



2025 South Dakota Legislature

House Bill 1245

Introduced by: **Representative Massie**

1 **An Act to exclude guaranteed payments made to partners from the definition of**
2 **gross receipts.**

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

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

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

7 (1) Natural person;

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

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