

2025 South Dakota Legislature

House Bill 1245**AMENDMENT 1245C
FOR THE HOUSE TAXATION ENGROSSED BILL**

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~~ exempt certain payments from a partnership or a limited**
4 **liability company from the state sales and use tax.**

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

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

7 ~~For purposes of the tax imposed by this chapter, gross receipts do not include any~~
8 ~~guaranteed payment, as described in 26 U.S.C. § 707(c) (1986), to a partner who is a:~~
9 ~~(1) Natural person;~~
10 ~~(2) Corporation whose only employees are owners of the corporation; or~~
11 ~~(3) Limited liability company that has no employees and is owned by a natural~~
12 ~~person. There are hereby specifically exempted from the provisions of this chapter and~~
13 ~~from the computation of the amount of tax imposed by it, the gross receipts from services~~
14 ~~rendered by a natural person to a partnership in which the natural person has a~~
15 ~~partnership interest, and services rendered by a natural person to a limited liability~~
16 ~~company that has no employees and is solely owned by the natural person.~~

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

18
19 ~~Exempt from the provisions of this chapter, and the tax imposed by it, are the~~
20 ~~gross receipts from any guaranteed payment, as described in 26 U.S.C. § 707(c) (1986),~~
21 ~~to a partner who is a:~~
22 ~~(1) Natural person;~~
23 ~~(2) Corporation whose only employees are owners of the corporation; or~~
24 ~~(3) Limited liability company that has no employees and is owned by a natural~~
25 ~~person. There are hereby specifically exempted from the provisions of this chapter and~~

1 from the computation of the amount of tax imposed by it, the gross receipts from services
2 rendered by a natural person to a partnership in which the natural person has a
3 partnership interest, and services rendered by a natural person to a limited liability
4 company that has no employees and is solely owned by the natural person.

AMENDED