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
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 Phone: 701.328.3389
Sales & Special Taxes Section FAX: 701.328.0336
Office of State Tax Commissioner Email: srood@nd.gov
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