**South Dakota Payroll Taxes**

**SD State Income Tax Withholding**

South Dakota does not impose or collect a personal income tax.

**SD State Unemployment Insurance**

In general, workers are covered by the unemployment law of the state in which the work is performed. South Dakota residents who work for you in South Dakota (regardless how long they work for you) and out-of-state employees working in South Dakota more than 90 days should be reported to South Dakota. Out-of-state employees working in South Dakota fewer than 90 days should be reported to your home state.

All businesses paying wages to employees in South Dakota are required to register with the Reemployment Assistance (RA) Tax Unit. You may register online, file Reemployment Assistance Tax reports, make payments, and manage your account at the SD Dept of Labor & Regulation’s website here: [SD DLR Login](https://apps.sd.gov/LD00General/default.aspx?URL_GUID=https://apps.sd.gov/ld94empuimenu/default.aspx?3bqqdoecwcnj5btbwjidu1by). Forms are also available for download from the department’s [Forms](https://dlr.sd.gov/ra/forms.aspx) page.

South Dakota law allows certain employers to elect the “Cost Reimbursement” alternative as a means of financing benefit payment costs. Nonprofit organizations as defined by Section 501(c)(3) of the Internal Revenue Code, hospitals and institutions of higher education operated by political subdivisions may be eligible to elect to repay benefit costs, instead of making the regular contributions required of other covered employers. This election must be made for a period of at least two years. The election can be initiated or terminated by filing written notice with the Reemployment Assistance Division no later than 30 days before the beginning of a calendar year.

There are two methods of repayment:

* Reimburse the actual cost of benefit payments based on wages reported by the organization. The organization will be billed for benefit costs each quarter and payment must be made within 30 days after the date of billing.
* Pay equal amounts each calendar quarter, with an adjustment being made at the end of each calendar year. This determination shall be based each year on the average benefit costs during the preceding calendar year.

Eligible employers electing the cost-reimbursement method may be required to provide a surety bond. However, in most cases, the “payments in advance” option will satisfy this requirement.

For additional information regarding cost reimbursement, contact the

South Dakota Department of Labor and Regulation

Reemployment Assistance Division, Tax Unit

PO Box 4730

Aberdeen, SD 57402-4730

The *Employer’s Reemployment Assistance Quarterly Report* (Form 21) must be filed quarterly by the last day of the months of April, July, October, and January. A report is required even though you may not have had employment during the quarter. Wages should be reported in the quarter they were actually paid to the employee, even if they were earned or the work was done in a different quarter.

SD has adopted the Interstate Reciprocal Coverage Arrangement for unemployment insurance. Under this arrangement, if an employee works in more than one state, an employer may elect to cover all the services of such a worker in any state in which: (1) any part of the worker's service is performed, (2) the worker has his or her residence, or (3) the employer maintains a place of business. The agreement should be initiated through the state where the employer wants to report the payroll. A Washington employer may request to elect reciprocal coverage with another state by following the filing process outlined by Washington Administrative Code 192-300-150: <https://app.leg.wa.gov/wac/default.aspx?cite=192-300-150>.

**SD State Workers’ Compensation**

The South Dakota Worker's Compensation Law covers all employers with only limited exceptions. To avoid civil lawsuit, South Dakota recommends you carry workers' compensation insurance for your employees.

Washington State Department of Enterprise Services (DES) administers a [Workers' Compensation Insurance program](https://des.wa.gov/sites/default/files/2023-08/Out-Of-State-Workers-Compensation-FAQs.pdf) for state workers. If your employee works outside of Washington in a single other state for more than 30 days (240 hours) per year, **your agency must work with DES** to insure your out-of-state employee. For more information, contact Kimberly Haggard [kimberly.haggard@des.wa.gov](mailto:kimberly.haggard@des.wa.gov) at DES Risk Management.

**SD State Paid Family / Medical Leave**

South Dakota does not have a paid family and medical leave program as of 10/31/2024.

Washington Paid Family & Medical Leave (PFML) and Washington Cares benefits are not available to employees who are physically working in South Dakota.

If your agency has WA PFML or WA Cares policy questions you may email Washington Employment Security Department at [esddlpfmlpolicy@esd.wa.gov](mailto:esddlpfmlpolicy@esd.wa.gov).

**Helpful resources for South Dakota**

SD DLR Reemployment Assistance (UI Tax) for Businesses website: <https://dlr.sd.gov/ra/businesses/default.aspx>

SD DLR Reemployment Assistance Employer Handbook: <https://dlr.sd.gov/ra/businesses/documents/rahandbookforemployers.pdf>

SD Reemployment Assistance FAQs: <https://dlr.sd.gov/ra/businesses/faq.aspx>

SD Workers’ Compensation website: <https://dlr.sd.gov/workers_compensation/>

For ctcLink vendor setup, the SD unemployment insurance tax mailing address is:

South Dakota Department of Labor and Regulation

Reemployment Assistance Tax Division

PO Box 4730

Aberdeen, SD 57402-4730

Remittance should be made payable to “SD Unemployment Insurance”