



South Dakota Association of School Business Officials

“The Ultimate Problem Solvers”

49th Annual Spring Conference

April 22, 2015

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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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