



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER GUIDELINE - SALES TAX: FUNERAL HOMES

SERVICES NOT SUBJECT TO TAX

Funeral directors are in the business of rendering professional service. Under North Dakota sales and use tax law, sales of such professional services are not subject to sales tax.

SUPPLIES AND MATERIAL TAXED

Purchases of tangible personal property by a funeral director for use in rendering nontaxable services are purchases for final use and are subject to sales tax. This includes such articles as embalming fluid, chemicals, disinfectants, cosmetics, flowers, flower racks, burial clothing, furniture or equipment, funeral home furnishings, advertising materials and booklets, embalming equipment and instruments, grave equipment, stretchers, baskets, and other items which the funeral director uses or consumes in the operation of the funeral home operation. With respect to these items, the funeral director shall pay the sales tax to vendors of these articles. If the vendor does not hold a North Dakota sales and use tax permit, the cost of the purchases must be entered on Items Subject to Use Tax line of the sales and use tax return and the tax remitted by the funeral director to the Office of State Tax Commissioner.

CASKET COMPANIES

Sales of caskets to funeral directors operating in North Dakota are sales to final users and are subject to sales tax. North Dakota sales tax should be collected from funeral directors on all sales of caskets delivered in North Dakota even though the casket may be used in a funeral service conducted outside of North Dakota. The cost of transporting the caskets to the funeral director should be included in the sales tax base.

VAULT COMPANIES

Sales of grave vaults and sales or rentals of tents, greens, lowering devices or any tangible personal property to funeral directors to be used in conducting funeral services are taxable sales. Sales tax should be collected from the funeral directors on the full sales price including delivery and setup charges on any funeral conducted in North Dakota.

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VEHICLES

Motor vehicles purchased by funeral directors for use in North Dakota are subject to North Dakota motor vehicle excise tax. This tax is payable to the North Dakota Motor Vehicle Registrar at the time the vehicle is licensed and registered for use in North Dakota.

MEMORIAL STONES

Funeral directors who sell memorial stones are engaged in a retail business and must collect and remit sales tax for this business.

Memorial stones are tangible personal property and when sold at retail the gross receipts from such sales are taxable. Where the seller of a memorial stone agrees to erect a stone upon a foundation, the total gross receipts from the sales, including the erection of the foundation, are taxable since the foundation is deemed to be part of the memorial stone.

Charges for inscription or other work incidental to the preparation of a stone for a customer before it is erected constitute a part of the selling price of the stone and are taxable.

Any charges made for inscription upon a stone after it has been erected are considered sales of service in the alteration of tangible personal property and are not subject to sales tax.

April 1997
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