

Revised
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Contractors' Excise Tax Bid Factor Calculator

South Dakota Department of Revenue

445 E. Capitol Avenue | Pierre, SD 57501-3185 | 1-800-829-9188 | <http://dor.sd.gov/>

Contractors' excise tax is calculated on total gross receipts. Gross receipts are defined as the total amount received including, but not limited to, sales and use tax, contractors' excise tax, cost of materials, your labor and profit, owner-furnished materials and any other expenses. Because the tax is included in your gross receipts, you may use a factor of 2.041% to calculate the excise tax to include when preparing a bid or invoice for your customer. This factor allows you to recover the excise tax you will owe. Remember, when completing your tax return the excise tax is calculated at 2%.

The example below demonstrates how to use the bid factor. You may use this form to calculate the amount of the contractors' excise tax to include in your bid or invoice. Enter the figures from your contract in the right column; the form will calculate the excise tax for you.

Important: You are responsible for paying use tax on all materials you furnish and all materials the owner furnishes if no sales or use tax was previously paid or if a lower rate of tax was paid than is due in South Dakota. Report use tax on line 6 and in the municipal and special jurisdiction section of the return.

For additional information, please read our Contractors' Excise Tax Guide Book or call us at 1-800-829-9188.

Customer Name _____

Project Location _____

ITEMS INCLUDED IN BID	EXAMPLE	ENTER YOUR FIGURES HERE
1. Cost of Materials you provide for this project.	\$ 50,000.00	
2. 4% state and applicable municipal sales tax you paid or use tax you owe on cost of materials you provide. (\$50,000 x 6% (4% state and 2% city) = \$3,000) Report use tax on line 6 and in the municipal or special jurisdiction section of the return.	+ \$ 3,000.00	+
3. Markup of materials you provide.	+ \$ 12,500.00	+
4. Value of owner-furnished material, including sales or use tax paid by the owner. The value or cost of material furnished by exempt or government entities will not include sales or use tax. (Do not include use tax that you owe in this line). Do not include the value of material the owner of a qualified utility project provides. Report the amount of owner-furnished materials on line 2 of the return.	\$ 10,000.00	+
5. You owe 4% state plus applicable municipal use tax on all owner-furnished material if the owner did not pay sales or use tax on that material. This includes all material furnished by an exempt or government entity and material furnished by a qualified utility. Example: Material value \$10,000 x 6% (4% state and 2% city) = \$600. Include this amount in the amount reported on line 1 of the return. Report use tax on line 6 and in the municipal or special jurisdiction section of the return.	\$ 600.00	+
6. Labor	+ \$ 50,000.00	+
7. Subcontractors	+ \$ 25,000.00	+
8. Permits, fees, etc.	+ \$ 5,000.00	+
9. Mobilization, travel, gas, food, lodging, etc.	+ \$ 4,500.00	+
10. All other expenses	+ \$ 2,600.00	+
11. Markup on total project	+ \$ 5,000.00	+
12. Total (automatically calculated from figures entered above) (Add lines 1 - 11)	= \$168,200.00	=
13. Bid Factor	x 2.041%	x 2.041%
14. Amount of contractors' excise tax to invoice customer (line 12 x line 13)	\$3,432.96	=
15. Total amount to invoice customer and amount to report on line 1 of the return (Invoiced amount does not include the owner-furnished material and sales tax listed on lines 4 & 5) If the owner did not pay sales tax on material (Government Entity), remember to add the use tax on the cost of the owner furnished material to this amount.	\$ 161,032.96	
16. Amount to report on line 2 of the return (Owner-furnished material plus sales tax from lines 4 & 5)	\$10,600.00	

Note: the factor 2.041% is used to prepare a bid or invoice; however, a straight 2% rate is used when calculating the excise tax on the return.

Example 1

The prime contractor provides all material (cost \$4,000 plus \$240 sales tax) and labor (\$7,000) for the project. Sales tax was paid on all material when purchased.

Contractor owes excise tax on their charge for labor, materials and taxes.

Example 1: Bid Factor Worksheet - Calculating the Excise Tax				
Items included in bid				
1. Cost of Materials you provide for this project		\$		4,000.00
2. 4% state and applicable municipal sales tax you paid or use tax you owe on your cost of materials you provide. (Tax was paid on materials when purchased for this example.)		\$		240.00
3. Markup of materials you provide.		\$		1,000.00
4. Value of owner-furnished material		\$		-
6. Labor		\$		7,000.00
12. Total (automatically calculated from figures entered above)(Add lines 1 through 11)		\$		12,240.00
13. Bid Factor			X	2.041%
14. Amount of Contractors' Excise tax to invoice customer (line 12 X line 13)		\$		249.82
15. Total amount to invoice customer and amount to report on line 1 of the return (Invoiced amount does not include the owner-furnished material line 4)		\$		12,489.82
16. Amount to report on line 2 of the return (Owner-furnished material from line 4)		\$		-
Contractors' Excise Tax Return				
	GROSS	TAXABLE	RATE	TAX DUE
1. Gross Receipts	\$ 12,489.82			
2. Owner-Furnished Materials				
3. Deductions (Subcontractors Receipts, Out-of-state)				
4. Special Jurisdiction Receipts (Detail in City Section)				
5. Net State Excise Taxable (Line 1 plus Line 2, minus Line 3, minus Line 4)	\$ 12,489.82		x 2%	\$ 249.80
6. Net Sales and/or Use Taxable			x 4%	\$ -
7. Total State Tax Due (Line 5 plus Line 6)				\$ 249.80

Example 2: Bid Factor Worksheet - Calculating the Excise Tax				
Items included in bid				
1. Cost of Materials you provide for this project		\$		-
4. Value of owner-furnished material		\$		4,240.00
6. Labor		\$		7,000.00
12. Total (automatically calculated from figures entered above)(Add lines 1 through 11)		\$		11,240.00
13. Bid Factor			X	2.041%
14. Amount of Contractors' Excise tax to invoice customer (line 12 X line 13)		\$		229.41
15. Total amount to invoice customer and amount to report on line 1 of the return (Invoiced amount does not include the owner-furnished material line 4)		\$		7,229.41
16. Amount to report on line 2 of the return (Owner-furnished material from line 4)		\$		4,240.00
Contractors' Excise Tax Return				
	GROSS	TAXABLE	RATE	TAX DUE
1. Gross Receipts	\$ 7,229.41			
2. Owner-Furnished Materials	\$ 4,240.00			
3. Deductions (Subcontractors Receipts, Out-of-state)				
4. Special Jurisdiction Receipts (Detail in City Section)				
5. Net State Excise Taxable (Line 1 plus Line 2, minus Line 3, minus Line 4)	\$ 11,469.41		x 2%	\$ 229.39
6. Net Sales and/or Use Taxable			x 4%	\$ -
7. Total State Tax Due (Line 5 plus Line 6)				\$ 229.39

Example 2

The owner-furnished material (Cost \$4,000 plus \$240 sales tax). Sales tax was paid on material at time of purchase. The contractor provides the labor (\$7,000).

Contractor owes excise tax on their charge for labor, taxes, and the cost of the owner-furnished material, which includes the sales tax paid by the owner.

Example 3

The owner furnishes material (Cost \$10,000). No sales or use tax was paid at the time of purchase. Project is outside city limits. The contractor provides the labor (\$7,000).

Contractor owes use tax on the cost of the material and excise tax on their charge for labor, taxes, and the cost of the owner-furnished material.

Example 3: Bid Factor Worksheet - Calculating the Excise Tax				
Items included in bid				
1. Cost of Materials you provide for this project		\$		-
4. Value of owner-furnished material		\$		10,000.00
5. You owe 4% state plus applicable municipal use tax on all owner-furnished material if the owner did not pay sales or use tax on that material.		\$		400.00
6. Labor		\$		7,000.00
12. Total (automatically calculated from figures entered above)(Add lines 1 through 11)		\$		17,400.00
13. Bid Factor			X	2.041%
14. Amount of Contractors' Excise tax to invoice customer (line 12 X line 13)		\$		355.13
15. Total amount to invoice customer and amount to report on line 1 of the return (Invoiced amount does not include the owner-furnished material line 4)		\$		7,755.13
16. Amount to report on line 2 of the return (Owner-furnished material from line 4)		\$		10,000.00
Contractors' Excise Tax Return				
	GROSS	TAXABLE	RATE	TAX DUE
1. Gross Receipts	\$ 7,755.13			
2. Owner-Furnished Materials	\$ 10,000.00			
3. Deductions (Subcontractors Receipts, Out-of-state)				
4. Special Jurisdiction Receipts (Detail in City Section)				
5. Net State Excise Taxable (Line 1 plus Line 2, minus Line 3, minus Line 4)	\$ 17,755.13		x 2%	\$ 355.10
6. Net Sales and/or Use Taxable	\$ 10,000.00		x 4%	\$ 400.00
7. Total State Tax Due (Line 5 plus Line 6)				\$ 755.10