



445 East Capitol Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-3311
Fax: 605-773-5129

May 18, 2007

Craig Steinley
PO Box 7722
Rapid City, SD 57709 7722

RE: Tax on Appraisal Services

Dear Mr. Steinley:

I understand that you have questions on where the tax applies on appraisal services. Sales tax applies based on where the client takes receipt of the report. If the client takes receipt in South Dakota, then 4% state tax and applicable municipal tax is due. If the report is sent to the client out-of-state South Dakota sales tax does not apply, although the client owes use tax if the property is located in SD.

The department will honor the advice and directions given to taxpayers in written form, even if incorrect, unless that advice is invalidated by a change in the facts upon which the advice was based, a change of law, or a written statement by the department setting the advice aside.

Please let me know if you have any further questions.

Sincerely,

A handwritten signature in black ink that reads "Jane A. Page". The signature is written in a cursive style with a large, looped "J" and "P".

Jane A. Page
Assistant Director
Business Tax Division



445 East Capitol Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-3311
Fax: 605-773-5129

July 10, 2007

Craig Steinley
Steinley Investment Companies
PO Box 7722
Rapid City, SD 57709-7722

RE: Appraiser Service

Dear Mr. Steinley:

The sourcing law requires the retailer to tax the sale of services at the location where the customer receives the service. The appraiser's service is received where the report is sent. The location of the appraiser's office is not where the tax applies unless that is where the client receives the report.

Example #1: Suppose the subject property to be appraised is located within the Rapid City corporate limits (a 2% municipal sales tax area). What would be the applicable sales tax (total of state and city portions) if the customer/client accepts delivery of the appraisal a). at an office in Pierre, b). at an office in Sioux Falls, c). at an office in Watertown, d). at a bank location in the state that is not within a municipality, i.e. (0% municipal tax), and finally e). at a mortgage broker's office in Vermillion.

TAX DUE if report delivered to:

Pierre 4% state tax plus 2% Pierre city tax
Sioux Falls 4% state tax plus 1.92% Sioux Falls city tax
Watertown 4% state tax plus 2% Watertown city tax
Vermillion 4% state tax plus 2% Vermillion city tax
City with no municipal tax - 4% state tax only

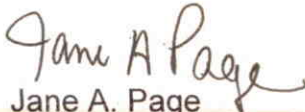
Example #2: Suppose the subject property to be appraised is located within Pennington County and is NOT within a municipality. Same a). through e). delivery locations as Example #1 above. (As I understand your explanation, the answers in Example #2 will be the same as in Example #1 but we need to make the point that its the appraisal DELIVERY location and not the actual location of the subject property to be appraised that governs the applicable sales tax).

TAX DUE if report delivered to:

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Sioux Falls 4% state tax plus 1.92% Sioux Falls city tax
Watertown 4% state tax plus 2% Watertown city tax
Vermillion 4% state tax plus 2% Vermillion city tax
City with no municipal tax - 4% state tax only

Please let us know if you have any further questions.

Sincerely,



Jane A. Page
Assistant Director
Business Tax Division