



# Use Tax - Individual

<https://dor.sd.gov/> 1-800-829-9188

The purpose of this tax fact is to provide general guidelines to individuals on how to remit use tax on products and services in South Dakota. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

July 2023

## 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.

### South Dakota Taxes and Rates

|   |                |
|---|----------------|
| <b>State Sales and Use Tax</b> – Applies to all sales or purchases of taxable products and service.   | <b>4.2%</b>    |
| <b>Municipal Sales and Use Tax</b> – Applies to all sales of products and services that are subject to the state sales tax or use tax if the purchaser receives or uses the product or service in a municipality that imposes a sales tax or use tax. | <b>1 to 2%</b> |
| <b>Contractor’s Excise Tax</b> — Imposed on the gross receipts of all prime contractors engaged in construction services or realty improvement projects in South Dakota. The gross receipts include the tax collected from the consumer.              | <b>2%</b>      |

## 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.

### 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

- Pet Supplies
- Farm Equipment
- Software for Computer/Cell Phones, etc.

#### Services

- 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](mailto:bustax@state.sd.us)

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