



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

To: North Dakota Sales, Use and Gross Receipts Tax Permit Holders

Subject: Local Tax Changes Effective April 1, 2011

Date: January 28, 2011

The following summarizes the local option tax changes effective April 1, 2011. Information will be mailed to permit holders located within the cities where the changes will occur.

Cass County

Cass County will impose a county sales, use and gross receipts tax of one half percent (.5%) effective April 1, 2011. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 501
- Includes a Maximum Tax (Refund Cap) of \$12.50 per sale
- Does not provide for Permit Holder Compensation

(For additional information: <http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Max

The city of Max will impose a city sales, use and gross receipts tax of one percent (1%) effective April 1, 2011. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 227
- Includes a Maximum Tax (Refund Cap) of \$25.00 per sale
- Does not provide for Permit Holder Compensation

(For additional information: <http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Oakes

Effective April 1, 2011, the city of Oakes will impose a two percent (2%) City Lodging tax. The 2% City Lodging tax will apply to:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month

Williston

The city of Williston will reduce the city sales, use and gross receipts tax from two percent (2%) to one percent (1%) effective April 1, 2011. The following gives a brief synopsis of the remaining one percent (1%) tax:

- Will continue to be reported under local tax code 109
- Will decrease the Maximum Tax (Refund Cap) to \$25.00 per sale
- Permit Holder Compensation will continue

(For additional information: <http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Maximum Tax (Refund Cap)

Prior to October 2005, most local sales taxes included a maximum tax provision (now also known as a refund cap). This was a maximum amount of tax that could apply to a single transaction. In October 2005, the caps were replaced with a refund program. Under the refund program, the retailer was required to collect tax on the entire sale without considering the caps. If the purchaser paid more than the maximum tax amount on a purchase, the

purchaser could apply to the Tax Commissioner for a refund of any tax paid in excess of the cap. Beginning July 1, 2007, retailers may voluntarily collect up to the cap amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate caps and may continue to collect tax without regard to the caps. Retailers should be consistent in the method they choose to calculate local taxes.

More information on state and local taxes, including the Local Option Taxes by Location Guideline, is available on our web site at www.nd.gov/tax. Rate charts are also available on our web site. You may also contact the Tax Compliance Section at (701) 328-1246 or by e-mail at salestax@nd.gov.