



Sales Tax Newsletter

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FILE SALES TAX RETURNS OVER THE INTERNET

An option is now available to file your sales tax returns over the Internet. Upon registration to file over the Internet, all you have to do is log on to the department's web site and fill in the required data. Payment of the WebFiled returns may be made by ACH debit, ACH credit, or by check. Best of all, use of the system is free when you pay by ACH debit or by check. (Your bank may charge you for ACH credit transactions.) The WebFile program then completes all the calculations for you to help make the filing of your return fast, easy, accurate and secure.

For more information about filing your sales tax returns over the Internet, please contact the Sales Tax Compliance Section.

FORT RANSOM AND MEDORA IMPOSE LOCAL TAXES

Effective January 1, 2000, Fort Ransom will impose a 1 percent city sales and use tax and Medora will impose a 2 percent city sales and use tax. The Office of State Tax Commissioner will administer both new local taxes. The local option tax codes for the new taxes will be Fort Ransom – 177 and Medora – 178.

All sales that are exempt from state sales and use taxes are also exempt from the two city taxes and the city ordinances do not provide for any exemptions in addition to those allowed by state law.

Both city ordinances establish a maximum amount of local tax that may be imposed. The Fort Ransom tax is limited to \$25 per transaction and the Medora tax is limited to \$25 per item purchased. Neither local tax provides compensation to retailers.

The Office of State Tax Commissioner has mailed more detailed information to retailers that have a Fort Ransom or Medora address. The total number of local sales taxes in place on January 1, 2000 will be seventy-seven city taxes and one county sales tax. For a complete listing of all local sales and use taxes within North Dakota see our *Local Option Taxes by Location* guideline. You may obtain the guideline from our web page (www.state.nd.us/taxdpt) or by contacting our office.

CASS COUNTY SALES TAX – REMINDER

The Cass County tax is a sales tax only (no use tax.) This means that only retailers located within Cass County are required to collect the ½% county sales tax. Retailers located outside of Cass County, despite the periodic presence of sales people, delivery equipment, or repair staff inside Cass County, may not collect the county sales tax.

To report the Cass County sales tax, retailers must use the *Local Option Sales and Use Tax* reporting schedule (Schedule S1-A or S2-A), which accompanies the state sales tax return. Cass County is located on the *Local Option Sales and Use Tax* reporting schedule after the listing of cities.

ACCRUAL ACCOUNTING NECESSARY

The North Dakota sales and use tax law does not allow reporting on a cash basis for the filing of sales and use tax returns. A return must include the receipts from all retail sales, whether made for cash or credit or any other thing of monetary value. If sales tax is collected and remitted on a sale and the revenue from that sales is later found to be uncollectible, a deduction for bad debts may be taken

on a later return when it has been determined that the debt is uncollectible and the debt has been claimed as a bad debt for income tax purposes.

INTERNET SALES AND PURCHASES

We have received a number of inquiries regarding the taxability of Internet sales and purchases. Internet sellers located in North Dakota continue to have a responsibility to charge sales tax on those sales delivered to a North Dakota address. When a North Dakota retailer, including an Internet seller, delivers tangible personal property to a purchaser in another state and the goods are not to be returned to this state, the sale is not subject to North Dakota sales tax.

If purchases are made from a retailer outside North Dakota and the purchase has not been subject to sales tax, the purchaser is responsible for the payment of use tax. It applies to the same goods which are subject to North Dakota's sales tax. The use tax applies whether you purchase goods in person at an out-of-state location, or by mail, phone, or the Internet.

BUSINESS TAX EDUCATION PROGRAMS

The Office of State Tax Commissioner is again cooperating in education partnerships to provide workshops at minimum or no cost, which provide opportunities to business owners and employees to receive tax information. These programs include information on identifying taxable transactions, handling specific tax transactions and responsibility for collecting and reporting state and local sales and use taxes.

North Dakota/Minnesota Sales Tax Border Issue Classes

Fargo	5/09/2000	9:00a.m. – 12:30p.m.
Grand Forks	5/10/2000	9:00a.m. – 12:30p.m.

The Border Issue Class is presented by representatives from both North Dakota Office of State Tax Commissioner and Minnesota Department of Revenue. (For more information or to register, please call toll-free at 1-800-888-6231.)

Small Business Development Center (SBDC) Classes (Class Times: 8:00a.m. – 4:30p.m.)

Mandan	2/08/2000	Seven Seas 2611 Old Red Trail
Minot	2/09/2000	Ramada Inn 2315 N Broadway
Devils Lake	2/22/2000	Lake Region State College Chautaugua Gallery
Grafton	2/23/2000	Walsh City Courthouse 600 Cooper Ave. Farmer's Room
Valley City	3/07/2000	Vocational Center 801 Valley Ave. SE

West Fargo	3/08/2000	VFW 308 Sheyenne St.
Wahpeton	3/09/2000	ND St. College of Science Student Union Plains Prairie Room

(For more information or to register, please call the SBDC toll-free at 1-800-445-7232.)

INTERSTATE TRUCKERS

We continue to receive questions from retailers regarding purchases made by out-of-state truckers purchasing parts, tires, accessories and other merchandise in North Dakota using a direct pay permit or an exemption certificate from their home state. These certificates are not acceptable in North Dakota. If any trucker purchases parts, tires, accessories and other taxable items in North Dakota and takes delivery of them in this state, they are fully taxable here. There is no exemption that will enable a out-of-state trucker to make such purchases without paying North Dakota sales tax.

TAX DEPARTMENT WEBSITE

Our office continues to add new information to the Department's website. The information that is currently available includes, but is not limited to, current sales tax guidelines, certain forms (certificate of resale, certificate of purchase – Montana residents, and contractor's certificate), sales tax statistical reports, and sales tax newsletters. To access this information on the Web, our address is www.state.nd/taxdpt

RECORDKEEPING REQUIREMENTS

Every person doing business in this state or storing, using, or consuming tangible personal property in this state is required to keep business records for three years and three months.

These records include, but are not limited to, books of account ordinarily maintained by a business, with all bills, receipts, invoices, cash register tapes, and other documents of original entry supporting the entries in the books of accounts and all schedules or working papers used in the preparation of the tax returns.

Need Assistance?

Please direct sales tax questions or concerns to:

Office of State Tax Commissioner
Sales Tax Compliance
Phone: (701)328-3470
Toll free within ND: 1-800-638-2901, option 4
Hearing/speech impaired TTY 1-800-366-6888
(Relay ND - Ask for 1-800-638-2901, option 4)
Fax: (701)328-3700
E-mail: salestax@state.nd.us
Website: <http://www.state.nd.us/taxdpt>