



2025 South Dakota Legislature

House Bill 1245

HOUSE TAXATION ENGROSSED

Introduced by: **Representative Massie**

1 **An Act to exclude guaranteed payments made to partners from the definition of**
 2 **gross receipts, and to exempt guaranteed payments made to partners from**
 3 **the state use tax.**

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 **Section 1. That a NEW SECTION be added to chapter 10-45:**

6 For purposes of the tax imposed by this chapter, gross receipts do not include any
 7 guaranteed payment, as described in 26 U.S.C. § 707(c) (1986), to a partner who is a:

8 (1) Natural person;

9 (2) Corporation whose only employees are owners of the corporation; or

10 (3) Limited liability company that has no employees and is owned by a natural person.

11 **Section 2. That a NEW SECTION be added to chapter 10-46:**

12 Exempt from the provisions of this chapter, and the tax imposed by it, are the
 13 gross receipts from any guaranteed payment, as described in 26 U.S.C. § 707(c) (1986),
 14 to a partner who is a:

15 (1) Natural person;

16 (2) Corporation whose only employees are owners of the corporation; or

17 (3) Limited liability company that has no employees and is owned by a natural person.