



Fall
2020

SOUTH DAKOTA
DEPARTMENT OF REVENUE
NEWSLETTER



Message From Secretary Jim Terwilliger

Greetings from the South Dakota Department of Revenue! I hope you are enjoying these last few days of warm weather before we head into the winter months.

We believe helping businesses comes at the forefront of our daily responsibilities. By doing so, we have published best practices for accruing use tax on page 2.

In response to the 2020 elections, this fall has been busier than most for the Department of Revenue. Page 3 gives individuals timeline awareness for when they should expect to see more on the ballot measures.

The Department of Revenue's publications page has a wide array of information. Our goal is to remain transparent and communicate with our customers. Visit page 4 to see the latest release of annual reports.

South Dakota's video lottery industry is entering a

new era. Accompanied by a robust communications system and the latest technology, find out how this will shift the way we see video lottery on page 5.

This new system will provide many new features and opportunities for not only us, but also our retailers and players. We thank all of our partners who assisted us in the transition.

With the 2018 *South Dakota v. Wayfair* decision, we want to remind sellers they may be required to pay not only South Dakota sales tax, but may also have tax obligations in other states, even if they have no presence in the state. Learn more on page 6.

This edition of the newsletter also includes extras on where to find the latest news, due dates, deadlines, and more!

As always, please contact our dedicated staff if we can provide any assistance to you. We hope you enjoy this edition of our newsletter, and we wish you a happy holiday season!

Municipal Tax Rates Go Unchanged

All South Dakota municipal sales tax rates will remain the same on Jan. 1, 2021.



South Dakota municipalities may implement new tax rates or change existing tax rates Jan. 1 or July 1 each year.

The South Dakota Department of Revenue has municipal tax information bulletins available, which list all municipal sales and use tax rates statewide, along with information on tribal sales, use and excise taxes.

To obtain a municipal tax information bulletin, [download it on the Department of Revenue website](#) or contact the Department of Revenue at 1-800-829-9188.

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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

Best Practices for Accruing Use Tax

Many businesses operating in South Dakota are subject to use tax on purchases of services, tangible personal property or electronically transmitted goods. Use tax is due on taxable purchases that do not have sales tax on the invoice. There are several ways to track use tax, three of the most common are:

1. Make copies of invoices you were not charged tax on and total them at the end of the month
 - a. Put the amount on line 2 of the sales tax return or line 6 of the excise tax return. Report city tax in the designated area where appropriate.
 - b. Keep the copies with your copy of the tax return - do not send in
2. Maintain a list of invoices you were not charged sales tax on
 - a. Total the list for each tax return period
 - b. Report the total amount on the appropriate line number of the tax return
 - c. Write the month and year in which it is reported on the original invoice
3. Create a use tax payable account in your general ledger
 - a. Accrue the use tax at the time that you account for the untaxed transaction in your accounting system
 - i. Example: A \$100 use taxable purchase of office supplies would be accounted for by debiting office supplies for \$106.50, use tax payable would be credited for \$6.50 and checking would be credited for the \$100.00 invoice amount.
 - b. At the end of the month, the amount accrued in the use tax payable account should be used to calculate the use taxable amount to be reported on the sales or excise tax return.

Although more and more out of state businesses are becoming licensed as a result of the recent Supreme Court decision, it is important to carefully examine invoices to see if sales tax has been collected. Be careful not to accrue use tax on realty improvements, including installation, as they are usually not subject to sales or use tax.

Don't forget to keep copies of all the email invoices that you receive for charges that you place on your credit cards. You should account for the use tax on taxable purchases that do not have sales tax charged on the invoice.



Timeline Awareness in Response to Ballot Measures

In response to the passage of Amendment A and Amendment B on November 3, 2020, the South Dakota Department of Revenue will begin to develop regulations for recreational marijuana in South Dakota and will wait for the Legislature to determine sports wagering in Deadwood.

Constitutional Amendment A appoints the Department of Revenue as the agency responsible for licensing and regulating the cultivation, manufacture, testing, transport, delivery, and sale of marijuana in the state. The Department is also directed to administer an excise tax of 15% on the gross receipts of all marijuana sales.

Marijuana



Regulations and Legalization for Businesses

Shown above: DOR's business page on marijuana

"The Department is committed to implementing regulations to ensure a fair and reliable system," said Secretary Jim Terwilliger from the Department of Revenue.

As the Department works to develop a strategic plan for moving forward with the passage of Amendment A, please be aware that the Amendment does not take effect until July 1, 2021. The Department has until April 1, 2022, to adopt regulations.

Constitutional Amendment B authorizes the Legislature to allow sports wagering in Deadwood. In the event the ability to wager on sporting events is authorized in Deadwood, this would also authorize wagering on sporting events at on-reservation tribal casinos.

Continue to check the Department of Revenue's website for up-to-date information on the matter at dor.sd.gov or by following our social media platforms @sdrevenue.

Extra! Extra! Read All About It

Want the latest news from DOR? Whether it's best practices, upcoming events, or due dates and deadlines, our new and improved news section brings you the latest. [Click here to access the page.](#)

Follow us on Social Media!



See The Latest Annual Report Publications

Department of Revenue Annual Report

Each year, the Department of Revenue gathers information from each of our six divisions and beyond to accurately and openly showcase how the fiscal year played out.

This report touches on topics anywhere from remote sellers in the marketplace, how South Dakota tax compares to other states, year over year revenue numbers, educational opportunities, both for public and employee use, and much more!

[See our Department of Revenue Annual Report here.](#)



Tax Increment Financing Annual Report

2020 marks the third year of constructing the Tax Increment Financing (TIF) Report here at the South Dakota Department of Revenue.



TIF is a means of financing public improvements in a defined geographic area, known as a tax increment financing district, or TIF district. In South Dakota, a TIF district can be created by either a municipality or county.

To see full details on classifications of TIFs, year over year data, and a list of active TIF districts by city and counties, [visit the 2020 TIF Annual Report here.](#)

Commission on Gaming Annual Report

The Commission on Gaming Annual Report is jam packed with all you need to know from gaming revenues to distributions. Catch the recap of pari-mutuel and racing activity during Fiscal Year 2020. [Click here to see the full report.](#)

South Dakota Lottery Annual Report

The South Dakota Lottery enjoyed a historic Fiscal Year 2020, which included our debut of a new lotto system. [Get the scoop on this and much more by reading the Lottery's annual report.](#)

Property Tax Statistical Report

The Fiscal Year 2019 Property Tax Statistical Report provides an overview of the property tax system in South Dakota. The report details how and where your property tax dollars are spent. Information includes data for several taxing districts, such as: cities, counties, townships, municipalities, school districts, and special districts. [Click here to access the 2019 Property Tax Statistical Report.](#)

Due Dates

Tax Return	Due Date
November	12/21/2020
December	01/20/2021
January	02/22/2021

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.

January – A/B

February – C/D/E

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



South Dakota's Video Lottery Industry Enters a New Era

With the incorporation of the latest technology and a robust communications system, South Dakota's video lottery industry is entering a new era.

In partnership with Scientific Games International, the South Dakota Lottery is in the process of completing a video lottery system migration. The system migration is expected to be completed in April 2021, and it will be the culmination of a multi-year process that included the Lottery, Scientific Games and all partners of the video lottery industry.

The new system offers a wide array of benefits to both the Lottery team and video lottery operators and establishments throughout the state. The center of these benefits is a new site controller, which handles a multitude of communications protocols. Thanks to this real-time communication, the Lottery anticipates a drastic decrease of non-reporting terminals.

The new system also aids in combating the growing threat of fraudulent tickets. With this new technology available at establishments throughout the state, staff can immediately verify the legitimacy of tickets when a player claims a prize.

The new system also allows operators to access valuable reporting and business intelligence tools, which will be housed in the new Operator Portal.

The field migration kicked off on November 4 and will continue through April. If you own a video lottery establishment that will be part of the system migration, please remember to have your sites prepared for equipment installation. Site preparation is vital to an efficient migration, and we advise it's done as soon as possible.

Recommended Steps Include:

- Get a new CAT5 cable from the MCD to the new location of the new Site Controller.
- Get a new CAT5 cable from the D-Protocol Daisy Chain to the location of the new Site Controller.
- Create some space for the new site controller, printer and cellular modem.
- Ensure that there is a power source nearby. A power strip will be provided, so you will only need one outlet available.
- While a roll of paper for the printer will be provided, you should have extra rolls available. These are standard thermal cash register point of sale paper rolls (3 1/8" x 230').

For future updates on the system migration and a timeline of key dates, visit <https://lottery.sd.gov/retailer/VLConversion.aspx>.

You May Be Required to Collect Sales Tax in States Where You Have No Physical Presence – But Help is Available!

Did you know you may be required to collect and remit the sales and use taxes for any state to which you ship your product - even if you have no physical presence in those states?

On June 21, 2018, the U.S. Supreme Court issued the *South Dakota v. Wayfair, et.al.* decision. The effect of the decision is that **a state may require a seller without a physical presence in their state to collect and remit its sales and use taxes** on sales of products delivered into their state if: (i) the seller meets certain thresholds of activity (i.e., minimum number of transactions or certain dollar volume of sales) in their state; and (ii) the state's laws prevent discrimination against or undue burdens upon interstate commerce.

We understand having to calculate, collect, remit taxes, and file the required returns may sound overwhelming. South Dakota and 23 other states who are members of the Streamlined Sales Tax Governing Board (Streamlined) have been working with the business community for over 20 years to make our sales and use tax systems simpler, more uniform, and more efficient for sellers to administer.

To assist you in complying with the registration, collection, and remittance requirements South Dakota and other Streamlined member states have:

- Developed the [Streamlined Sales Tax Registration System \(SSTRS\)](#) that allows you to register with any or all of the 24 Streamlined states, by completing one simple online application at no cost to you.
- Entered into contracts with [certified service providers \(CSPs\)](#) and agreed to compensate the CSPs for handling your sales and use tax calculation, reporting, and remittance requirements for each of the member states in which you are a "volunteer seller."
- Completed a [taxability matrix](#) that helps you determine the taxability of various categories of products in their state.
- Developed [rate and jurisdiction databases](#) that identify the state and local tax rates that apply in their state based on the street address and/or zip code.
- Adopted a uniform [Sales and Use Tax Exemption Certificate](#) that can be used to claim applicable exemptions from sales tax in the Streamlined states.

For additional information and to view this article in its entirety, please click [here](#).



Stocking Stuffers the Good Fun Way

South Dakota Lottery players can now do stocking stuffers the good fun way! The Lottery launched its annual holiday scratch tickets in October, giving players more Jolly Good Fun than ever! These \$1, \$2, \$3 and \$5 tickets provide affordable Christmas gifts for every adult on your list. The tickets include:

Holiday 7s Multiplier: This \$5 ticket gives players the chance to multiply their prize up to seven times!

Holiday Fun: All prizes are redeemable at retail locations with this \$3 ticket. There are more than 45,000 prizes to win! It's not called the Holiday Fun ticket for nothing.

Candy Cane Tripler: Triple your prize, win up to 15 times on a single ticket, win up to \$50,000 instantly. The \$2 Candy Cane Tripler gives you lots...and lots of ways to win! Sweet, isn't it?

Winter Bucks: Turn the \$1 Winter Bucks into winter luck. Every ticket comes with the chance to double your prize! This ticket also features a trio of fun themes!

If players didn't get what they wanted on their wish list, they can take a second chance! All non-winning 2020 holiday scratch tickets are eligible for the Holiday Hangover second chance drawing. The January 14 second chance drawing has a grand prize of \$2,500 in cash! Prizes also include \$500 in cash, \$250 in cash, or \$100 in scratch tickets.

While scratch tickets make great gifts for adults, please remember to gift responsibly. The Lottery is once again partnering with the National Council of Problem Gambling to remind players that scratch tickets aren't suitable gifts for minors.

Scratch tickets are often a possible gateway to other gambling activities, so please remember to keep the fun good this holiday season.

To learn more, visit jollygoodfunsd.com.