

Winter
2021

SOUTH DAKOTA
DEPARTMENT OF REVENUE
NEWSLETTER



Message From Secretary Jim Terwilliger

Greetings from the South Dakota Department of Revenue! I hope you are enjoying the warm winter we are experiencing this year as much as I am.

In light of new opportunities to do business here in South Dakota, we have provided information regarding the taxation of delivery services on page 2. We believe it is our responsibility to help educate and guide South Dakotans on their road to a successful business.

New odometer disclosure requirements began January 1, 2021, following a federal ruling. Learn more on page 2.

Are you planning on starting your own business, creating an extra side job for yourself, or in the industry of seasonal work? Page 3 explains tax licensing, while page 4 reminds individuals of the costly repercussions that can come if your tax reporting is not completed on time.

The new year brings newly redesigned license plates for disabled veterans and disabled persons. Page 4 features the branding of these plates.

Many things are happening in the upcoming month of March. Find out what you need to know on Page 5.

We understand your days fill up fast with daily tasks and weekend adventures. It is important to know the resources we have available for South Dakotans on the go. Flip to page 6 to see our top 10 online services to complete your Department of Revenue obligations.

This edition of the newsletter also includes extras on where to find the latest annual reports, 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!

Did You Know?

As of January 1, 2021, individuals are required by a new federal rule to fill out an odometer disclosure when transferring a vehicle that is less than 20 years old and weighs less than 16,000 pounds.

[FIND OUT MORE](#)

New To Delivery?

Recently, many businesses have added or expanded delivery services. If the product being delivered is taxable, any charge for delivery of the product is also taxable. The retailer's charge for delivery is subject to the same state and municipal tax rate as the product or service sold. If the product or service sold is not taxable, the delivery charge is not taxable.

Delivery charges include any charges for transportation, shipping, postage, handling, crating, and packing. If the retailer hires a transportation company and bills the customer for the transportation service, the retailer's receipts for the transportation charge are subject to the same rate as the product being sold. The sale of food and the delivery charge are subject to state sales tax, municipal sales tax and municipal gross receipts tax.

When a shipment contains taxable and nontaxable products, sales tax is due on the portion of the delivery charge for the taxable products. This is determined by using a percentage of the taxable sales price compared to the total sales or a percentage of the weight of the taxable products compared to the total weight of all products in the shipment.

Example

ABC Auto Parts sells a repair part to M.K. Smith. ABC Auto Parts delivers the part to M.K. Smith with their in-town delivery service. M.K. Smith's location is in Rapid City.

- The cost for the repair part is \$100.
- The delivery charge is \$2.

ABC Auto Parts will owe 4.5% state and 2% municipal Tax on \$102.00.

Example

Rosie's Restaurant received an order to go with delivery to the customer's location.

- The cost of the meal is \$10.00.
- The cost of the delivery is \$2.00.

Rosie's Restaurant is located in Sioux Falls. Rosie's Restaurant will owe 4.5% state, 2% municipal tax and 1% municipal gross receipts tax on \$12.00.

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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



Reminder: Seasonal and Entrepreneurial Businesses Require Licensing

We are in the era of entrepreneurship, side jobs, and seasonal work. With online sales booming, it's important to know how to conduct business in South Dakota.

Whether you are creating extra income for yourself or starting your own business, you are required to get a South Dakota tax license. The following transactions would require a sales tax license:

1. The sale of tangible personal property,
2. Any products transferred electronically, or
3. Services conducted

If your business does not have a physical presence in South Dakota, you may still be required to obtain a sales tax license if the following one or both are true for this year or the previous calendar year:

1. Your business's gross revenue from sales into South Dakota exceeded \$100,000
2. Your business made sales for delivery into South Dakota in 200 or more separate transactions

Apply for a South Dakota tax license by visiting: <http://dor.sd.gov/online-services/tax-license-application>.

If you are selling to individuals outside of South Dakota, you may be required to pay sales tax to other states as well. To register with multiple states through Streamlined, please visit streamlinedsalestax.org.

Are you in the construction industry or realty improvement service? You may need a contractor's excise tax license and not a sales tax license. For more information, please visit: <https://dor.sd.gov/businesses/taxes/contractors-excise-tax>.

It may be overwhelming as you begin your adventure in doing business on your own. At the Department of Revenue, we understand there are many industry specific rules when collecting and remitting sales and use tax. Take time to browse our Tax Facts so that you become aware of how this may affect you: <https://dor.sd.gov/businesses/taxes/sales-use-tax/#sales>.

Questions? Please don't hesitate to call us at 1-800-829-9188, option 2, or email us at bustax@state.sd.us. We would be happy to work with you to answer questions and ensure your new business endeavor is properly licensed!

Find out if a transaction may be exempt from South Dakota Sales Tax by reading our blog post below. Click the image to be redirected.



New Year, Newly Designed License Plates

The Department of Revenue has released new designs for the disabled veteran and disabled person license plates.

Disabled veteran plate owners will be reverified with the Veterans Administration at the time of renewal.

Please keep in mind, you will be charged a \$5 per plate mailing fee and will be issued a 45-day plate ordered permit until you receive your new plate.

Forms will need to be filled out, printed, and taken to your local county treasurer's office. Copies of the form will also be available at your county office.



Click the license plate images to access the forms online.

Due Dates

Tax Return	Due Date
January	02/22/2021
February	03/22/2021
March	04/20/2021

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.

February – C/D/E

March – F/G/J

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

Timing Errors in Contractors' Excise Tax Reporting Can Be Costly

When to report and pay contractor's excise tax on construction projects depends on the accounting method used for tax reporting and when the receipts are received. The completion of the project does not determine when the contractor's excise tax is due. This is a misconception often found during an audit.

There are two methods a business can choose to follow when filing the South Dakota contractor's excise tax; *cash basis* or *accrual basis*.

Contractors reporting on the *cash basis* must pay the contractor's excise tax during the same reporting period when they receive a payment. This includes all installment and progression payments received. It does not matter if the project is complete, the tax is due when payments are received.

Contractors reporting on the *accrual basis* must pay the contractor's excise tax during the same period when they bill a client. Again, it does not matter if the project is complete, the tax is due when the client is billed.

Reporting receipts and paying contractor's excise tax in the correct reporting period is very important to avoid costly corrections later. Corrections of these errors can incur high amounts of interest for late reporting and paying of the tax.

Contact our office 605-773-3311 for assistance reviewing your company's reporting basis or if you have any questions on when your taxes are due.

DOR presents DID YOU KNOW

Exemption certificates are good until they are revoked by the purchaser. They do not have to be updated, but we recommend getting new ones if you haven't done business with the customer in over a year. Be sure to keep all exemption certificates on file for the customers you have sold to in the last three years.





Lottery Reminds South Dakotans to Play Responsibly

The South Dakota Lottery is all about Good Fun, but too much fun is not good fun. That's why the Lottery always reminds its players to play responsibly.

With March being Problem Gambling Awareness Month, it's a perfect time to note that the Lottery should be thought of as a form of entertainment. If you play any Lottery product, be sure to set a time limit and a budget similar to what you would spend on a night out. In other words, only play as much as you're willing to lose. And if you do lose, never try winning it back by exceeding your budget.

The Lottery helps combat problem gambling by providing up to \$214,000 annually to the Department of Social Services problem gambling treatment services. To date, the Lottery has provided nearly \$4.5 million to problem gambling treatment.

If you or someone you know has a gambling problem, help and treatment are available. You can call the Problem Gambling Helpline at 1-888-781-HELP. Calls are always confidential. You can also find more resources by visiting <https://lottery.sd.gov/responsible/problem/>.

Property Tax Relief Deadline for Owner-Occupied Status Approaching

Homeowners and contractors have until March 15 to apply for property tax relief through the owner-occupied program.

Any South Dakotan who owned and occupied a home on November 1, 2020 is eligible for this classification and its property tax reduction. Taxpayers who have previously received this reduction and still own and occupy the same home will continue to receive the property tax reduction without applying.

The 2021 valuation notices sent to taxpayers beginning March 1, 2021 indicate if the property classification is owner-occupied. Homeowners are advised to check their notices to ensure their property is classified as owner-occupied.

Taxpayers who have purchased or built a home prior to November 1, 2020 may apply for this classification through their local county director of equalization. The form can be submitted electronically through the Department of Revenue web site at <https://sddor.seamlessdocs.com/f/3001>.

If you are a contractor, please complete the form located at <https://sddor.seamlessdocs.com/f/3002>.

If applicants have questions about the owner-occupied program, they are encouraged to contact their local county director of equalization or call the Department of Revenue's property tax division at 605-772-3311.

Extra! Extra! Read All About It

See all of our most recent Fiscal Year Annual Reports by accessing the page [here](#).

Follow us on Social Media!





DOR's Top 10 Online Services

Click the icon to be taken to each online service.



Live Chat: Speak with one of our Department of Revenue employees on Live Chat. Answer your questions in minutes!



EPath: File and pay the following taxes: 911 Emergency Surcharge, Bank Franchise Tax, Contractors Excise Tax, Sales and Use Tax, and Motor Fuel Tax.



Tax Education: Sign up for seminars, request a custom seminar to meet your organization's needs, request a speaker, or receive updates on new tax legislation.



MySDcars: Provide and maintain your motor vehicle records. Renew your vehicle registration, decals, and license plates. Purchase new plates, update your address, opt in for email notifications, find an estimated renewal cost, report the sale of a vehicle, or print a seller's permit.



Direct Shipper Lookup: Verify a winery has an active Direct Shipper license in South Dakota.



Cedar: Complete an application, renew, or apply for a tax license. License availability includes Department of Revenue and South Dakota Lottery.



Property Tax Sales Tax Search: Create statistical reports and access transfer data by county, for all audited sales.



Tax Match: Find your local sales tax rate by address. This service provides the total applicable tax rate in your area.



Motor Fuel License Search: Search for active motor fuel licensees in South Dakota.



Form Submissions: Fill out and print or submit your forms directly to your county office or state Department of Revenue.

The land of *no* personal or corporate income tax:

South Dakota

If you have questions regarding your federal tax return, please contact the Internal Revenue Service (IRS) at (800) 829-1040 or visit their website at <https://www.irs.gov/>.

