



# Tax Facts

## Photographers

Sales Tax  
Fact Sheet #260

December 2000

This Tax Fact Sheet is designed to explain to photographers, photo developers, and related businesses how sales and use tax applies to items and services they sell. If your specific question is not answered in this Tax Fact Sheet, please call our toll-free helpline at 1-800-TAX-9188 weekdays from 8-6 CT.

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

### Photography Services and Sales

Photographers, photo developers and photo finishers are engaged in both the sale of tangible personal property and in supplying a service for their customers. The gross receipts resulting from either the sale of the photo services or tangible personal property (i.e. cameras, photographs, film, etc.) are subject to the state's 4% sales tax, plus municipal sales tax. Some examples of services and items sold by photographers that are sales taxable include but are not limited to:



- Taking, reproducing and selling photographs
- In-house processing and developing of customer's film and printing and enlarging of customer's negatives
- Enlarging, retouching, tinting or coloring photographs
- Reproducing copies of documents, drawings, blueprints or photographs
- Sales of photographs to students (i.e. senior portraits and undergraduate photo packages)
- Sales of cameras, camera cases, lenses, picture frames, etc.
- Sales of digital cameras and software to view or modify digital pictures, digital photo paper for printers, accessories for digital cameras and software.

- Photodiscs or digital photo services
- Charges for modeling fees, equipment or prop rental
- Mileage and expense charges included as a portion of a photographer's taxable receipts (it makes no difference whether or not these charges are separately itemized)
- Videotaping charges

State and municipal sales tax applies to photography services based on where the service occurs. Sales tax on tangible personal property is based on where possession takes place.

#### Examples:

A Sioux Falls photographer is hired to photograph a wedding that takes place in Sioux Falls but the relatives purchasing the service are from out-of-state. South Dakota state sales tax plus Sioux Falls municipal tax applies to the selling price.

A South Dakota attorney hires a Sioux Falls photographer to travel to Minnesota to videotape a deposition. Tax applies where the deposition is taken. If an out-of-state photographer comes into South Dakota to tape a deposition, the service is taxable in South Dakota.

A Sioux Falls photographer is hired to videotape a wedding in Brookings and the wedding dance which is held in Volga. State sales tax plus Brookings city tax applies in this situation. Where the taping is done establishes which city tax applies and if the taping is done in more than one city, the city where the predominant part of the videotaping takes place determines which tax applies.



## Purchases for Resale

Photographers and others providing photographic services may purchase, without paying sales or use tax, any items which become an ingredient or component of an article which will be sold to a customer. The photographer must give a properly completed resale exemption certificate to the vendor selling the item to the photographer. Items that photographers resell include:

- Mounts, frames and matte paper
- Slides permanently transferred that are sold to a customer as part of a retail sale
- Camera and attachments that are purchased to be sold at retail to customers
- Packaging materials that are used to hold merchandise sold by a photographer
- Camera film and videotape which is sold at retail for use by customers
- Chemicals used by the photographer to process film (i.e. developers, washes, fixers and stabilizers)
- Print paper
- Film (i.e. videotape and colored transparencies) which is permanently transferred to a customer as part of the taxable photographic service
- Film processing and developing and negative printing and enlarging done by an outside service provider for a specific customer



Photographers must give a resale certificate to their suppliers in order to purchase services and supplies exempt from sales tax.

State law requires resale certificates to be complete and accurate. The buyer will be held responsible for properly completing a resale certificate. Resale certificates may be obtained from the department's website, [www.state.sd.us/revenue](http://www.state.sd.us/revenue), or by calling 1-800-TAX-9188.

## Sales for resale

A **photographer** may sell his or her services or products for resale if the buyer provides a resale certificate. It is the buyer's responsibility to know when a service or product qualifies as a sale for resale. The seller is respon-

sible for maintaining a complete resale certificate. For more information on sales for resale view Tax Fact Sheet #285 on our website at [www.state.sd.us/revenue](http://www.state.sd.us/revenue) or request a copy by calling the department at 1-800-TAX-9188

## Supplies and materials

Photographers and others providing photographic services are the consumer of items that are used or consumed in providing photographic services. Retailers and other vendors selling such items to photographers must remit sales tax on the gross receipts from the sale of such items. If sales tax is not paid to the photographer's supplier, the photographer must pay use tax on the cost of the items. Such items include, but are not limited to:

- Trays
- Film (other than film sold over the counter to retail purchasers)
- Props and other background equipment
- Darkroom equipment (i.e. enlargers, film and paper processors, easels, etc.)
- Lighting equipment (i.e. flashtubes, modeling bulbs, batteries, etc.)
- Cameras, lenses and accessories used by photographers
- Other consumed supplies such as paper towels, cleaners, compressed air, printed forms, pamphlets, masking tape, etc.
- Office supplies
- Legal and accounting services
- Film development, proofs and prints for the photographer's personal use or for promotional purposes (not for sale)

### Examples:

A photographer orders extra copies of a couple's wedding pictures to use for display and promotional purposes. The photographer would owe sales or use tax on the extra copies he uses.



A photographer sells her artistic photographs in her photo shop. She sends her film to be processed and receives proofs in return. She uses these proofs to decide which prints she will order and sell in her shop. The photographer owes sales or use tax on the proofs and processing services. The prints she orders to sell in her shop are exempt from sales tax, because they are for resale.

### Use Tax

Supplies, materials, or services purchased without a resale certificate are subject to use tax, if appropriate sales tax was not paid at the time of purchase. The state use tax rate is 4%, plus applicable municipal use tax, and is payable to the Department of Revenue in the filing period in which the photographer receives the supplies or services.

Tangible personal property **delivered into South Dakota** by the supplier is subject to the South Dakota sales or use tax, even if the supplier charges another state's sales tax.

When a purchase is made out of state and possession is taken out of state the supplier may charge you that state's sales tax. If the rate of the other state's sales tax is the same or more than South Dakota's tax rate, you do not owe any South Dakota use tax. If it is less than South Dakota's, you pay the difference in use tax. Add the state and any applicable city rates together to determine if you owe additional use tax.

Use tax is also due on supplies, such as film and cameras, taken out of retail inventory for the photographer's use. Use tax is due on these items in the filing period they are taken out of inventory.

### Municipal Tax

In South Dakota, more than 190 municipalities have an additional sales or use tax. If a business is located in one of these municipalities, the correct rate to apply to photography sales and services is the **municipality's general rate** plus the state rate of 4%. An asterisk (\*) indicates a municipality's general tax rate in the Municipal Tax Information Bulletin which is available on our website at [www.state.us.sd/revenue](http://www.state.us.sd/revenue) or by calling 1-800-TAX-9188.

### Exempt Entities

Accredited schools, non-profit hospitals, approved relief agencies and government entities are exempt from sales and use tax.

The photographer is required to keep proof of payment from the exempt purchaser. Accredited schools and relief agencies have numbers assigned by the department that should be provided to the photographer.

### Required Records

Photographers must have a South Dakota sales tax license for each place of business within the state. Records, such as purchase and sales invoices, bills of lading, books of all receipts and sales, cash register receipts, and other pertinent papers and documents, are required to be kept for at least three years and be available for inspection during business hours.



*Have additional questions you'd like answered?*

*Call the Department's toll-free helpline.*

**1-800-TAX-9188**

*Or visit our website: [www.state.sd.us/revenue](http://www.state.sd.us/revenue)*

**Or visit us at:**

**SD Dept. Of Revenue  
Business Tax Division**  
445 East Capitol Avenue  
Pierre, SD 57501-3100

**Aberdeen Area Office**  
419 Moccasin Drive  
Aberdeen, SD 57401-5085

**Mitchell Area Office**  
417 N. Main, Suite 112  
P.O. Box 1103  
Mitchell, SD 57301-7103

**Rapid City Area Office**  
4447 S. Canyon Rd., Suite 6  
Rapid City, SD 57702-1889

**Sioux Falls Area Office**  
230 S. Phillips, Suite 301  
Sioux Falls, SD 57104-6321

**Watertown Area Office**  
1505 10th Ave. SE, Suite 1  
Watertown, SD 57201-5300

**Yankton Area Office**  
Kanner Building  
3113 North Spruce Street  
Suite 127  
Yankton, SD 57078-5320

