



Sales Tax Bulletin

May 2000

City of Grand Forks Imposes Use Tax

The City of Grand Forks has imposed a 1¾ percent use tax effective July 1, 2000. A Grand Forks city sales tax has been in place since January 1, 1985. Prior to the imposition of the use tax, only sales made by retailers located within the city limits of Grand Forks were subject to the local sales tax. Effective July 1, 2000, goods sold by retailers located outside of Grand Forks but delivered into the city will also be subject to sales tax.

The City of Grand Forks has contracted with the Office of State Tax Commissioner to administer its local sales and use tax. Grand Forks city sales and use tax is reported and paid on the Local Option Tax Schedule, which is a separate page of the North Dakota Sales and Use Tax return.

Grand Forks sales and use taxes are complementary. The tax rate is the same for both taxes and all exemptions that apply to sales tax also apply to use tax. A transaction is subject to either sales or use tax, but not both. City sales tax applies to taxable sales made by retailers located within Grand Forks when the customer takes possession of the goods within the city limits. City use tax applies to goods or services purchased from a retailer located outside of the city, if the goods are delivered or brought into Grand Forks for use. If goods are purchased from a retailer located outside of Grand Forks and the purchase is subject to sales tax where purchased, Grand Forks use tax is due only to the extent the combined North Dakota and Grand Forks use tax rates are greater than the amount of sales tax already paid.

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File Your Sales and Use Tax Return Electronically

In an effort to provide the best customer service possible, the Office of State Tax Commissioner has implemented WebFile, an Internet based program to file North Dakota sales and use tax returns. All retailers holding a North Dakota sales and use tax permit may register to file using the WebFile system. Once you are registered, you can then file electronically by logging-on to WebFile at www.ndef.com, complete the form, and click a button to submit the return to our office.

In fact, *we strongly recommend WebFile* because it saves time and money for both you and the Tax Commissioner's office. Best of all, the service is free! You save postage and you pay no fees to our office.

Some of the benefits you will enjoy by using WebFile are as follows:

- **No Mail Delays.** You don't have to worry about receiving your sales tax form or that your completed form will arrive safely in our office. Your return is available to file by the end of the tax period and immediately sent to WebFile when you submit it.
- **Reminders.** We will send you an e-mail reminder a month before your sales tax return is due. If you prefer, we will send the reminder by U.S. mail
- **Secure Transactions.** You receive a PIN from our office when you register to file by WebFile. The PIN must be changed the first time you use the system so only authorized users will be able to access your account. All transmissions of data are protected by Secure Socket Layer encryption to prevent unauthorized access to your data.

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(Grand Forks Use Tax continued)

When a retailer delivers goods with its own vehicles or by common carrier to a customer outside of the Grand Forks city limits, the Grand Forks tax does not apply. Likewise, when a customer takes possession of goods at a retailer's business outside of the city limits, the sale is not subject to Grand Forks tax. However, the purchaser will be subject to Grand Forks use tax if the purchaser takes the goods into Grand Forks for storage, use, or consumption.

Contractors doing work within Grand Forks also have a responsibility for city sales or use tax on the purchase price of materials and equipment used on projects having bids submitted on or after July 1, 2000. When a contractor purchases and takes possession of materials in Grand Forks, it is subject to Grand Forks local tax regardless of where the materials are ultimately installed. Contractors that bring materials into Grand Forks will be subject to the local use tax as well if the materials have not already been subjected to a combined 6¾ percent state and local sales tax.

All of the exemptions that apply to North Dakota sales tax also apply to Grand Forks sales and use tax. In addition, Grand Forks has approved some exemptions in addition to those provided for in the state law and has placed a maximum tax of \$43.75 per transaction on its local tax. This means the first \$2,500 of each purchase is subject to the Grand Forks 1¾ percent tax ($\$2,500 \times .0175 = \43.75). The exemptions that apply to Grand Forks local tax, but not to North Dakota tax are as follows: natural gas, mobile homes, farm machinery, farm irrigation equipment, coin-operated vending sales of less than 99¢, cement, concrete, or asphalt installed outside the city, and 44 percent of gross receipts from coin-operated amusement.

Questions concerning the Grand Forks city sales and use taxes may contact the Sales Tax Compliance Section for assistance.

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- **Electronic Payments.** If you file electronically through WebFile, you may also pay electronically through your bank's Automated Clearing House system (ACH). The payment methods available are ACH debit, ACH credit, or check. Electronic payment is not available when you file your returns on paper.
- **Convenience.** WebFile is ready whenever you are. You can access WebFile 24 hours a days, 7 days a week. As long as you submit your return by midnight on the due date, your return is filed on time. If you want, you can file your return early and hold payment until the due date.
- **Prevent common errors.** You can forget your calculator. WebFile will do the math for you and verify that you have provided all the required information. You may edit your return any time during the filing process. Once you are satisfied the return is correct, you submit it over the web.
- **Paperless Process.** If you elect to pay your sales tax liability electronically, the entire process will be paperless. You may view or print a copy of your return any time for up to two years.

If you are interested in WebFile, and we hope you are, please contact our office or visit our website. General information about WebFile, an application to register, and our instruction booklet are all available at http://www.state.nd.us/taxdpt/electronic_filing/sales_tax.html. If you would like to discuss WebFile with a representative from our office, please contact Jeremy Woeste at 1-800-638-2901, option 4 or e-mail jwoeste.state.nd.us.