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HELP

South Dakota
Department of Revenue
445 East Capitol Avenue
Pierre, South Dakota 57501

Use Tax Form

Everyone's Responsibility

March 2011

This fact sheet is designed to provide general guidelines for remitting use tax on purchases of tangible property and services. If this Tax Facts does not answer your specific question, please call the Department's toll-free helpline at 1-800-TAX-9188 between 8:00 AM - 5:00 PM CST, Monday through Friday.

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's newsletters, press releases, Tax Facts, and other documents published by the Department of Revenue.

What is Use Tax?

The state created the sales tax in 1935 to help the state recover financially from an ineffective income tax. Several years later, the sales tax was joined by the use tax when it was discovered that consumers were leaving the state to make tax-free purchases.

The differences between the sales tax and the use tax are when it is applied and who is responsible for remitting it. The sales tax is applied at the time of purchase of goods and services; the seller of the item is responsible for collecting, reporting and remitting the tax. The use tax is applied after the purchase is made; that is, when a purchase is made without paying sales tax. The purchaser of the goods or services is responsible for paying use tax.

The tax rates are the same: four percent state tax plus the municipal tax, if any. Not all cities in South Dakota have a municipal tax. If you are unsure about your city's tax rate, contact our office.

Farm machinery, attachment units and irrigation equipment used exclusively for agricultural purposes are subject to 4% state tax but no municipal tax.

Repair parts and maintenance items for farm machinery, farm machinery attachment units, and irrigation equipment are exempt from sales and use tax.

Do I owe Use Tax?

If you purchase items or services through a catalog, over the Internet, or make exempt purchases while visiting in another state, you may owe South Dakota use tax.

You owe use tax to South Dakota:

- if you didn't pay sales tax when you purchased the items;

OR

- the sales tax you paid to another state wasn't as much as what you would have paid in South Dakota (the difference in the two amounts is how much use tax is owed).

It's a matter of fairness...

With the ease of purchasing over the Internet, online sales have exploded over the years and are increasing every year. Main street businesses, the ones who employ our citizens, pay property tax and support local organizations, are at a 6% competitive disadvantage since most out-of-state businesses are not required to pay tax in a state where they have no physical presence. It becomes the purchaser's responsibility to pay the use tax that is due.

What types of purchases are included?

Virtually all types of services and merchandise are subject to the South Dakota sales/use tax. Examples include:

Products

Appliances	Digital Books, Music, etc
Books	Music
Jewelry	Clothing
Computers	Tools
Skin/Hair Care	Antiques/Collectibles
Household Goods	Sporting Goods
Toys	Pet Supplies
Machinery	Farm Equipment
Subscriptions	Electronics
Online Photo orders	Software for Computer/cell phone, etc

Services

Online Games	Internet Services
Online news/sports	Income Tax Preparation
Computer consulting	Investment Information
Computer diagnostics	People/Business/Ancestry searches
Legal services	Online classes*

*Some classes might be exempt from tax if college credit is given

Why don't out-of-state businesses collect the tax like our in-state businesses do?

Some of them do. If a business has a store, a warehouse or salespeople in South Dakota, it is licensed by the state to remit sales tax. In addition, several hundred out-of-state businesses that do not have a physical presence in South Dakota are voluntarily licensed to collect the tax.

Currently, however, businesses without a physical presence in South Dakota are not required to be licensed in South Dakota for sales tax. It will take federal legislation to require businesses to become licensed and remit sales tax to the states into which they make sales.

How can you pay the Use Tax you owe?

Use tax can be paid in one of two ways: by calling 1-800-TAX-9188 and requesting a use tax form (an agent will assist you in completing the form, if necessary); or by using the form found on the bottom of this fact sheet.

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,** email us at **bustax@state.sd.us**.

SD Department of Revenue
445 East Capitol Ave
Pierre, SD 57501-3100

Mail or drop off your form at the nearest Revenue office:

Aberdeen
419 Moccasin Drive
Aberdeen, SD 57401-5085

Sioux Falls
300 S Sycamore, Suite 102
Sioux Falls, SD 57110

Rapid City
1520 Haines Ave, Suite 3
Rapid City, SD 57701

Mitchell
417 N. Main, Suite 112
PO Box 1103
Mitchell, SD 57301-7103

Watertown
715 S Maple
Watertown, SD
57201-5300

Yankton
1900 Summit Street
Yankton, SD 57078-1951

Use Tax Form

South Dakota Department of Revenue
Please mail or drop off the form at the nearest Revenue office | 1-800-TAX-9188

First Name	Last Name	Phone Number	Date

Street Address/PO Box	City	State/Zip Code

Email Address

DO NOT use this form if you have a permanent tax license in South Dakota.

To calculate Use Tax liability, complete the following steps:

1. Purchase Price
(Include delivery and handling charges) 1.

2. State Tax (line 1 x 4%) 2. 0.00

3. Municipal Tax (line 1 x municipal tax rate)*
Enter your city Tax rate: % 3. 0.00

4. Total Tax Due (line 2 + line 3) 4. 0.00

***No city tax due if goods are delivered & used outside city limits**

Make checks payable to SD State Treasurer

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