



Sales Tax Newsletter

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CASS COUNTY IMPOSES LOCAL SALES TAX

Cass County will be the first North Dakota County to impose a local sales tax. The ½ percent sales tax will become effective October 1, 1999. The newly imposed Cass County tax is a sales tax only (no use tax); therefore, **only retailers located within the borders of Cass County will be required to collect the ½ percent county tax.** Retailers located outside Cass County may not collect the county sales tax even if the goods are delivered into Cass County by the seller. Under a county sales tax ordinance, the entire transaction must occur within the county's borders before it is subject to the county tax. This means the seller must be located within Cass County and the purchaser must take possession of the property within Cass County for the ½ percent sales tax to apply.

The new sales tax is in addition to North Dakota and city sales taxes already in place. Cass County cities of Casselton, Fargo, and West Fargo each impose a 1 percent local sales tax. Cass County retailers that have customers taking delivery of goods in any of these three cities will be required to collect the North Dakota sales tax, the Cass County ½ percent sales tax, and the applicable 1 percent city tax. When a Cass County retailer delivers goods anywhere else within Cass County, the retailer must collect North Dakota sales tax and Cass county sales tax.

All sales exempt from North Dakota sales tax will also be exempt from the Cass County sales tax. In addition to the exemptions provided by state law, the Cass County ordinance also exempts coin-operated vending sales of less than one dollar and the gross receipts from coin operated amusement machines. The maximum Cass County tax that may be charged on a single transaction (invoice) is \$12.50.

Additional information and combined rate charts have been mailed to all Cass County retailers. Retailers with questions about the new county tax or the application of combined state, city and county taxes may call the Sales Tax Compliance Section for assistance.

BOTTINEAU AND WAHPETON INCREASE LOCAL SALES & USE TAX RATES

Bottineau and Wahpeton will each increase their city sales and use tax rates effective October 1, 1999. The Bottineau local tax rate will increase from 1 percent to 2 percent and the maximum tax per transaction has been increased from \$25 to \$50. Wahpeton has increased its rate from 1 percent to 1½ percent, but its maximum tax per transaction remains at \$25. All other provisions of the Bottineau and Wahpeton sales and use tax ordinances remain unchanged.

SALE OF GRAIN BINS

We continue to receive questions regarding the correct application of tax on grain bins sold exclusively for agricultural purposes.

- If a grain bin is sold and installed, such as an attachment to a cement pad or to another structure, the installer is responsible for the payment of the 5% sales or use tax on the cost of the materials installed.
- If a grain bin is sold, but not installed, the selling price of the grain bin is subject to the 5% sales tax.
- If the grain bin is mounted on skids, the selling price of the grain bin is subject to the 5% sales tax.
- If the grain bin is mounted on wheels, the selling price of the grain bin is subject to the 3% sales tax, if new. If used, the grain bin or hopper on wheels is subject to the 1½% sales tax.

To obtain information regarding the application of tax on farm equipment, you may request the Farm Machinery Guideline.

WEB FILE AVAILABLE SOON FOR NORTH DAKOTA SALES TAX RETURNS

Over the past months, the Tax Commissioner's office has been developing a program to file Sales Tax Returns over the Internet. The system is called North Dakota WebFile and a limited number of retailers are already using the program. We plan to make WebFile available in early 2000 to everyone that files North Dakota Sales Tax Returns. Registration to use the system will be totally voluntary. WebFile is a secure, convenient, user friendly system that we hope will make filing returns easier. Returns submitted over the Internet may be paid by ACH debit, ACH credit, or check. For more information about WebFile, check our web site www.state.nd.us/taxdpt. Select *Electronic Filing* and then *Sales Tax*.

SHOP SUPPLIES

Repair persons, service centers, and body shops are retailers of repair parts billed to their customers and are responsible for charging sales tax on all itemized repair parts. Repair labor, separately stated, is exempt from sales tax.

Repair persons, service centers, and body shops are consumers of tape, sandpaper, rags, cleaning supplies, tools, and related shop supplies used by them in the repair of tangible personal property. Sales or use tax is due and payable upon the purchase of such consumable supplies by repair persons, service persons, service centers, and body shops.

The repair person, service center, and body shop may charge the customer for consumable items by itemizing a *shop supplies* charge or *shop materials* charge. However, these items are not being sold to the customer in a retail transaction and tax should not be charged on these consumable items. The repair person, service center, or body shop should self-assess use tax on the cost of those consumable supplies if the repair person has not paid sales tax at the time of purchase. Use tax is self-assessed by reporting the cost of the untaxed consumable supplies on Line 4 of the sales tax return.

Fabricators and Manufacturers

Tangible personal property that is used or consumed in the fabrication or manufacturing process but is not physically incorporated into the finished product for sale is subject to sales or use tax.

PREPAID TELEPHONE CARDS

Sales of prepaid telephone cards are sales of tangible personal property subject to North Dakota sales tax. This includes the sale of prepaid telephone cards sold from vending machines.

BUSINESS TAX EDUCATION PROGRAMS

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

North Dakota/Minnesota Sales Tax Border Issue Classes

Fargo	10/26/99	9:00a.m.-12:30p.m.
Grand Forks	10/27/99	9:00a.m.-12:30p.m.

The Border Issue Class is presented by representatives from both ND Office of State Tax Commissioner and Minn Department of Revenue. (For more information or to register, please call toll-free at 1-800-888-6231.)

Small Business Development Center (SBDC) Classes

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

Bismarck	10/19/99	Bismarck State College Student Un./Prairie Room
Dickinson	10/20/99	Travelodge 532 15th St W
Williston	10/21/99	El Rancho 1623 2nd Ave W
Jamestown	11/16/99	Vocational Center 910 12th Ave NE
Fargo	11/17/99	El Zagal Shrine 1429 3rd St
Grand Forks	11/18/99	Bremer Bank 3100 S Columbia Rd

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

Need Assistance?

Please direct sales tax questions or concerns to:

Office of State Tax Commissioner

Sales Tax Compliance

Phone: (701)328-3470

Toll free within ND: 1-800-638-2901, option 4

Hearing/speech impaired TTY 1-800-366-6888

(Relay ND - Ask for 1-800-638-2901, option 4)

Fax: (701)328-3700

E-mail: salestax@state.nd.us

Website: <http://www.state.nd.us/taxdpt>