



Sales Tax Newsletter

News and developments

A publication of the Tax Administration Division

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Tax Commissioner

NEW OR AMENDED LOCAL TAXES

The Office of State Tax Commissioner administers all local sales, use and gross receipts taxes imposed in North Dakota. The following changes will become effective July 1, 2010:

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The city of **Granville** has imposed a 2 percent sales, use and gross receipts tax. The local tax will be reported as local code 225 on the local option schedule of the sales tax return. The city ordinance does not provide for a maximum tax amount (refund cap) and does not provide for permit holder compensation.

The city of **McVile** has increased its local sales, use and gross receipts tax from 1 to 2 percent. In addition, the city ordinance raised the maximum tax (refund cap) amount from \$25 to \$50 per transaction. All other provisions of the ordinance remain the same.

The city of **Westhope** has imposed a 1 percent sales, use and gross receipts tax. The local tax will be reported as local code 226 on the local option schedule of the sales tax return. The ordinance includes a maximum tax amount (refund cap) of \$25 per transaction. The city ordinance does not provide for permit holder compensation.

The maximum tax amount (refund caps) allows purchasers to obtain a refund of the local tax paid to the retailer in excess of the cap amount. When retailers collect the entire local tax on the selling price and the local tax exceeds the refund cap, purchasers may apply to the Tax Commissioner for a refund or credit of the excess amount. Retailers may elect to collect the total tax amount or collect up to the cap amount, but must be consistent in the method they choose.

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. 

SALES TAX SEMINARS FOR FALL 2010

The Office of State Tax Commissioner will present two sales tax seminars this fall with Revenue Department officials from Minnesota and South Dakota. The seminars will focus on the similarities and differences in each state's sales and use tax laws. If you transact business in North Dakota and in one or both of these adjoining states, these seminars will help you understand and comply with the laws in each state. There is no charge for the seminars, but please register if you plan to attend because space is limited.

South Dakota/North Dakota Border Workshop, September 14, 2010

- Registration begins at 8:00 a.m.
- Sales tax workshop 8:30 a.m. – 12:00 p.m.
- Contractor's workshop 1:00 p.m. – 3:00 p.m.
- Located in the lower level meeting room of West Acres Shopping Mall, Fargo, ND
- To register, go to www.state.sd.us/revenue, call the South Dakota Department of Revenue at 800.829.9188, or call the North Dakota Tax Commissioner's Office at 701.328.3475



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Minnesota/North Dakota Border Workshop, October 19, 2010

- Registration begins at 8:30 a.m.
- Sales tax workshop 9:00 a.m. – 12:30 p.m.
- Located in the lower level meeting room of West Acres Shopping Mall, Fargo, ND
- To register, call the Minnesota Department of Revenue at 651.297.4213, or call the North Dakota Tax Commissioner's Office at 701.328.3475

DELIVERY AND FREIGHT CHARGES

Freight, delivery, postage, shipping, handling, crating, packing, or other transportation charges billed with an item are always considered to be part of the selling price. If the item is taxable, these associated charges are also taxable. If the item being delivered is exempt from sales tax, then the associated charges are also exempt.

A single delivery charge for a combined shipment of exempt property and taxable property may be allocated using a percentage that is based on:

1. The total sales price of the taxable item compared to the total sales price of all property in the shipment; or,
2. The total weight of the taxable property compared to the total weight of all property in the shipment.

The seller must collect sales tax on the percentage of the delivery charge allocated to the taxable property but does not have to collect tax on the percentage of the delivery charge allocated to the exempt property. Freight, delivery, postage, shipping, or other transportation charges that are paid to a person other than the seller are exempt from tax.

ROOM RENTALS FOR PERIODS OF MORE THAN THIRTY DAYS

The gross receipts from rental of hotel, motel, and tourist court accommodations are subject to state and local sales taxes as well as local lodging taxes. However, room rentals occupied by the same individual or individuals for residential housing for periods of thirty or more consecutive days are exempt from tax. To qualify for the exemption, the room must be occupied by the same individual for thirty or more consecutive days. A room rented by an individual or entity and occupied by different individuals during the thirty day period does not qualify for exemption.

If an individual does not know how long he or she will be renting a room, the hotel, motel, or tourist court accommodation must collect sales tax on the room charges until the individual has rented the room for at least thirty consecutive days. After the thirty consecutive day period is met, the individual renting the room is entitled to a refund of all state and local tax paid for the thirty day period and the party renting the room must stop charging sales tax for all remaining continuous rental days.

TAXPAYER ASSISTANCE

If you have questions regarding sales tax or about correspondence received from our office, the following information will be helpful in ensuring that your call or visit to our office is completed in a speedy and efficient manner:

- For the most current information regarding new and amended local taxes and city boundary changes see our website www.nd.gov/tax, click on Sales and Use, then click on Streamlined Sales and Use. Changes to local taxes and city boundary changes are posted at least sixty days before the change becomes effective.
- If you have general sales tax questions, please call our Sales and Special Taxes Compliance Section at 701.328.1246. Please note the name of the person assisting with your question in the event you have follow-up questions later.
- If calling our office about correspondence you have received, please call the number that is listed on the correspondence, and have a copy of the correspondence available when you call.

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