



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

August 1, 2004

Dear Oil and Gas Severance Tax Filer:

This letter is to invite and encourage you to take advantage of the electronic funds transfer (EFT) program the North Dakota Office of State Tax Commissioner (Commissioner) has implemented for oil and gas severance tax payments. This program is being conducted entirely on a voluntary basis.

The Commissioner has adopted the Automated Clearing House (ACH) credit procedure for submitting EFT payments for current and amended reports, billing notices, or assessment notices. Use of the ACH credit for payment allows the Commissioner to automatically process and match the payment to reports or billing notices.

Essential information must be provided with an ACH credit payment submitted to the Commissioner's banking institution to insure the funds are applied correctly to a taxpayer's account. This information is provided in an addenda record, which is part of the EFT transaction. The information to be provided in the addenda record will include the taxpayer identification number, tax type code, production period, form type, and amount. On page 2 is the banking convention layout for the addenda record with an example provided. The layout is provided using the banking standard TXP format.

A separate TXP addenda record must be submitted for each report or billing notice being paid. You may accomplish this by sending a separate ACH credit settlement amount with an addenda record for each report or notice (i.e., CCD+ transaction). You may also send a single ACH credit settlement amount with multiple addenda records for multiple reports and notices (i.e., CTX transaction). Check with your financial institution to determine their ACH credit capabilities.

The ACH credit procedure requires the Commissioner to provide bank routing and account information to the taxpaying entity so they can contact their banking institution to initiate a payment. The Commissioner utilizes the services of the Bank of North Dakota. The American Banking Association (ABA) transit routing number is "091300285". The Commissioner's account number at the Bank of North Dakota, to which funds should be transferred, is "0910231".

The report coversheets include a block that indicates that a payment will be submitted electronically. A report submitted with this block marked will indicate that no check will be received and processing of the report can continue.

It is required that you contact your banking institution to send a prenotification (i.e., \$0.00 ACH credit transaction) to test the accuracy of the TXP format before you send an actual tax payment.

We request that once you start making your oil and gas tax payments utilizing EFT that you continue to make all oil and gas tax payments using EFT.

Please notify Kevin Schatz if you would like to take advantage of the EFT program, or if you have any questions. You can contact him at (701) 328-3657, fax at (701) 328-1283, or you can e-mail at kschatz@state.nd.us.

**NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER
TAX PAYMENT (TXP) BANKING CONVENTION
OIL AND GAS SEVERANCE TAX
ADDENDA RECORD LAYOUT
(USING THE FEDERAL IMPLEMENTATION)**

Tax Payment Data Segment (TXP)

Ref #	Element ID	Element Name	Attributes	Value/Description
TXP01	325	Tax Identification Number	M AN 9/9	Federal Identification Number
TXP02	1049	Tax Payment Type Code	M ID 1/5	080 = Production/Severance Tax
TXP03	373	Tax Period End Date	M DT 6/6	YYMMDD = Enter the last day of the production month in the DD value (i.e., 000731 = July 2000)
TXP04	817	Amount Type (Tax Information ID Number)	M ID 1/5	T12O = Original Oil Report T12A = Amended Oil Report T13O = Original Gas Report T13A = Amended Gas Report ASMT = Underpayment Billing Notice or Audit Assessment
TXP05	1051	Tax Amount	M N2 1/10	\$\$\$\$\$\$cc = The decimal is implied and not transmitted (i.e., \$500.00 = *50000*)
TXP06	817	Amount Type (Tax Information ID Number)		Not Used
TXP07	1051	Tax Amount		Not Used
TXP08	817	Amount Type (Tax Information ID Number)		Not Used
TXP09	1051	Tax Amount		Not Used
TXP010	1050	Identification Code		Not Used

EXAMPLE:

North Dakota Office of State Tax Commissioner Implementation, Oil and Gas Severance Tax

705TXP*123456789*080*000731*T12O*15000000

Tax Identification Number	123456789
Tax Payment Type Code	080 (Severance Tax)
Tax Period End Date	July 31, 2000
Amount Type	T12O (Original T12 Report)
Tax Amount	\$150,000.00