



# Guideline

## Sales Tax Telecommunications Infrastructure Development Exemption

*Ryan Rauschenberger*  
*Tax Commissioner*

*June 2014*

### Types of Application Letters

- Request for up-front tax exemption for infrastructure development purchased by primary telecommunications company.
- Request for refund of tax previously paid by telecommunications company or their contractors.
  - Requires copies of all qualifying invoices be sent to Tax Commissioner for review.

### Definition of Telecommunications Company

- A person furnishing telecommunications services within this state.
  - Telecommunications company must own the infrastructure
  - Includes all forms of transmission including voice, data, audio, or video
    - Includes cable TV companies that also provide telecommunications service
  - Does not include infrastructure used solely for providing internet access

### Information to Include in Application Letter

- Owner and general location of telecommunications infrastructure project
  - Infrastructure used to construct or expand infrastructure owned by telecommunications company
- Describe the project and why it qualifies for the exemption
- Estimated duration of project
- Estimated cost of project and portion applicable to materials

### Tangible Personal Property Qualifying for Exemption (not inclusive list)

- Cell towers and equipment
- Switching equipment
- Cable
- Other infrastructure items used directly in delivering telecommunication services
- Must be incorporated into the infrastructure and does not include consumable items
- Does not include infrastructure used solely for providing internet access

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## **Tangible Personal Property Installed by Contractor**

- Contractor must pay tax on what they purchase and install (attach to real property)
  - Telecommunications company may apply for refund of tax paid by contractor
    - Telecommunications company must acquire copies of invoices from contractor
- Contractor is not responsible for tax on approved equipment purchased by telecommunications company and installed by contractor.

***Law Authority: North Dakota Century Code § 57-39.2-04.9***

***(Effective thru June 30, 2017)***

Submit application letter to:

Susan Rood

Sales & Special Taxes Section

Office of State Tax Commissioner

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