South Dakota Association of School Business Officials

“The Ultimate Problem Solvers”

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South Dakota Department of Revenue
Sales Tax Exempt Entities

- Public Schools – Government
- Private Schools & Private Religious Schools
  - 501(c)3 nonprofit
  - Physical location in South Dakota
Purchases – Exempt or Taxable?

• Exempt Purchases
  – School funds – School purpose
    • Examples: books, desks, computers, equipment

• Taxable Purchases
  – Personal items for students or staff
    • Examples: class rings, cheerleading uniforms
  – Employee Reimbursable
  – Fundraising Merchandise
School Organizations – **Taxable**

- School organization purchases are taxable
  - School exemption does not carryover
- Tax due even if purchase is given to school
- Booster clubs, student organizations, foundations
  - PTA/PTO, Student Council, FBLA, FFA
Sales – Exempt or Taxable?

- Exempt Sales
  - Educational Services
  - Food Service for Elementary & Secondary
  - Admissions to school events
  - Fundraising sales
Sales – Exempt or Taxable? (con’t)

• Taxable Sales
  – Food Service at Colleges & Universities
  – Surplus sales
  – Buildings built in shop class
  – Sales to staff, students or others which are not part of education services
Sales – Exempt or Taxable? (con’t)

• Exempt or Taxable? – “Well, it depends”
  – Camps
  • Where do the net proceeds go?
  • Net Proceeds all for educational purposes – Exempt
  • Net Proceeds not all for educational purposes - Taxable
Construction (new & remodel)

• What is Contractors’ Excise Tax?
  – 2% tax on contractors providing construction services
• Why aren’t school projects exempt?
  – The tax is on the contractor
Construction (con’t)

• What else do I need to know?
  – Materials & equipment provided by the school to the contractor
    • Contractor will owe 2% contractors’ excise tax on the value of the materials & equipment
    • Contractor will owe sales/use tax on the value of the materials & equipment
Wrapping it up

• Schools are sales tax exempt
• Most purchases are exempt but some should be taxed
• School organizations are not sales tax exempt
• Sales – taxable or exempt?...it depends
• Construction – be aware of contractors’ excise tax
Information

• Read All About It!  http://dor.sd.gov
  – Videos, Publications, Guides

• Contact Us
  – 1-800-829-9188
  – BusTax@state.sd.us
  – Local offices: Aberdeen, Mitchell, Pierre, Rapid City, Sioux Falls, Watertown & Yankton
Thank You

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