



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

# Entertainers

The purpose of this Tax Fact is to educate taxpayers on gross receipts from providing entertainment services, as well as the sales tax due on merchandise or other items. 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 2023

## Who needs a tax license?

If you receive payment in any form for providing entertainment services, you are operating a business and must obtain a sales tax license. The following list may be used as a guide to help determine whether you are performing entertainment services. This list is NOT inclusive:

- Actors and actresses
- Ballet
- Bands
- Clowns
- Comedians
- Dancing
- DJ's for special events
- Event announcers
- Exotic dancing
- Karaoke

### 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>4.2%</b>    |
| <b>Municipal Sales Tax and Use Tax</b> – Applies to all sales of products and services that are subject to the state sales tax or use tax if the purchaser receives or uses the product or service in a municipality that imposes a sales tax or use tax. | <b>1 to 2%</b> |

## Who is responsible for paying tax?

Any person or business who receives payment for entertainment activities is responsible for paying the sales tax to the state.

### Example:

A magician performs a magic act at a children's birthday party. He charges the parents \$50.00 for his performance. The magician owes state sales tax plus applicable city tax on the \$50 received. The magician may figure the tax into the charge for his services by billing the customer \$52.10 (\$50.00 + \$2.10 state sales tax).

## Exemption Certificates

An exemption certificate is a form given by a purchaser to the seller of goods or services that the purchaser intends to resell. An entertainer may accept an exemption certificate from a licensed business that intends to resell the entertainment services. Be sure the certificate is completed and signed.

A bar that charges admissions or a cover charge may provide an exemption certificate. When admissions or tickets are sold for an event such as a concert, the entertainer may accept an exemption certificate.

If the admissions or ticket sales to the event are not taxable, an exemption certificate may not be issued for the entertainer. This may include events at state, county or local fairs or fundraising events when the charitable organization is collecting the admissions or ticket sales. In these situations, sales or use tax is due on the entertainer's fees.

An exemption certificate from a bar or promoter only covers the charge for entertainment services; the entertainer is still responsible for collecting tax on sales of t-shirts and CD's and other items.

### Example:

Harry's Bar hires Rock Band to appear at Harry's on Saturday night. Harry charges his customers a \$5.00 cover charge to attend. Rock Band receives \$500 and a resale certificate from Harry. During a break, Rock Band receives \$200 for sales of t-shirts and CD's. Rock Band must remit sales tax on the \$200 in merchandise sales.

Southside Promotions hires five bands to play for a weekend music festival. Southside sells tickets for the event. Southside may provide an exemption certificate to the bands for their services. Each band is responsible for reporting and remitting tax on sales of their merchandise at the event.

Exemption certificates may be obtained at <https://dor.sd.gov/> or by calling 1-800-829-9188.

## Use Tax

Equipment and supplies purchased by an entertainer are subject to sales tax when purchased. If the supplier does not charge sales tax, use tax is due. Use tax is reported on line 2 of the sales tax return.

## Municipal Tax

Many municipalities in South Dakota have a sales and use tax in addition to the state sales tax. If the customer receives a product or service in one of these municipalities, the product or service is subject to that municipality's sales tax.

Municipalities may also have a 1% gross receipts tax. The municipal gross receipts tax (also referred to as the Bed, Board, and Booze tax) is a tax that is in addition to the municipal sales tax. The gross receipts tax can be imposed on alcoholic beverages, eating establishments, lodging accommodations, ticket sales, and admissions to places of amusement, or athletic and cultural events.

A list of municipal tax rates is available on our website at <https://dor.sd.gov/> or by calling 1-800-829-9188.

Tourism tax also applies to admissions and merchandise sales made at spectator events and visitor attractions.

Other publications you may wish to request:

[Exempt Entities Tax Facts](#)

[Municipal Tax Guide](#)

[Bar and Restaurant Tax Facts](#)

[Exemption Certificate Tax Facts](#)

[Tourism Tax Facts](#)

[Use Tax Facts](#)

### Examples of items on which sales or use tax must be paid:

- Amplifiers
- Artwork
- Attorney fees
- Bookkeeping and accounting fees
- Consulting fees
- Costumes
- Internet access fees
- Musical instruments
- Production services
- Props
- Recording equipment
- Recording studio time
- Repair parts
- Sheet music
- Stagehands (except for W-2 employees)
- Uniforms
- Webpage design

### What about tips and free drinks?

If an entertainer receives tips from customers (which are received entirely at the option of the customer), no sales tax is due. If an entertainer's contract states that drinks or meals will be provided, tax is due on the entire receipts for the engagement including the value of the meals, drinks and cash payment received.

## 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  
445 East Capitol Ave  
Pierre, SD 57501