



# Sales Tax Newsletter

News and developments

A publication of the Tax Administration Division

Cory Fong  
Tax Commissioner

## NEW OR AMENDED LOCAL TAXES

The Office of State Tax Commissioner administers all local sales, use and gross receipts taxes imposed in North Dakota. The following local tax changes will become effective October 1, 2008.

The city of **Langdon** has increased its local sales, use and gross receipts tax from 1 to 2 percent. In addition, the city ordinance increased the maximum tax (refund cap) from \$25 to \$50 per transaction. All other provisions of the ordinance remain the same effective October 1, 2008.

The city of **Napoleon** has increased its local sales, use and gross receipts tax from 1 to 2 percent. In addition, the city ordinance raised the maximum tax (refund cap) from \$25 to \$50 per transaction. All other provisions of the ordinance remain the same effective October 1, 2008.

The maximum tax amount (refund cap) allows purchasers to obtain a refund of the local tax paid to the retailer in excess of the cap amount. When retailers collect the entire local tax on the selling price and the local tax exceeds the refund cap, purchasers may apply to the Tax Commissioner for a refund or credit of the excess amount. Retailers may elect to collect the total tax amount or collect up to the cap amount, but must be consistent in the method they choose.

### Inside this issue:

- New or Amended Local Taxes..... 1
- School Photographs..... 1
- Sales Tax Seminars For Fall 2008 ..... 2
- Interstate Trucking Companies..... 2
- Retailers May Not Absorb Tax..... 2
- Taxpayer Assistance ..... 2

The city of **Cooperstown** imposed a 1% city lodging tax effective October 1, 2008. Additional information has been mailed to Cooperstown lodging facilities. The city lodging tax applies to the rental of hotel, motel, and tourist court accommodations and is in addition to the state 5 percent sales tax and Cooperstown's local 1½ percent local sales tax.

For a complete listing of all local taxes imposed in North Dakota, see our *Local Option Taxes by Location* guideline. The guideline is available on our website or by mail upon request. 

## SCHOOL PHOTOGRAPHS

Sales of photographs are sales of tangible personal property subject to sales tax under North Dakota law. Many professional photographers contract with schools to photograph school children and make those photographs available for sale to the children or their parents.

If the school acts as a collection agency for the photographer by collecting the sales proceeds from the students or parents and paying the photographer for the sales with a school check or warrant, the school is making the purchase of the photographs. Because both public and private schools are exempt from paying sales tax, the photographer is not required to collect sales tax on these transactions. To document the exempt transaction, the photographer must obtain a copy of the school's exemption certificate and maintain the certificate in its files.

If students, parents, or school affiliated groups pay the photographer directly for the photographs, the sales are taxable and the seller must collect all applicable state and local sales tax. 



Office of  
State Tax Commissioner  
600 E Blvd Ave, Dept 127  
Bismarck ND 58505-0599  
701.328.1246  
www.nd.gov/tax  
salestax@nd.gov  
www.nd.gov

---

## SALES TAX SEMINARS FOR FALL 2008

The Office of State Tax Commissioner will present two sales tax seminars this fall. The first seminar will be presented with the South Dakota Department of Revenue and the second with the Minnesota Department of Revenue. The seminars will focus on the similarities and differences in each state's sales and use tax laws. The seminar with South Dakota includes a separate segment for contractors and includes discussion regarding South Dakota's contractor's excise tax.

There is no charge for the seminars, but please pre-register if you plan to attend because space is limited. The seminar schedule is as follows:

- **South Dakota/North Dakota Border Workshop, Wednesday, October 15, 2008**
  - o Registration begins at 8:00 a.m.
  - o Sales tax seminar 8:30 a.m. – 12:00 p.m.
  - o Contractor's workshop 1:00 p.m. – 3:00 p.m.
  - o Located in the lower level meeting room of West Acres Shopping Mall, Fargo, ND
  - o To register, go to [www.state.sd.us/revenue](http://www.state.sd.us/revenue), call the South Dakota Department of Revenue at 800-829-9188 or call the North Dakota Tax Commissioner's Office at 701-328-3475.
- **Minnesota/North Dakota Border Workshop, Tuesday, October 28, 2008**
  - o Registration begins at 8:30 a.m.
  - o Sales tax seminar 9:00 a.m. – 12:30 p.m.
  - o Located in the lower level meeting room of West Acres Shopping Mall, Fargo, ND
  - o To register, call the Minnesota Department of Revenue at 651-297-4213 or the North Dakota Tax Commissioner's Office at 701-328-3475. 

---

## INTERSTATE TRUCKING COMPANIES

We continue to receive questions from retailers regarding out-of-state trucking companies that purchase parts, tires, accessories and other merchandise in North Dakota using a direct pay permit or an exemption certificate issued by their home state. These out-of-state certificates are not acceptable in North Dakota. Transportation companies are the final users of parts, tires, accessories and other related products purchased in North Dakota; therefore, these items are fully taxable here. No exemption certificate is available to in-state or out-of-state trucking companies to exempt purchases of these items when the items are consumed in the transportation business. 

---

## RETAILERS MAY NOT ABSORB TAX

North Dakota sales tax law requires retailers to collect from the purchaser all sales tax due on a retail sale. Retailers are prohibited from advertising or promoting in any manner that they will absorb or waive sales tax, pay tax for a purchaser, or refund any tax that is legally due on the transaction. 

---

## TAXPAYER ASSISTANCE

If you have questions regarding sales tax or about correspondence received from our office, the following information will be helpful in ensuring that your call or visit to our office is completed in a speedy and efficient manner:

- For Streamlined Sales and Use Tax information and updates on our web site [www.nd.gov/tax](http://www.nd.gov/tax), click on *Sales and Use*, then click on *Streamlined Sales & Use* on the drop down list. The information includes up-to-date rate and boundary tables.
- If you have general sales tax questions, please call our Sales and Special Taxes Compliance Section at 701.328.1246.
- If calling our office about correspondence you have received, please call the number that is listed on the correspondence, and have a copy of the correspondence available when you call.
- When calling our office, please note the name of the person assisting with your question in the event you will have any follow-up questions later.
- Instead of calling or visiting our office, you may also e-mail us at [salestax@nd.gov](mailto:salestax@nd.gov). 