Use Tax - Individual

South Dakota Department of Revenue

What is Use Tax?

The South Dakota use tax is the counterpart of the South Dakota sales tax. The two taxes apply to the sale of the same products and services, have the same tax rates, and have similar laws. The difference is in how the taxes are applied. Use tax applies when state and applicable municipal sales tax has not been paid on products and services (including products and services transferred electronically) that are used or consumed in South Dakota.

When is Use Tax Owed?

Use tax is owed if:

- sales tax was not paid at the time of purchase; or
- the sales tax paid to another state was less than South Dakota’s sales tax rate. The difference is owed when the product enters or the service is used in South Dakota.
  
  ⇒ Credit is given for purchases with tax due and paid in another state. A receipt or invoice showing the amount of tax paid must be kept as documentation.
  
  ⇒ If use tax is due, click here to submit a use tax payment online.

Use tax is due on the full purchase price, including delivery charges, or other fees, when the product is received or removed from inventory. Applicable municipal sales and use tax rates are based on the location the product or service is received.

- The purchaser or consumer is responsible for reporting and remitting the use tax.
- Click here to find the sales and use tax rate for a given address.

South Dakota Taxes and Rates

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Sales and Use Tax</td>
<td>4.5%</td>
</tr>
<tr>
<td>Municipal Sales and Use Tax</td>
<td>1 to 2%</td>
</tr>
<tr>
<td>Contractor’s Excise Tax</td>
<td>2%</td>
</tr>
</tbody>
</table>

Examples of Use Taxable Products and Services

**Products**
- Books
- Jewelry
- Computers
- Household Goods
- Machinery
- Subscriptions
- Online Photo Orders
- Digital Books, Music, etc.
- Music
- Clothing
- Tools
- Antiques/Collectibles
- Sporting Goods

**Services**
- Pet Supplies
- Farm Equipment
- Software for Computer/Cell Phones, etc.
- Online Games
- Online News/Sports
- Computer Consulting
- Computer Diagnostics
- Legal Services
- Tax Preparation
- People/Business/Ancestry Searches

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

Website: http://dor.sd.gov/

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