

## Message From Secretary Mike Houdyshell

Greetings from the South Dakota Department of Revenue! We have enjoyed the warm weather we have been granted this fall. Our fall edition of the newsletter is packed full of information to take with you into the holiday season and new year.

On page 2, you will learn about the free tax seminars offered by the Department and a look back on the 2024 state fair collections.

One thing to prepare for before February 2025 is the new title, vehicle registration, and dealer system: 605Drive. Page 3 provides more details and what to expect with the new system. Our team and partners have been hard at work building the foundations of this new system and we are looking forward to sharing it with you!

Are you curious how your property is taxed? Take a dive into the basics of South Dakota property taxes on page 4.

In South Dakota, any individual or entity that establishes a tangible presence within the state while offering services must obtain a license for the

collection and remittance of sales tax. For example, if you are operating as an appraiser in South Dakota and have a physical presence, you are responsible for registering your business and applying for a sales tax license. Learn more about home appraisals and how taxes apply to those services in South Dakota on page 5.

If you are concerned about the legitimacy of an audit inquiry, valuable guidance awaits you on Page 6. Find out how to differentiate between a genuine request and a potential scam. Additionally, page 6 promises to bring jolly good fun with a feature on the South Dakota Lottery's special holiday scratch ticket offerings.

Throughout the pages of this newsletter you will find extras on due dates, deadlines and more! Be sure to follow us on social media to stay up to date with all the latest Department of Revenue news!

We hope you enjoy this fall edition of our newsletter. Always feel free to contact our dedicated staff for any questions or assistance you may need.

#### Free Tax Seminars!

Did you know that all of our seminars are free of charge? They cover topics such as exemptions, licensing, filing, and more! You may also request one of our tax experts to present at your event!

## **Upcoming Tax Seminars**

Date	Topic	Location
December 3	Basic Sales Tax	Virtual
December 5	Basic Contractor's Excise Tax	Virtual
March 4	Basic Sales Tax	Virtual
March 6	Basic Contractor's Excise Tax	Virtual
June 3	Basic Sales Tax	Virtual
June 5	Basic Contractor's Excise Tax	Virtual

To learn more about our tax seminars or to sign up, click here.

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## **CONTACT US**

**SD Department of Revenue** 

445 E Capitol Avenue, Pierre, SD 57501

Website: https://dor.sd.gov

Phone: 605-773-3311

**Taxpayer Assistance Center:** 1-800-829-9188

**Motor Vehicles:** 605-773-3541 **SD Lottery:** 605-773-5770

Gaming Commission: 605-773-6050

## No Municipal Taxes Changes in January



Find your local tax rate with our easy to use search tool!

# South Dakota State Fair Tax Collections Up 20%

The 2024 South Dakota State Fair generated \$266,352.21 in tax collections, up 20% from the 2023 revenues of \$222,108.58.

During this year's State Fair, there were 602 booths rented to 301 different vendors, down 6.5% from the 2023 event vendor number of 322. Fairgoers spent money on goods, services, and concessions during the six-day event – totaling over \$3.2 million in revenue.

South Dakota has seen consistent revenue from the State Fair over the last several years. Thousands of South Dakotans got out to enjoy the state fair and all the fun family attractions that came with it.

Of the tax collected during the South Dakota State Fair, \$136,745.50 was state sales tax, \$63,106.02 was Huron's municipal sales tax, \$19,256.35 was Huron's municipal gross receipts tax, and \$47,244.34 was state tourism tax.

# 605Drive: The New Title, Vehicle Registration, and Dealer System

The Department of Revenue is modernizing its title, vehicle registration, and dealer system.

The Motor Vehicle Division oversees about 1.6 million registered vehicles in South Dakota (including boats, snowmobiles and off-road) and regulates nearly 1,400 licensed motor vehicle dealers.

The 605Drive system will transform the way the Department's Motor Vehicle Division issues titles, renews registrations, and works with its stakeholders. The aim is to develop a more user-friendly and efficient system that not only meets the evolving needs of South Dakota residents but also seeks to establish a more responsive and customercentric framework that caters to customer experience.

The current system, SDCars, experiences many functional deficiencies. The Department has discussed the need to modernize the system for many years. The State annually reviews each critical system infrastructure, including the title and registration system. While ongoing investments have extended the life of the system numerous times, the system has reached the end of its useful life and needed to be replaced. In 2023, the



Legislature passed <u>House Bill 1035</u>, which appropriated \$25,000,000 from the general fund to modernize the motor vehicle administration system.

The Department has been working hard to meet the quick timeline of the new systems launch.

Still have questions? Please send an email to 605Drive@state.sd.us or call 605.773.3541.

Vehicle registration renewals will be offline in mySDCars and at the DMV Now Kiosks beginning February 7, 2025, as we transition to the 605Drive system. 605Drive launches February 17, 2025.

If you have a February vehicle registration renewal (C/D/E), please renew early to avoid any delays. In South Dakota, you can renew your vehicle license plate sticker up to 90 days before the expiration date.

## Motor Vehicle Registration Dates

Vehicle registration renewal due dates are based on the first letter of your last name which then correlates to a particular month.

November— T/U/V/W/X/Y/Z

January — A/B

**February** – C/D/E (System switch over)

March - F/G/J

\*April, October, and December are non-renewal months

#### Check out the

**605Drive webpage!** 

## **Due Dates**

December

Tax ReturnDue DateNovember12/20/2024

01/21/2025

## **South Dakota Property Taxes:** Budget then tax, not tax then spend.

## **Property Tax Need**

Local governments and school districts re-budget every year to determine the amount of property taxes needed to fund services, like public schools, roads, utilities, parks, and law enforcement.











Taxing agencies conduct public hearings, publish their budgets, and certify their property tax request to the County Auditor.

## **Property Tax Valuations**

**County Assessor** revalues and reassesses all real property annually, as well as applies property tax incentives and exemptions.

Local & County Boards of Equalization

- Hear appeals on property assessments.
- Finalize the assessed values for property taxation.



South Dakota Department of Revenue calculates the equalization factor for each county, which transforms assessed value into taxable value.

## **Local Tax Rates**

The **County Auditor** calculates a tax rate for each taxing district by dividing property tax need by taxable valuation.



## Your Property Tax Bill

The County Treasurer issues and collects the tax bills. The tax dollars are then distributed to the local governments to fund services.



## New License Plates Hitting the Road in 2025

New license plates will be available March 1, 2025. The new plates include plates for: habitat conservation, retired firefighter, EMT, and Legion of Merit.

Space Force will be added to the military plates also.





In this article, we will review the taxability of those performing home appraisals, when South Dakota sales service needs to be aware of who is receiving the tax applies to these services, and how to report the tax report and where they are located so the appropriate collected from the service on a sales tax return.

### Do you need to have a sales tax license to provide appraisal services in South Dakota?

In South Dakota, any business or person that creates a physical presence in the state and is providing services is required to be licensed for the collection and remittance of sales tax. The rate of sales tax to be collected is based on the 4.2% state rate plus the appropriate municipal rate. If you are providing services in the state of South Dakota, you are required to have a sales tax license to collect and remit tax based on the cost of those services.

#### How does sales tax apply to services?

The taxability of a transaction is based on where the product or service is received by the customer. In the case of an appraisal, the taxability is based on where the final report is sent. The report may be sent to a customer located inside or outside of South Dakota.

South Dakota sales tax applies to services received in the state. South Dakota sales tax would not apply to appraisal services received by customers out-of-state. The person or business that is providing the appraisal sales tax can be collected.

#### How is the tax collected reported?

Service providers who have a sales tax license must file a sales tax return. Both the state sales tax and municipal sales tax are reported on the same sales tax return and one payment is accepted for all sales tax that is due. Detailed instructions on filing a sales tax return, can be found at: <a href="https://dor.sd.gov/media/">https://dor.sd.gov/media/</a> rafj52cn/epath-file-a-return-sales-and-contractorsexcise-tax-2014-08.pdf.

To summarize, home appraisals are subject to sales tax based on where the customer receives the results of the service. All sales regardless of their taxability must be reported on the tax return.

We hope that this article will provide answers or clarification to anyone that may be questioning the taxability of home appraisals. We encourage anyone with additional questions to reach out to the Department. Those with additional questions can contact the Department of Revenue at (800) 829-9188 or utilize our chat function through our website, dor.sd.gov.

## Is Your Audit Inquiry Valid or a Scam?



These days we all hear about scams more often than we would like to. Getting a notice for an audit is no cause for alarm; however, getting a non-authentic notice from parties other than the Department of Revenue (DOR) can be a cause for concern. Use these tips to ensure any tax or audit inquiry you may receive is legitimate:

- The Department of Revenue will initially mail you a Notice of Intent to Audit Letter. The letter will list your correct license number registered with the Department. Additionally, all DOR notifications will come in an envelope with the correct DOR logo (pictured above) on the stationary.
- 2. If the inquiry is in person, ask to see ID! Each DOR employee has a state issued photo ID.
- 3. DO NOT be fooled by outside interests that claim to collect taxes or assist with audits on behalf of the DOR. Per SDCL 10-52-4, the administration of municipal taxes shall be by the DOR only.
- 4. When in doubt, pick up the phone and call our 1-800 number to verify that the person contacting you is a current and legitimate DOR employee. (1-800-829-9188)

If you feel that an inquiry you received is a scam, please report it to the South Dakota Attorney General's Office here: https://atg.sd.gov/complaintform.aspx.





## Jolly Good Fun is Here!

Celebrate the holidays this year with Jolly Good Fun! The South Dakota Lottery has three new tickets to celebrate with!

Merry Money is our \$5 holiday ticket. Match the winning numbers to your numbers for a chance to win up to \$15,000! The overall odds for Merry Money are 1 in 4.12.



Peppermint Red is our \$2 holiday ticket. Match your numbers to the winning numbers and you could win up to \$2,000! Or reveal a \$20 burst symbol and win \$20 instantly. Overall odds for Peppermint Red are 1 in 4.39.

Gift Tag Cash is our \$1 holiday ticket. Gift Tag Cash has a top prize of \$1,000. There's even space to write your name if you want to give this ticket as a gift! Overall odds for Gift Tag Cash are 1 in 4.73.



## You can now find all of these tickets at a retailer near you!

Remember, you must be 18 years or older to play. Do not gift scratch tickets to anyone under 18 years. And please play responsibly.



