



# Sales Tax Newsletter

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## MICHIGAN IMPOSES LOCAL TAX

Effective October 1, 2001, the city of Michigan will impose a 1 percent sales and use tax. The Office of State Tax Commissioner administers all local sales and use taxes within the state including the new Michigan city tax. The Michigan tax will be reported on the sales and use tax return under location code 187.

All transactions exempt from North Dakota sales tax will also be exempt from the Michigan city tax. The Michigan ordinance limits the city tax to \$25 per transaction. Each invoice is a transaction for purposes of the local tax maximum. The city ordinance does not provide for compensation to retailers collecting and remitting the local sales and use tax. The total number of local taxes imposed in North Dakota effective October 1, 2001 is eighty-six cities and two counties.

The Office of State Tax Commissioner has mailed additional information regarding the new tax to retailers located in the Michigan area. For a complete listing of local taxes imposed in North Dakota, see the *Local Option Taxes By Location* guideline on our web site. The guideline is also available by mail upon request. ☀

## FILE YOUR SALES TAX RETURNS ONLINE

You can prepare, file and pay your State Sales and Use Tax and Local Sales Taxes online. When filing online, you can also remit tax by electronic funds transfer (EFT).

Contact our department for further information by visiting our website: [www.ndtaxdepartment.com](http://www.ndtaxdepartment.com) or calling (701) 328-3476. ☀

## 2001/2002 BUSINESS TAX EDUCATION WORKSHOPS

The Office of State Tax Commissioner is continuing to cooperate in education partnerships to provide workshops, which provide opportunities to business owners and employees to receive tax information.

### North Dakota/Minnesota Sales Tax Border Issues Workshop

Fargo 10/18/01 9:00 a.m. - 12:30 p.m.  
(For more information or to register, please call toll-free at 1-800-888-6231.)

### North Dakota/South Dakota Sales Tax Border Issues Workshop

Fargo 11/06/01  
Retail 9:00 a.m. - 12:00 p.m.  
Contractor 1:00 p.m. - 3:00 p.m.

(For more information or to register, please call toll-free at 1-800-829-9188.)

### Small Business Development Center (SBDC) Classes

(Class Times: 8:00a.m.-4:30p.m.)

|             |          |  |
|-------------|----------|--|
| Dickinson   | 10/30/01 | Dickinson St. University<br>North Campus<br>1679 6 <sup>th</sup> Ave W, Room 101 |
| Mandan      | 10/31/01 | Best Western Seven Seas<br>2611 Old Red Trail                                    |
| Minot       | 11/01/01 | Ramada Inn – Airport<br>2315 N Broadway  |
| Fargo       | 11/13/01 | Skills & Technology Center<br>1305 19 <sup>th</sup> Ave N                        |
| Grand Forks | 11/14/01 | Bremer Bank<br>3100 S Columbia Road  |
| Grafton     | 11/15/01 | Walsh County Courthouse<br>600 Cooper Ave  |
| Jamestown   | 03/05/02 | Dakota Inn<br>Hwy 281 South & I-94   |
| West Fargo  | 03/06/02 | VFW<br>308 Sheyenne St   |

*Workshops (continued)*

One Interactive Video Network (IVN) Class will be presented on March 13, 2002, from 8:00a.m.-4:30p.m. You may participate in this SBDC class by attending at one of the following locations:

|             |  |
|-------------|--|
| Bismarck    | Bismarck State College<br>1200 College Dr<br>Vocational Technical Center, Room 228           |
| Devils Lake | Lake Region State College<br>1801 College Dr N<br>Administration Building, Room 171          |
| Valley City | Valley City State University<br>101 College St<br>Vanjstad Hall, Room 115                    |
| Wahpeton    | NDSCS<br>800 North Sixth St<br>Mildred Johnson Library, Room 117                             |
| Williston   | Williston State College<br>1410 University Ave<br>Main Building, Room 120                    |
| Belcourt    | TMCC<br>Bia Road #7 North<br>IVN Building, Room 209  |
| Bottineau   | Minot State University – Bottineau<br>105 Simrall Boulevard<br>Amtzen IVN Building, Room 100 |
| Fort Yates  | Sitting Bull College<br>1341 92 <sup>nd</sup> St, Room 5                                     |
| Mayville    | Mayville State University<br>330 3 <sup>rd</sup> St NE<br>Library, Room 115                  |
| New Town    | Fort Berthold Community College<br>220 8 <sup>th</sup> Ave N, FBCC                           |

For more information or to register for the SBDC classes, please call the SBDC office toll-free at 1-800-445-7232. 🌱

## MOTOR VEHICLE LEASE

A change in the motor vehicle excise tax law now requires the payment of a 5% motor vehicle excise tax by a leasing company on leases occurring on or after July 1, 2001 that cover a period of one year or more. The requirement is for vehicles having an actual weight of ten thousand pounds or less. The tax is calculated on the total consideration or amount due for the entire period of the lease and is due at the start of the lease. Previously, the motor vehicle excise tax was computed on the leasing company's purchase price.

When additional charges are made after the start of the lease (e.g., mileage charges, excess wear charges, damage or repair charges, or option to renew), the 5% motor vehicle excise tax must be computed and collected by the leasing company at the time the charge is made. This additional collection will be reported separately on a special *motor vehicle excise tax return* that is filed directly with the State Tax Commissioner at the end of each calendar quarter. 🌱

## MOTOR VEHICLE SHORT-TERM RENTALS—LESS THAN 30 DAYS

An addition to the sales tax law requires the imposition of the 5% sales tax on the gross receipts from the rental of any motor vehicle for fewer than thirty (30) days. It also provides for an additional 3% sales tax surcharge on each motor vehicle rental contract for a period of fewer than thirty days. This requirement is for a vehicle having a gross vehicle weight of ten thousand pounds or less.

The 5% sales tax is to be reported on rental company's sales and use tax return, while the 3% sales tax surcharge is to be reported on an annual *special surcharge return* to be filed with the State Tax Commissioner on or before February fifteenth of the following year. 🌱

## MAXIMUM CITY AND COUNTY TAX DUE

The main difference between the local tax and the state tax is that the local tax has a ceiling or cap on it. All city and county ordinances imposing local sales and use taxes provide for a maximum city tax amount that may be charged to a customer on a sales transaction or charged to a customer in one day. For those cities having a 1% tax rate, the local tax cannot exceed \$25.00 for each 1% of tax assessed on a single transaction. The maximum city and county tax amounts for cities and counties having rates other than 1% are as follows:

| City/County  | City/County Tax Rate | Maximum Tax Amount               | Max Amount of Sale Subject to City/Cty Tax |
|--------------|----------------------|----------------------------------|--|
| Bottineau    | 2%                   | \$50.00 per transaction          | \$2,500.00                                 |
| Cavalier     | 1½%                  | \$37.50 per transaction          | \$2,500.00                                 |
| Devils Lake  | 1½%                  | \$25.00 per transaction          | \$1,666.67                                 |
| Grand Forks  | 1¾%                  | \$43.75 per transaction          | \$2,500.00                                 |
| Grand Forks  | 2%                   | \$43.75 per transaction          | \$2,187.50                                 |
| Medora       | 2%                   | \$25.00 per single unit purchase | \$1,250.00                                 |
| Minot        | 2%                   | \$50.00 per customer per day     | \$2,500.00                                 |
| Wahpeton     | 1½%                  | \$25.00 per transaction          | \$1,666.67                                 |
| Cass County  | ½%                   | \$12.50 per transaction          | \$2,500.00                                 |
| Walsh County | ¼%                   | \$25.00 per transaction          | \$10,000.00                                |
| ALL OTHERS   | 1%                   | \$25.00 per transaction          | \$2,500.00                                 |