



Sales Tax Newsletter

News and developments

A publication of the Sales and Special Taxes Division

Cory Fong
Tax Commissioner

SALES TAX RETURN REMINDERS

We wish to express our appreciation to all the retailers that work so hard to collect, report, and remit state and local sales taxes. We truly appreciate all your efforts to comply with the sales and use tax laws. The following are a few reminders that will help us accurately process and account for your returns:

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- North Dakota Sales and Use Tax returns must be filed for all reporting periods even if no sales were made or no tax is due. If you have no activity for the period, please record a zero on Line 1 - Total Sales, sign and date the return, and mail in the return envelope.
- For the most timely, efficient and error free returns, we recommend WebFile. However, if you file on paper, we recommend using the preprinted return supplied by our office. If you use a software package to generate your return, make sure you use the correct sales tax account number, period ending date, and company name and address information to ensure your return gets directed to the correct account.
- All returns must be signed and dated and a name and phone number must be provided for a contact person that can answer questions about the return. ☺

MAY MONTHLY RETURNS DUE JUNE 22

If you are required to file monthly sales tax returns because of the volume of taxable transactions you report and you are allowed to deduct compensation on line 7 of the sales tax return, **you must file your May sales tax return by June 22, 2007.** North Dakota sales tax law moves the due date of certain May monthly returns from June 30 to June 22 at the end of each biennium, which occurs at the end of June in odd-numbered years. The June 22, 2007 due date will be preprinted on your form or displayed on your WebFile return if you are subject to the early due date.

If the June 22 due date applies to you, please mark your calendars. A 5 percent penalty applies to returns filed after the due date, including returns with a June 22 due date. To be filed on time, WebFile returns must be submitted by midnight of the due date and paper returns and payment vouchers must be postmarked by the U.S. Postal Service on or before the due date. ☺

NEW OR AMENDED LOCAL TAXES

The Office of State Tax Commissioner administers all local sales and use taxes imposed in North Dakota. The following new local taxes and changes to existing taxes will become effective January 1, 2007. All transactions within the city limits of these cities and subject to North Dakota sales, use, and gross receipts taxes will also be subject to the city's sales, use, and gross receipts tax except as noted below.



Office of
State Tax Commissioner
600 E Blvd Ave, Dept 127
Bismarck ND 58505-0599
701.328.3470
www.nd.gov/tax
salestax@nd.gov
www.nd.gov

Maximum tax refund caps allow purchasers to obtain a refund of the local tax paid to the retailer in excess of the cap amount.

The city of **Glen Ullin** has imposed a 1 percent city sales, use and gross receipts tax. The local tax will be reported as local code 212 on the local option schedule of the sales tax return. The city ordinance does not provide compensation, but it does include a maximum tax refund cap of \$25. The ordinance also includes a limited exemption for Contractors that remove inventory for use outside of the city.

The city of **Lakota** has imposed a 1 percent city sales, use and gross receipts tax. The local tax will be reported as local code 213 on the local option schedule of the sales tax return. The city ordinance does not provide compensation and does not include a maximum tax refund cap. The ordinance includes a limited exemption for Contractors that remove inventory for use outside of the city.

The city of **Minnewaukan** has imposed a 1½ percent city sales, use and gross receipts tax. The local tax will be reported as local code 214 on the local option schedule of the sales tax return. In addition to the exemptions provided under state law, the Minnewaukan ordinance also exempts sales of natural gas, new farm machinery, and new farm irrigation equipment. The city ordinance does not provide compensation and does not include a maximum tax refund cap.

The city of **Killdeer** has increased its local sales, use, and gross receipts tax rate from 1 to 1½ percent. The ordinance also increased the maximum tax refund cap from \$25 to \$37.50. All other provisions of the ordinance remain the same effective January 1, 2007.

Other local tax changes effective January 1, 2007 that do not affect the tax rate are as follows: the city of **Hazleton** increased its maximum tax refund cap from \$25 to \$35; the city of **Northwood** exempted the gross receipts from coin-operated amusement machines and added a maximum tax refund cap of \$37.50; and, the city of **Wishek** exempted new farm machinery and new farm irrigation equipment and eliminated its permit holder compensation and maximum tax refund cap.

Maximum tax refund caps allow purchasers to obtain a refund of the local tax paid to the retailer in excess of the cap amount. Retailers are required to collect local tax on the full selling price, but purchasers may apply to the Tax Commissioner for the refund or credit.

The limited exemption for contractors exempts contractors from paying local use tax on materials they purchased or possessed within the city limits but removed and installed into real property outside of the city. To qualify for the exemption, the contractor must have used a Contractor's exemption certificate at the time the goods were purchased.

For a complete listing of all local taxes imposed in North Dakota see our *Local Option Taxes by Location* guideline. The guideline is available on our website or by mail upon request. 

FILING REQUIREMENTS FOR STREAMLINED SALES TAX REGISTRANTS

Retailers that have voluntarily registered through the Streamlined Sales Tax (SST) central registration system to collect member states' sales and use taxes have a unique set of return filing requirements. SST registrants that have **voluntarily registered** to collect tax in North Dakota and that have **not contracted** with a Certified Service Provider, must file an annual sales tax return at the end of each calendar year and each time they have collected \$1,000 of state and local tax. The annual return for the period ending December 31 includes the time period since the last return was filed.

Voluntary SST registrants that have not contracted with a Certified Service Provider must file the December 31, 2006 sales tax return even if no sales were made in North Dakota or if no tax was collected during the reporting period. All retailers registered to file by WebFile will receive an e-mail reminder about the return due date. All other retailers will receive the North Dakota sales and use tax return in the mail. The due date of the return is January 31, 2007. 