



Sales Tax Newsletter

News and developments

A publication of the Tax Administration Division

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Tax Commissioner

AMENDED LOCAL TAXES

The Office of State Tax Commissioner administers all local sales, use and gross receipts taxes imposed in North Dakota. The following changes will become effective October 1, 2010.

Inside this issue:

- Amended Local Taxes 1
- North Dakota Chamber Holds Workshops 1
- Sales Tax Workshop with Minnesota..... 2
- Exemptions for Native Americans and Tribal Governments 2
- Taxpayer Assistance 2

The city of **Drayton** has increased its local sales, use and gross receipts tax from 1 to 1½ percent. All other provisions of the ordinance remain the same.

The city of **Hatton** has increased its local sales, use and gross receipts tax from 1 to 2 percent. All other provisions of the ordinance remain the same.

The city of **Oakes** has increased its local sales, use and gross receipts tax from 1½ to 2 percent. All other provisions of the ordinance remain the same.

The city of **Valley City** has increased its local sales, use and gross receipts tax from 2 to 2½ percent. In addition, the city ordinance increased the maximum tax (refund cap) from \$50 to \$62.50 per transaction.

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 local tax on the entire 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.

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

NORTH DAKOTA CHAMBER HOLDS WORKSHOPS

The North Dakota Chamber of Commerce is holding four Business Update Webinars in September and October. Each webinar will feature one state agency and last up to one and one half hours. The webinars replace the on-site city meetings sponsored by the Chamber of Commerce in previous years. The Office of State Tax Commissioner will make a presentation on Wednesday, October 13, 2010 at 10:00 am. Topics will include: sales tax return preparation; exemption certificates, including the new Streamlined Sales Tax Exemption Form; gross receipts subject to tax; sales tax exemptions; and sales and use tax for contractors.

The Chamber’s registration fee is \$25 per webinar for members and \$50 for nonmembers. The fee charged by the North Dakota Chamber of Commerce will cover multiple employees from one business.

To register or for more information about the webinars, please contact the North Dakota Chamber of Commerce office at www.ndchamber.com or call 800.382.1405 (701.222.0929 in Bismarck-Mandan). 



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In 2009, the North Dakota Legislature also expanded the exemption available to tribal government agencies.

SALES TAX WORKSHOP WITH MINNESOTA

The Tax Commissioner's Office will be presenting a sales tax seminar with the Minnesota Department of Revenue on October 19, 2010. The seminar will discuss the similarities and differences between the two state's sales and use tax laws. The seminar is free, but please preregister because space is limited.

- Registration begins at 8:30 a.m.
- The workshop is held 9:00 a.m. – 12:30 p.m.
- Located in the lower level meeting room of West Acres Shopping Mall, Fargo, ND
- To register, call the Minnesota Department of Revenue at 651.297.4213, or call the North Dakota Tax Commissioner's Office at 701.328.3475 

EXEMPTIONS FOR NATIVE AMERICANS AND TRIBAL GOVERNMENTS

Prior to July 1, 2007, sales to Native Americans were exempt from sales tax only if the goods were delivered onto the reservation and the purchaser was an enrolled member of the tribe that resides on that reservation. Effective July 1, 2007, the North Dakota Legislature expanded the exemption to include sales made to a Native American that:

- Is an enrolled member of any federally recognized Indian tribe,
- Lives on any reservation located within North Dakota, and
- Takes possession of the goods on any reservation located within North Dakota.

In 2009, the North Dakota Legislature also expanded the exemption available to tribal government agencies. Effective July 1, 2009, tribal government agencies are exempt from sales tax on all purchases within North Dakota including purchases off the reservation. An exempt Indian tribe is defined as a tribal government agency, instrumentality, or political subdivision that performs essential government functions and does not include business entities or agencies whose primary purpose is to operate a business enterprise.

The Tax Commissioner has issued a sales tax exemption certificate to each tribal government. The certificate number format is E-0000. Retailers making sales to a tribal government should request a copy of their exemption certificate.

Native American individuals do not receive exemption certificates from the Tax Commissioner because purchases off the reservation remain subject to tax. To document an exempt sale to a Native American individual, retailers must request the customer's enrollment number. Retailers should retain the delivery address, customer's name, and customer's enrollment number to support an exemption granted to an enrolled member. 

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 the most current information regarding new and amended local taxes and city boundary changes see our website www.nd.gov/tax, click on Sales and Use, then click on Streamlined Sales and Use. Changes to local taxes and city boundary changes are posted at least sixty days before the change becomes effective.
- If you have general sales tax questions, please call our Sales and Special Taxes Compliance Section at 701.328.1246. Please note the name of the person assisting with your question in the event you have follow-up questions later.
- 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. 