



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

Subject: Tribal and Local Tax Changes Effective July 1, 2016

Date: April 29, 2016

The following summarizes tribal and local option tax changes effective July 1, 2016.

### **Medora**

The city of Medora will extend its 2.5 percent local tax and change the dedication of funds collected. Effective July 1, 2016, revenue from the local tax will be placed in a capital improvement account with intent to fund maintenance and/or construction of streets, buildings, water and sewer facilities, IT equipment, vehicles, etc. No additional changes were made.

For additional information:

[www.nd.gov/tax/salesanduse/streamlinetax](http://www.nd.gov/tax/salesanduse/streamlinetax)

### **Page**

The city of Page will increase its city sales, use, and gross receipts tax by 1 percent. The tax rate for Page starting July 1, 2016 will be 2 percent.

- Maximum tax (Refund Cap) will be \$50/sale

For additional information:

[www.nd.gov/tax/salesanduse/streamlinetax](http://www.nd.gov/tax/salesanduse/streamlinetax)

### **Maximum Tax (Refund Cap)**

The maximum tax is the amount of tax that may apply to a single transaction. If the purchaser pays more than the maximum tax amount on a purchase, the purchaser may apply to the Office of State Tax Commissioner for a refund of any tax paid in excess of the maximum tax. Retailers may voluntarily collect up to the maximum tax amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate maximum tax and may continue to collect tax without regard to the maximum tax. Retailers should be consistent in the method they choose to calculate local taxes.

### **Standing Rock Sioux Tribe**

The 2015 Legislature authorized the governor to enter into an agreement with the Standing Rock Sioux Tribe for the Office of State Tax Commissioner's administration of state-level and local-level tribal sales, use, and gross receipts taxes imposed within the exterior boundaries of the North Dakota portion of Standing Rock Sioux Reservation.

Effective July 1, 2016, the Standing Rock Sioux Tribe will impose a 5 percent general sales and use tax, a 3 percent sales and use tax on new manufactured homes, a 7 percent alcohol gross receipts tax, and a 3 percent farm machinery gross receipts tax on new farm machinery and new farm irrigation equipment. All of these taxes are identical to North Dakota's sales use, and gross receipts taxes. This means all taxable transactions within the exterior boundaries of the North Dakota portion of Standing Rock Sioux Reservation will be subject to a 3 or 5 percent sales or use tax, 7 percent alcohol gross receipts tax, or 3 percent farm machinery gross receipts tax. Enrolled tribal members will no longer be exempt from paying sales, use, or gross receipts taxes on taxable transactions occurring on the Standing Rock Sioux Reservation. All exemptions that apply to the state's taxes also apply to the tribal taxes.

In addition to the tribal imposed 3 and 5 percent sales and use taxes, 7 percent alcohol gross receipts tax, and 3 percent farm machinery gross receipts tax, the Standing Rock Sioux Tribe also imposed a .25 percent tribal local tax that will apply to all transactions subject to the state-level taxes. As a result, all taxable transactions on the Standing Rock Sioux Reservation will be subject to one state-level (state or tribe) 5, 7, or 3 percent tax and an additional .25 percent tribal local tax. The tribal local .25 percent tax will apply to all transactions in the same manner as a city or county sales, use, or gross receipts tax.

When reporting state-level taxes (5, 7, or 3 percent), no distinction is made between the North Dakota state taxes and Standing Rock Sioux Tribe taxes. All transactions occurring within the Standing Rock Sioux Reservation will be included in “Total Sales” and, when applicable, in the “Nontaxable Sales” or “Items Subject to Use Tax” lines of the *Form ST - Sales, Use, and Gross Receipts Tax* return.

The .25 percent local tribal tax will be reported separately in the Local Option Sales, Use, and Gross Receipts Taxes section of the sales tax return. Although all transactions on the reservation will be subject to the .25 percent local tribal tax, the tax associated with 5, 7, and 3 percent sales will each be reported on separate lines of the Local Option Sales, Use and Gross Receipts Taxes section of the *Form ST* sales tax return.

The following gives a brief synopsis of the newly imposed .25 percent local tribal taxes:

- Local tribal tax will be reported under local tax codes
  - Sales subject to 5 percent tax – **700**
  - Alcohol subject to 7 percent tax – **701**
  - New farm machinery, new farm irrigation equipment, new manufactured homes subject to 3 percent tax – **702**
- Tribal tax imposition and exemptions are exactly the same as state taxes
- Enrolled tribal members are not exempt from tax within the boundaries of the Standing Rock Sioux Reservation
- No maximum tax is applicable
- No permit compensation is provided

(For additional information:

[www.nd.gov/tax/salesanduse/streamlinetax](http://www.nd.gov/tax/salesanduse/streamlinetax)

The Office of State Tax Commissioner has been authorized to administer and enforce the state and tribal taxes within the exterior boundaries of the Standing Rock Sioux Reservation, which encompasses all of Sioux County, North Dakota. All processes related to the state-level and local-level tribal taxes, including registration and return filing, will be administered by the Office of State Tax Commissioner.

More information on state, tribal and local taxes, including the Local Option Taxes by Location Guideline, is available on our website at [www.nd.gov/tax](http://www.nd.gov/tax). Rate charts are also available on our website. You may also contact the Tax Compliance Section at 701.328.1246 or by e-mail at [salestax@nd.gov](mailto:salestax@nd.gov).

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