



Sales Tax Newsletter

December 1998
Volume 25
No. 4

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NEW LOCAL SALES AND USE TAXES

Effective January 1, 1999, Hoople, Munich, New Leipzig, and Velva will each impose a 1 percent city sales and use tax that will be administered by the Office of State Tax Commissioner. The total number of cities imposing a sales or use tax on January 1, 1999 will be seventy-four. The city codes on the sales and use tax return will be as follows: Hoople - code 172, Munich - code 173, New Leipzig code - 174, and Velva - code 175.

All sales that are exempt from state sales and use taxes are also exempt from the four city taxes. In addition, the Hoople, Munich, and Velva city ordinances provide exemptions in addition those granted by state law. The Hoople city tax ordinance exempts sales of natural gas, farm machinery, farm machinery repair parts, farm irrigation equipment, and steam used for processing products. Munich exempts sales of natural gas and the gross receipts from coin-operated amusement devices. The Velva ordinance exempts sales of natural gas, farm machinery, farm machinery repair parts, farm irrigation equipment, bingo cards and the gross receipts from coin-operated amusement devices. New Leipzig has no exemptions in addition to those allowed by state law.

The maximum city tax that may be imposed on a single transaction in the four cities is \$25. The Hoople tax ordinance provides for a compensation allowance of 3 percent of the tax due with the return with a maximum compensation of \$83.33 on monthly returns or \$250 on quarterly filed returns. The Munich tax ordinance provides for a compensation allowance of 3 percent of the tax due with the return with a maximum compensation of \$50.00 on monthly returns or \$150 on quarterly filed returns. The New Leipzig and Velva ordinances do not provide compensation to retailers.

The Office of State Tax Commissioner is mailing more detailed information to retailers that have a Hoople, Munich, New Leipzig or Velva address. Retailers with questions concerning the new city taxes may contact the Sales Tax Compliance Section for assistance.

SALES TAX RETURN DUE DATES

The due date of all sales tax returns (except the May monthly S2 return) is the last day of the month following the tax period. If the last day of the month falls on a weekend or holiday, the due date is extended to the next business day. Returns for sales tax periods ending December 31, 1998 would normally be due January 31, 1999. However, because January 31 is a Sunday, returns postmarked by Monday, February 1, 1999 will be filed on time. In addition, January monthly returns due February 28, 1999 will be filed on time if they are postmarked by March 1, 1999.

The sales tax law changes the May monthly S2 sales tax return due date on odd numbered years from June 30 to June 22. This means the due date of the May 1999 S2 sales tax returns is June 22, 1999. Please mark this early due date on your calendars.

PREPAID TELEPHONE CALLING CARDS

Sales of prepaid telephone calling cards are sales of tangible personal property subject to North Dakota sales tax and applicable local sales tax. Prepaid telephone calling cards entitle the purchaser to a certain number of minutes of toll telephone service. Cards sold within the state of North Dakota are subject to sales tax, regardless of where the long distance calls originate or terminate.

MAXIMUM CITY TAX DUE

All city ordinances imposing local sales and use taxes provide for a maximum city tax amount that may be charged on a single transaction or charged to a customer in one day. The maximum tax amount applies to city sales and use taxes only. The full sale or purchase amount is always subject to North Dakota sales or use tax. The maximum city tax amounts are as follows:

City	City Tax Rate	Maximum Tax Amount	Max Amount of Sale Subject to City Tax
Cavalier	1½%	\$37.50 per transaction	\$2,500
Devils Lake	1½%	\$25.00 per transaction	\$1,666.67
Grand Forks	1¾%	\$43.75 per transaction	\$2,500
Minot	2%	\$50.00 per customer per day	\$2,500
All others	1%	\$25.00 per transaction	\$2,500

NONPROFIT ORGANIZATIONS

Most nonprofit organizations, including churches, are not exempt from paying sales tax on purchases. Many nonprofit organizations receive an exemption from the federal government that exempts them from federal and state income taxes. Some nonprofit organizations incorrectly presume this exemption also applies to sales tax.

Although churches do not have a complete sales tax exemption, certain purchases by nonprofit religious organizations are exempt from sales tax. The exempt items are Bibles, hymnals, textbooks, and prayer books. A nonprofit religious organization does not need a special exemption to purchase these items tax free.

Organizations that are exempt from paying sales tax are schools, governments, hospitals, nursing homes, intermediate care facilities, and nonprofit voluntary health groups. The Office of State Tax Commissioner issues these organizations exemption certificates that list the organization's name, address, and exemption number. To purchase goods without paying sales tax, an exempt organization must provide the retailer with a copy of its North Dakota sales tax exemption certificate.

BUSINESS TAX EDUCATION PROGRAMS

The Office of State Tax Commissioner is again cooperating in education partnerships to provide workshops at minimum or no cost, which provide opportunities to business owners and employees to receive tax information. These programs include information on identifying taxable transactions, handling specific tax transactions, and responsibility for the collecting and reporting of state and local sales and use taxes.

Small Business Development Center (SBDC) Classes (Class times: 8:00am-4:30pm)

Mandan	1/20/99	Morton County Courthouse 210 2nd Ave NW
Valley City	1/21/99	Vocational Center 801 Valley Ave SE
Grafton	2/17/99	Walsh County Courthouse 600 Cooper Ave
Devils Lake	2/18/99	UND Lake Region Chautauqua Gallery
West Fargo	3/10/99	VFW 308 Sheyenne St
Wahpeton	3/11/99	ND State College of Science Horton Hall, Room 211

(For more information or to register, please call the SBDC toll-free at 1-800-445-7232.)

North Dakota/Minnesota Sales Tax Border Issue Classes

Fargo	4/20/99	9:00 a.m. - 12:30 p.m.
Grand Forks	4/21/99	9:00 a.m. - 12:30 p.m.

The Border Issues class is presented by representatives from both the North Dakota Office of State Tax Commissioner and the Minnesota Department of Revenue. The class is an intense half-day review of state and local sales and use tax laws in both states.

(For more information or to register, please call toll-free at 1-800-888-6231.)

SEASONS' GREETINGS

We would like to thank all of you who collect and remit taxes to the State of North Dakota. Much of the burden for collecting sales tax falls on you, the retailer, and we who work in the Sales Tax Section want to express our continued appreciation for the job you are doing and for your cooperation in working with the Tax Department. We would like to extend to all of you a joyous holiday season and the very best for 1999.

Need Assistance?

Please direct sales tax questions or concerns to:

Office of State Tax Commissioner
Sales Tax Compliance
600 E. Boulevard Ave.
Bismarck, ND 58505-0599
Phone: (701)328-3470
Toll free within state: 1-800-638-2901, option 4
Fax: (701)328-3700
E-mail: mmail.mv472@ranch.state.nd.us
Website: <http://www.state.nd.us/taxdpt>