



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 October 1, 2011 - revised

Date: July 29, 2011

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

Bottineau

At the present time, the city of Bottineau has a two percent (2%) city sales, use and gross receipts tax in place. Effective September 30, 2011, one percent (1%) will sunset. *The city of Bottineau has adopted an ordinance to impose a 1% city, sales, use and gross receipts tax that will go into effect October 1, 2011.* This new ordinance makes no changes to the two percent (2%) local tax. The following continues to apply:

- Maximum Tax (Refund Cap) remains at \$50.00 per transaction

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Enderlin

The city of Enderlin will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Enderlin starting October 1, 2011 will be two percent (2%). No other changes were made to the ordinance.

- Maximum Tax (Refund Cap) remains at \$25.00 per transaction

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Fort Ransom

The city of Fort Ransom will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Fort Ransom starting October 1, 2011 will be two percent (2%). No other changes were made to the ordinance.

- Maximum Tax (Refund Cap) remains at \$25.00 per transaction

(For additional information:

<http://www.nd.gov/tax/salesanduse/streamlinetax/ratechange.html>)

Wyndmere

The city of Wyndmere will impose a city sales, use and gross receipts tax of two percent (2%) effective October 1, 2011. The following gives a brief synopsis of the newly imposed tax:

- Will be reported under local tax code 228
- Includes no Maximum Tax (Refund Cap)
- Does not provide for Permit Holder Compensation

(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.