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**This Tax Fact Sheet is for those providing fishing and hunting services in South Dakota. It explains which items are sales and use taxable and which are not. The situations contained in this sheet are in no way all inclusive. If your specific question is not answered in this Tax Fact Sheet please call our toll-free helpline at 1-800-TAX-9188 weekdays from 8-5CT.**

**Information found in this document rescinds and replaces all previous, written information on this subject. All readers and users of this publication are responsible for keeping informed about changes in tax laws and regulations by reading the Department of Revenue newsletters, press releases, Tax Facts, and other documents published by the department.**

#### Taxes and Rates that may apply to a retail business.

State Sales and Use Tax.....	4%
Tourism Tax.....	1.5%
Municipal Sales and Use Tax .....	1 to 2%
Municipal Gross Receipts Tax .....	1%
Motor Vehicle Gross Receipts or Leasing Tax .....	4 ½%
Wireless Gross Receipts Tax .....	4%

### Fishing and Hunting Services

If you receive payment for providing fishing or hunting services you must obtain a sales tax license and remit tax on your receipts. Payment does not need to be in cash; barter income is also subject to sales tax. Barter income includes any product or service that you receive in exchange for providing fishing or hunting services.

Examples of taxable products and services common in the hunting and fishing industry are:

- Ammunition sales
- Club memberships, fishing or hunting
- Meals, sales of
- Preserve operation
- Bait sales
- Guide services
- Membership fees
- Room rentals
- Camping, fishing or hunting
- Sale of hunting privileges
- Outfitters

### Tax Rates

Fishing and hunting services are subject to the 4% sales tax. The following taxes may apply to fishing and hunting services in addition to the state sales tax.

• **Tourism tax** applies to your receipts if your service includes guiding, lodging, or recreational services. Tourism tax also applies to the entire gross receipts from the sale of any product or service at

any hunting or shooting preserve. For a complete list of recreational services see the Tourism Tax Facts. Tourism tax is reported on the state sales tax return under City/Special Jurisdiction Calculations using code 700-1.

• **Municipal sales tax** applies to your entire receipts if you provide any portion of the service such as lodging, meals or other services in a city that imposes a municipal sales tax.

• **Municipal Gross Receipts tax** applies to your entire receipts if you provide any portion of the service such as lodging, meals, or alcohol in a city that imposes a municipal gross receipts tax on those items.

Refer to the Municipal Tax Information Bulletin to determine if the city imposes these taxes.

#### Package Deals

Businesses may sell hunting or fishing packages that include lodging, meals, beverages, and guiding services. The entire receipts for the package are subject to the state sales tax and tourism tax. Municipal sales and municipal gross receipts taxes apply if any portion of the service is provided in a city that imposes municipal tax.

#### Examples:

1. Jim's Guiding sells hunting packages. For \$300 a day, the customer receives a motel room, meals from a local restaurant, and guide services. The motel and restaurant are in Winner, SD. The state sales tax, Winner municipal sales tax, Winner municipal gross receipts tax, and tourism tax must be paid on the entire package fee because the motel and restaurant are in Winner.

2. Sam's Lodge sells hunting packages. For \$3,000, you receive three nights lodging, meals, beverages, and 4 days of guide services. Sam's provides meals and lodging at their lodge located in rural Hughes County. This package is subject to state sales tax plus tourism tax. No municipal tax applies because no services were provided in a city.

#### Deposits and Prepayments

Deposits and prepayments are subject to sales tax when received. The same taxes apply to the deposit and prepayment as apply to the product or service sold.

## Resale Purchases

A fishing or hunting service provider may purchase the following items for resale:

- Items purchased to sell in retail businesses, such as restaurants, snack bars, or a gift or souvenir shop.
- Items purchased by the service provider to sell at retail that the customer has an option to purchase at a separate charge from the lodging, hunting or guiding charge.

Items that are part of a hunting or fishing package that may be purchased for resale include:

- Guide service
- Restaurant meals
- Lodging accommodations
- Processing of customer's game birds

Occasional purchase of products or services may be made for a customer at the request of that customer. The service provider may pay sales tax on their purchase of these items. If they are reimbursed for the exact cost no additional sales tax is due, however, any charges above the actual cost of the product or service is subject to sales tax. Purchase invoices must be kept to show sales tax was paid on the purchase. If these services are purchased for resale, sales tax is due on the full charge to the customer, including delivery. Examples of items that may be purchased at a customer's request are:

- Taxidermist services
- Clothing
- Special Food or drink products

Items purchased for resale are subject to the state sales tax and applicable municipal and tourism tax when sold.

Items taken from a retail business' inventory for use by the fishing or hunting service provider are subject to the state use tax and applicable municipal use tax at the time they are removed from inventory.

To purchase products or services for resale the fishing or hunting service provider must provide an exemption certificate to the seller. Exemption certificates are available online at [www.state.sd.us/drr](http://www.state.sd.us/drr) or by calling 1-800-829-9188.

### Products that Cannot be Purchased for Resale

Products used by the fishing and hunting service provider in providing his service are subject to sales tax at the time of purchase. This includes products provided to the customer as part of the lodging, hunting or fishing package. If sales tax is not paid to the supplier, the fishing and hunting service provider will owe use tax on these items.

Items that are optional for the customer to purchase for a separate charge may be purchased for resale - see Resale Purchases section.

Examples of items used or provided by the service provider that cannot be purchased for resale:

- Ammunition
- Bait
- Beverages
- Boats
- Decoys
- Equipment
- Gasoline
- Repair Parts
- Snacks
- Tackle

### Hunting Lodges

Because a hunting lodge is selling services and not tangible personal property, they cannot purchase tangible personal property for resale. Lodges are the consumers of supplies and equipment used by them in providing their services. If sales tax is not paid on supplies when purchased, then the cost of such items must be reported as a use tax item on the sales tax return. ARSD 64:06:02:75 states that sales of supplies and equipment to a lodging establishment are taxable.

The following are examples of items that are taxable when purchased if provided or included in the charge for the lodging or hunting package:

- Food and drinks
- Souvenirs
- Soaps and lotions provided in a room

### Examples:

1. Pheasant Lodge 1 sells a hunting package for a flat rate. This package includes three days of guided hunting, lodging, and meals, drinks and snacks at the lodge. One fee covers all. No items are sold separately from the package. Lodge 1 is not a hunting preserve. The lodge is located outside city limits.

- Lodge 1 owes sales or use tax on all products purchased including food and drinks

- Lodge 1 owes state sales tax and tourism tax on the fee for the entire package.

2. Lodge 2 sells a hunting package for a flat rate. Lodge 2's package includes three days lodging, daily meals and drinks at the lodge and three days of guided hunting. Lodge 2 also has a snack bar where you can purchase hamburgers, pizzas and other snack items. Lodge 2 is not a hunting preserve. All sales and services are outside city limits.

- Lodge 2 may purchase inventory sold at the snack bar for resale because the products are sold at a separate charge from the package.

- Lodge 2 owes sales or use tax at the time of purchase on all items provided as part of the package, including the meals and drinks.

- Lodge 2 owes state sales tax on all items sold at the snack bar.

- Lodge 2 owes state sales tax and tourism tax on the fee for the entire package.

3. Todd's Hunting Preserve sells a hunting package for a flat rate. Todd provides lodging, meals and guiding service. In addition, there is a snack bar that sells food and drinks and a gift shop that sells souvenirs, shirts, jackets, caps, etc. All services are provided

## Hunting and Fishing Services

outside city limits.

- Todd may purchase inventory sold at the snack bar and gift shop for resale.
  - Todd may purchase the guide service for resale.
  - Todd owes sales or use tax on items provided in the package when purchased, including the food for the meals and drinks.
  - Todd owes state sales tax and tourism tax on all receipts, including the package fee, the snack bar and gift shop sales.
4. ABC Guiding offers a hunting package. For \$500 a day, the customer receives a motel room, meals from a local restaurant, beverages, guide services, and ammunition. The motel is in Mitchell, SD.
- ABC may purchase the motel room, restaurant meals, and guide services for resale.
  - ABC must pay sales or use tax on the beverages and ammunition at the time of purchase.
  - ABC will owe state sales tax, tourism tax, Mitchell municipal sales tax, and Mitchell municipal gross receipts tax on the fee for the entire package.
5. A motel in Pierre, SD offers a vacation package that includes lodging, restaurant meals, and guide services.
- The motel may purchase the guide services and the restaurant meals for resale.
  - The motel owes state sales tax, Pierre municipal sales tax, Pierre municipal gross receipts tax, and tourism tax on the fee for the entire package.

### Hunting Preserves

All sales of products or services at a hunting preserve are subject to tourism tax in addition to the state sales tax and any applicable municipal tax.

### Hunting Rights on Land

The sale of hunting rights on agricultural land is a taxable service. The landowner's charge for a person to hunt on his land is subject to the state sales tax. Tourism tax does not apply to hunting rights alone, with no accompanying service. If a landowner also offers guiding services, the entire fee is subject to state sales tax and tourism tax plus applicable municipal taxes.

If the landowner does not charge sales tax, the guide is responsible for remitting use tax on this charge for hunting rights. Hunting rights cannot be purchased for resale.

#### **Examples**

1. A landowner charges \$100 per person to individuals wishing to hunt on his/her property. The landowner must pay state sales tax on the entire fee.
2. A landowner charges \$150 per person to individuals wishing

to hunt on his/her property. As a part of the fee, the landowner will take the hunters to the field, point out the better hunting areas and provide a lunch. This service is subject to the state sales tax and tourism tax.

3. A landowner allows a guide to hunt on his property and will receive \$50 for each person the guide brings there. The guide charges \$250 a day to each person in his hunting party. The guide owes the state sales tax and tourism tax on the \$250 per person charge. The \$50 per person fee paid to the land owner for the right to hunt on his property is also subject to the state sales or use tax. The guide will owe use tax on the \$50 fee if the landowner does not collect the sales tax.

### Exclusive Seasonal Rights to Hunt or Fish

A landowner that exclusively grants to another the right to hunt or fish on the landowner's property for an annual or seasonal fee is not subject to tax on that amount. The landowner must have a written agreement that contains the terms of the contract, including the price of the grant and a legal description of the property. A copy of the written agreement must be kept by the landowner and the one purchasing the rights as documentation of an exempt transaction.

Any services provided by the landowner are subject to sales tax. If services and exclusive seasonal rights to hunt or fish are sold for a single fee (the fee for the services are not separately listed) the entire fee is subject to sales tax, plus applicable tourism and municipal gross receipts tax.

#### **Examples**

1. A landowner agrees to lease land for hunting purposes to the ABC Corporation. A written agreement is entered into stating the fee charged, the description of the land to be hunting on, and the time hunting may occur. The agreement is filed with the Register of Deeds. No other services are provided.

- The landowner does not owe sales tax on the fees for this lease.

2. A landowner agrees to lease land for hunting purposes to the ABC Corporation. A written agreement is entered into stating the fee charged, the description of the land to be hunting on, and the time hunting may occur. No other services are provided. The agreement is NOT filed with the Register of Deeds.

- The landowner owes sales tax on the fees for this lease because the agreement has not been filed with the Register of Deeds as required by law.

3. Another landowner also agrees to lease land for hunting purposes to ABC Corporation. The written agreement states the fee charged, the description of the land to be hunted

on, and the time hunting may occur. This land owner also agrees to release a certain number of birds during the hunt and to plant cover crops on the land to be hunted. The agreement is filed with the Register of Deeds.

- If the landowner does not separately list the charges for the release of birds and planting the cover crops, the entire charge is subject to the state sales tax. If guiding is also provided, the tourism tax will apply to the entire charge in addition to the state sales tax.
- If the landowner lists a charge for the lease of the land and separate charges for the release of birds and planting the cover crops, then the charge for the lease of land is not subject to sales tax. The charge for the release of birds and planting cover crops is subject to the state sales tax.

### Licenses

The sale of hunting and fishing licenses is not subject to sales tax. Fees charged by the seller in addition to the license fee are subject to sales tax.

### Tournaments

Entry fees for tournaments are not subject to sales tax. All goods or services purchased for use at a tournament are subject to sales tax.

### Game Birds

The sale of live game birds is exempt from sales tax when sold to:

- Commercial hunting operations who charge fees to hunt such birds; or
- Nonprofit organizations which release such birds.

If you are selling or raising game birds you must also have a license through Game, Fish, and Parks.

### Dogs

Dog boarding, selling and training is subject to sales tax.

### Use Tax

Equipment and supplies used by fishing and hunting service providers are subject to sales tax when purchased. If the supplier does not charge sales tax, use tax is due. In addition, items purchased with the intent to resell which are removed from inventory for use by the service provider are also subject to use tax. Use tax is 4%, and both state and any applicable municipal taxes apply.

The following items are use taxable items commonly found in or used by hunting lodges and businesses such as bars and restaurants (this list is not inclusive):

Appliances

Magazine subscriptions

- |                            |                             |
|----------------------------|-----------------------------|
| Ashtrays                   | Menus                       |
| Banners                    | Newspaper subscriptions     |
| Bedding                    | Office supplies             |
| Bookkeeping fees           | On-line service fees        |
| Can liners                 | Paper towels/napkins        |
| Cash registers             | Pitchers                    |
| Cleaning service           | Placemats                   |
| Cleaning supplies          | Popcorn (if furnished free) |
| Computer and software      | Popcorn machines            |
| Cooking utensils           | Posters                     |
| Coolers                    | Serving trays               |
| Disposable eating utensils | Signs                       |
| Furniture                  | Stir sticks                 |
| Internet access fees       | Straws                      |
| Jukebox or sound system    | Tableware                   |

CO2 used to dispense soda pop is **NOT** subject to use tax at the time the business purchases it since it becomes part of the pop, which is taxed. CO2 used for dispensing beer is subject to sales or use tax since it is a catalyst that transports the beer out of the keg and does not become part of the beer.

### 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 gross receipts tax. The municipal gross receipts tax (also referred to as the Bed, Board, and Booze tax) 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.

When a package is sold that includes lodging, meals, and guide services, applicable municipal sales tax and municipal gross receipts tax plus the tourism tax applies to the entire package based on the location of the motel.

A list of municipal tax rates is available at [www.state.sd.us/drr](http://www.state.sd.us/drr) or by calling 1-800-TAX-9188.

### Record Requirements

Records such as purchase and sales invoices, bills of lading, books of all receipts and sales, cash register receipts, and other pertinent papers and documents are required to be kept at least three years and be available for inspection during business hours.

### Other Licensing Requirements

Hunting lodges, guides, and preserves should contact the Game, Fish & Parks, the Department of Health, and the Fire Marshall offices to obtain the proper licenses and inspections. These agencies share information pertaining to requirements and licensing of hunting operations for sales tax, preserves, food and lodging inspections and fire safety inspections.

## Hunting and Fishing Services

Please contact the following offices with questions concerning health or fire inspections or questions on preserves or hunting regulations:

South Dakota Department of Health  
Office of Health Protection  
(605) 773-4945

State Fire Marshal Office  
(605) 773-3562

If the question pertains specifically to shooting preserves, contact:

GFP Shooting Preserve  
(605) 223-7665

For general information on hunting and fishing, please contact:  
GFP  
(605) 223-7660

### Talk to Us!

If you have a tax problem or question, call the South Dakota Department of Revenue toll-free at 1-800-TAX-9188. Visit us on the web at [www.state.sd.us/drr](http://www.state.sd.us/drr), email us at [bustax@state.sd.us](mailto:bustax@state.sd.us) or write us:

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