STATE OF NORTH DAKOTA
# OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

**To:** Michigan Sales, Use and Gross Receipts Tax Permit Holders

**From:** Office of State Tax Commissioner, Tax Compliance Section

**Subject:** Michigan Sales, Use and Gross Receipts Tax

**Date:** April 30, 2014

At the present time, the city of Michigan has a one and one-half percent (1-1/2%) city sales, use and gross receipts tax in place. ***Effective July1, 2014, the Michigan city sales, use and gross receipts tax will be two percent (2%).*** The following applies:

- Maximum Tax (Refund Cap) – remains at $25 per sale
- No additional exemptions than what is allowed by state law
- Exempts contracts awarded prior to effective date
- No limited exemption for contractors (see the Local Option Tax Guideline for information on this limited exemption: http://www.nd.gov/tax/salesanduse/pubs/guide/gl-21847.pdf )
- No sunset date provided
- Permit holder compensation is not included
- Proceeds will be used for job development, infrastructure, revitalization, volunteer ambulance, park board, golf course, and service club

The Office of State Tax Commissioner has contracted with the city of Michigan to administer the city sales, use and gross receipts tax. Tax is computed by multiplying the taxable purchase by the tax rate and carrying the product to the 3rd decimal place. If the 3rd decimal place is 5 or greater, round up; if it is 4 or less, round down. A Local Option Tax Guideline and Rate Charts are available on our website at www.nd.gov/tax.

Effective July 1, 2014, the combined state and city rates within the city limits of Michigan will be as follows:

- General sales and use tax: 7 percent (5% state + 2% city)
- New farm machinery: 5 percent (3% state + 2% city)
- New farm irrigation equipment: 5 percent (3% state + 2% city)
- New mobile homes: 5 percent (3% state + 2% city)
- Lodging:
    - Hotel, Motel and Tourist Court Accommodations, and Bed & Breakfast Accommodations licensed under North Dakota Century Code ch. 23-09.1:
    7 percent (5% state + 2% city sales)
- Restaurant (sale of food and non-alcoholic beverages): 7 percent (5% state + 2% city sales)
- Alcoholic Beverages:
    - Off-sale alcoholic beverages: 9 percent (7% state + 2% city gross receipts)
    - On-sale alcoholic beverages: 9 percent (7% state + 2% city gross receipts)

Questions concerning the Michigan city sales, use and gross receipts tax may be directed to the Office of State Tax Commissioner. You may contact the Office of State Tax Commissioner by phone at 701.328.1246, by e-mail at salestax@nd.gov, or by mail at Office of State Tax Commissioner, Tax Compliance Section, 600 E Boulevard, Dept. 127, Bismarck, ND 58505-0599.