501