



# Guideline

## Sales Tax Ward County Sales and Use Tax

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### Introduction

The voters in Ward County approved the imposition of a ½ percent county sales and use tax effective April 1, 2013. Gross receipts (new farm machinery and alcohol beverages) tax is not included. The Office of State Tax Commissioner is the collection agent for the tax. The Ward County tax is reported and remitted on the same tax return as the state sales tax eliminating the need for additional registration, multiple reporting forms and multiple tax payments. The Office of State Tax Commissioner assumes full responsibility for collection of the combined taxes including delinquency control, auditing and collection activity.

### Sales and Use Tax

The Ward County tax is in addition to state and city sales and use taxes.

The following is a brief synopsis of the Ward County sales and use tax:

- Reported under local tax code 505 on the state sales tax return (Form ST)
- Maximum Tax (Refund Cap) of \$12.50 per transaction
- Does not provide for Permit Holder Compensation
- Exempts contracts awarded prior to effective date
- Exempts coin-operated vending sales of 99 cents or less
- Scheduled to sunset December 31, 2022

### Imposition of Tax

All transactions subject to North Dakota sales and use tax are subject to Ward County sales and use tax. All exemptions granted by the North Dakota sales and use tax are also granted by Ward County. The proper execution of an exemption certificate exempts sales from state, county and city sales and use taxes. A certificate may not be used to exempt only the state or local taxes; either the activity is exempt from all state and local taxes or it is subject to all state and local taxes.

The county sales tax of ½ percent is in addition to state and local taxes imposed. The Ward County cities of Berthold, Kenmare, Minot, and Surrey each impose a local tax. Ward County retailers delivering goods into these cities or having customers take possession of goods within these cities will be required to collect the applicable state sales tax, the Ward County ½ percent tax and any applicable city sales tax. When a Ward County retailer delivers goods anywhere else within Ward County, the retailer must collect North Dakota sales tax and Ward County tax.

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## Maximum Tax Amounts

The Maximum tax is the maximum amount of local tax that could apply to a single 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 maximum tax amount. When retailers collect the total local tax on the selling price and the local tax exceeds the maximum tax, purchasers may apply to the Tax Commissioner for a refund of the excess amount. To access a claim form for a refund of the local sales and use tax paid beyond the maximum, go to [www.nd.gov/tax/salesanduse/forms/citycountyrefundclaim.pdf](http://www.nd.gov/tax/salesanduse/forms/citycountyrefundclaim.pdf). Retailers may elect to collect the total tax amount or collect up to the maximum tax amount, but must be consistent in the method they choose.

For purposes of the maximum tax provisions, a transaction is determined by the seller's normal billing method. Each invoice issued by the seller is considered a transaction and is subject to the city and county maximum tax amounts. If a supplier makes multiple deliveries to a customer but bills all the deliveries on one invoice, only one sale has taken place. However, if the seller invoices each delivery separately, each delivery is a sale and the local tax should be computed on each invoice.

## Cities within Ward County

The following cities are located within Ward County, and where noted, have city tax:

|              |             |                        |
|--------------|-------------|------------------------|
| Berthold*-1% | Douglas*    | Minot*-2% <sup>1</sup> |
| Burlington*  | Foxholm     | Ruthville              |
| Carpio*      | Kenmare*-2% | Ryder*                 |
| Des Lacs*    | Logan       | Sawyer*                |
| Donnybrook*  | Makoti*     | Surrey*-2%             |

\* incorporated cities

<sup>1</sup>The computation for the Maximum Tax for the city of Minot is different than the other cities. It is computed by the compilation of invoices from the same vendor per day per customer.

If a taxable sale amount exceeds \$2,500, each tax must be calculated separately to determine the maximum tax due. For example, the tax on a \$6,000 sale in Kenmare totals

$$\begin{aligned} \$6,000 \times 5\% &= \$300 \text{ ND state tax} \\ \$2,500 \times 2\% &= \$50.00 \text{ Kenmare maximum tax} \\ \$2,500 \times \frac{1}{2}\% &= \$12.50 \text{ Ward County maximum tax} \end{aligned}$$

$$\$300 + \$50.00 + \$12.50 = \$362.50$$

## Combined State, County and City Sales Tax Rates

The Office of State Tax Commissioner has developed rate tables which combine state sales tax, county sales tax and applicable city sales tax. Rate charts are available free of charge from the Office of State Tax Commissioner or may be downloaded from the Tax Commissioner's web site at [www.nd.gov/tax/salesanduse/pubs](http://www.nd.gov/tax/salesanduse/pubs). The following combined tax rates apply for retailers located in Ward County. The applicable local rate applies to the total amount of the transaction unless the retailer has voluntarily provided credit to the customer for amount of the tax in excess of the maximum tax due. The table reflects exemptions granted by the cities or the county that are not allowed by state law.

## Cities within Ward County with City Taxes

The following chart provides examples of cities within Ward County that have city taxes and identifies the rates at which tax should be charged (rates effective April 1, 2013):

### Combined State, City, and County Tax Rates for Ward County When Customer Takes Possession In:

|  | North<br>Dakota<br>Rate | 1%<br>Berthold    | 2%<br>Kenmare     | 2%<br>Minot         | 2%<br>Surrey    | Other Ward<br>County<br>Locations |
|--|-------------------------|-------------------|-------------------|---------------------|-----------------|-----------------------------------|
| New Farm Machinery                                     | 3%                      | 3% <sup>1,5</sup> | 3% <sup>1,5</sup> | 3% <sup>1,5</sup>   | 5% <sup>5</sup> | 3% <sup>5</sup>                   |
| New Irrigation Equipment                               | 3%                      | 3% <sup>2,5</sup> | 3% <sup>2,5</sup> | 3% <sup>2,5</sup>   | 5% <sup>5</sup> | 3% <sup>5</sup>                   |
| New Mobile Homes                                       | 3%                      | 4.50%             | 3.5% <sup>3</sup> | 3.5% <sup>3</sup>   | 5.50%           | 3.50%                             |
| Alcohol Beverages                                      | 7%                      | 8.0% <sup>5</sup> | 9.0% <sup>5</sup> | 9.0% <sup>5</sup>   | 9% <sup>5</sup> | 7% <sup>5</sup>                   |
| Coin-Operated Vending<br>of less than \$1.00           | 5%                      | 6.0% <sup>4</sup> | 7.0% <sup>4</sup> | 7.0% <sup>4</sup>   | 7% <sup>4</sup> | 5.0% <sup>4</sup>                 |
| Renting, hotel, motel,<br>tourist court accommodations | 5%                      | 6.50%             | 7.50%             | 10.50% <sup>6</sup> | 7.50%           | 5.50%                             |
| All other  | 5%                      | 6.50%             | 7.50%             | 7.50%               | 7.50%           | 5.50%                             |

<sup>1</sup> City exempts new farm machinery.

<sup>2</sup> City exempts new farm irrigation equipment.

<sup>3</sup> City exempts new mobile homes.

<sup>4</sup> County exempts coin-operated vending sales of less than \$1.00.

<sup>5</sup> County does not have gross receipts tax.

<sup>6</sup> Minot imposes a local 3% lodging tax which is administered locally.

## Contractors

Contractors and subcontractors who use tangible personal property in the performance of construction contracts within Ward County are subject to the Ward County sales or use tax. County tax may be paid directly to the seller of the material or may be accrued by the contractor for payment to the Office of State Tax Commissioner. As is the case under state law, a contractor or subcontractor is subject to use tax regardless of who owns the goods unless state, county and city sales tax or use tax already has been paid on the goods.

Construction material purchased within Ward County for use inside the county is subject to county tax. Construction material purchased from a Ward County retailer but delivered by the retailer outside Ward County for use outside the county is not subject to the county tax. Contractors that take delivery of materials inside Ward County but provide a streamlined exemption certificate to avoid payment of the tax at the time of purchase, are subject to Ward County use tax when the goods are installed regardless whether the goods are used inside or outside of Ward County. Construction material purchased outside Ward County but used inside Ward County is subject to county use tax if the materials already have not been subjected to a combined tax at the applicable state, county and city rate.

It is important to note that the \$12.50 county maximum tax amount is calculated on each material purchase a contractor makes to fulfill a construction contract, not on purchase orders or the entire construction contract itself. Accordingly, most construction activity that is subject to county sales or use tax will include more than \$12.50 in total county tax costs.

For purposes of the \$12.50 county maximum tax amount, a purchase or sale is determined by the seller's normal billing method. Each invoice issued by the seller is considered a sale and is subject to the \$12.50 county maximum tax. If a supplier makes multiple deliveries to a job site but bills all the deliveries in one invoice, only one sale has taken place. If the seller invoices each delivery separately, each delivery is a sale and is subject to the \$12.50 sales tax maximum tax amount.

Ward County sales and use tax does not apply to construction material used to fulfill contracts bid prior to April 1, 2013. Contractors should use a Contractor's Certificate exemption certificate to exempt the entire invoice from sales tax when a purchase is exempt from county tax.

For additional information relating to the application of local taxes, please refer to the *Local Option Taxes by Location* guideline.

Questions concerning the Ward County sales and use taxes may be directed to the Office of State Tax Commissioner. You may contact the Office of State Tax Commissioner by phone at 701.328.1246, by e-mail at [salestax@nd.gov](mailto:salestax@nd.gov), or by mail at Office of State Tax Commissioner, Sales and Special Taxes, 600 E. Boulevard Ave., Dept. 127, Bismarck ND 58505-0599.