



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER

GUIDELINE - SALES TAX: SERVICE STATIONS AND GARAGES

RETAIL SALES - SALES FOR RESALE

A **retail** sale is the sale of tangible personal property to a person who is the final user of the goods. Businesses which normally buy for resale also buy for their own use and, when making these purchases, are subject to sales tax.

The following lists show items which are normally purchased for resale and items which are normally purchased for final use. Businesses purchasing for resale are required to furnish a *North Dakota Certificate of Resale*, a Multistate Tax Commission Uniform Sales and Use Tax Certificate, or a certificate of exemption authorized by the Streamlined Sales Tax Agreement to the supplier.

Nontaxable purchases made by service stations, garages and auto dealers for resale:

Antifreeze	Hand Gun Grease Cartridge	Tailpipes
Auto Wax and Cleaner	Hand Tools	Tar Remover
Automobile Bulbs	Headlamp Units	Tire Boots
Batteries	Motor Tonics	Tires and Tubes
Battery Cable	Mufflers and Clamps	Tube Repair Kits
Bug Screens	Oil	Tubeless Tire Repair Material
Bug Sponges	Oil Additives	Valve Stems and Cores
Chains	Radiator and Heater Hose	Wheel Bearing Grease
Chamois	Radiator Flush and Stop Leak	Windshield Scrapers
Fan Belts	Repair Parts	Windshield Washer and Antifreeze
Gas Additives	Seat Covers and Cushions	Wiper Blades and Arms

Taxable purchases made by service stations, garages and auto dealers for use:

Air Equipment and Hoses	Floor Oil and Grease Absorbents	Tire Boots
Bathroom Soap	Friction and Electric Tape	Tire Changing Equipment
Battery Charging Equipment	Gas Pumps, Hoses, Nozzles	Tire Gauges
Battery Testing Equipment	Greasing Equipment	Tire Repair Equipment
Brooms and Mops	Hand Cleaner	Toilet Tissue
Bug Sponges	Hand Tools	Tubeless Tire Repair Material
Car Wash Equipment	Hoist	Vacuum Cleaners
Car Wash Soap	Light Bulbs	Wheel Balancing Equipment
Chamois	Office Equipment and Supplies	Wheel Bearing Grease
Cleaning Rags	Paper Towels	Window Cleaner
Engine Analyzers	Radiator Testing Equipment	
Floor Jacks	Timing Lights	

Nontaxable purchases made by automobile body shops or garages with body shops for resale:

Accessories	Engine Parts	Shock Absorbers
Body Filler or Putty	Fenders	Solder
Body Lead	Floor Mats	Thinner
Brackets	Grilles	Tires
Bulbs	Head Lamps	Trim
Bumpers	Hoods	Trunk Lids
Chassis Parts	Hub Caps	Wheels
Cigarette Lighters	Paint	Window Glass
Door Handles	Radiators	Windshields
Doors	Sealer and Primer	

Taxable purchases made by automobile body shops or garages with body shops for use:

Cleaners	Masking Tape	Sanders
Drill Bits	Office Supplies	Sanding Discs
Equipment Parts	Paint Sprayers	Shop Files
Hand Tools	Rubbing Compound	Wiping Cloths
Masking Paper	Sand Paper	

It is not always clear if a sale is for resale or for final use. Suppliers selling to retailers who have provided a valid *Certificate of Resale* are not expected to identify every sale for final use, but obvious final use sales are subject to sales tax.

A *North Dakota Certificate of Resale*, a Multistate Tax Commission Uniform Sales and Use Tax Certificate, or a certificate of exemption authorized by the Streamlined Sales Tax Agreement accepted by the supplier relieves the supplier of the responsibility of collecting sales tax from the buyer from whom the *Certificate* was accepted. If a buyer claims a purchase is for resale and it is later determined that the purchase should have been taxable, any tax and penalty due thereon will be collected from the buyer.

REPAIR WORK

All repair parts, tires, batteries and accessories sold or used in repair work are subject to sales tax, except items sold for resale or used to repair an automobile being held for resale.

All persons performing repair work on motor vehicles should bill customers in such a manner as to show separate charges for materials or parts sold and labor or services performed. Sales tax should be added to the selling price of all parts and materials listed.

AUTOMOBILE WASHING, WAXING AND LUBRICATION

Wash, wax, polish and grease job are services which are not taxable under sales tax law. Sales of soap, wax, polish and grease to garage or service station operators are taxable sales unless such items also are for resale. In this case, the items should be purchased without payment of sales tax on the theory of resale. When the items are removed from retail inventory for use in performing a service, the items become taxable to the garage or service station operator.

TIRE SALES - TIRE REPAIR

Sales of tires including retread tires are subject to sales tax. Sales tax is computed on the price after adding the excise tax and after deducting a trade-in or a discount.

Vulcanizing, recapping and retreading services are subject to sales tax. Materials that become a part of a retread tire may be purchased for resale by the retreader. Equipment and supplies that do not become part of the retread tire are subject to sales or use tax when purchased by the tire retreader.

CANDY, CHEWING GUM AND SOFT DRINKS

Sales of all candy, chewing gum and soft drinks are subject to sales tax, whether consumed on or off the premises. This includes items sold through coin-operated vending machines. Taxable soft drinks include various fruit drinks, if the amount of pure fruit juice in the fruit drink contains 50% or less juice content.

CIGARETTES, CIGARS AND OTHER TOBACCO PRODUCTS

Sales of cigarettes, cigars and other tobacco products are subject to sales tax on the full selling price.

MOTOR VEHICLES

The gross receipts from sales of motor vehicles, including trailers and semitrailers required to be titled under North Dakota Century Code ch. 39-05, are exempt from sales tax. Instead, motor vehicle excise tax is imposed on the purchase price of any motor vehicle purchased or acquired in or outside of the state of North Dakota for use on the highways and streets of this state if the vehicle must be registered under the laws of this state.

The collection of the motor vehicle excise tax is carried out by the Motor Vehicle Registrar who acts as an agent of the State Tax Commissioner. While the purchaser of an automobile is responsible for payment of motor vehicle excise tax to the Motor Vehicle Registrar, many automobile dealers do collect the tax from their customers and remit it to the Motor Vehicle Registrar as a service to their customers.

Leasing or renting of tangible personal property is subject to sales tax unless the tangible personal property was purchased for final use and consumption and sales or use tax was paid at the time of purchase. North Dakota sales tax applies on the rental charges of **any** licensed motor vehicle, including every trailer or semi trailer as defined in N.D.C.C. § 57-55-10(2), for periods less than 30 days in this state. In addition to the general sales tax rate, a 3% rental surcharge also applies on the rental charges of any motor vehicle having a gross vehicle weight of **ten thousand pounds** (4535.92 kilograms) **or less**, and is required to be registered for use on the streets and highways of this state.

For more information on the rental of motor vehicles please refer to our *Lease or Rental of Motor Vehicles* guideline.

Questions regarding leasing, lease-purchases or trade-in allowances on leased motor vehicles should be referred to the North Dakota Motor Vehicle Department at 701.328.2725. Correspondence should be directed to the North Dakota Motor Vehicle Department, 608 E. Boulevard Ave., Bismarck, ND 58505.

RECORDS

All persons performing repair work should keep records to clearly reflect separate charges for labor, parts and material. Such records must be preserved for a period of three years and three months; this includes all invoices and other records of items purchased for resale. All such books, invoices and other records shall be open to examination at any time by the State Tax Commissioner or any of the Commissioner's duly authorized agents.

ITEMS SUBJECT TO USE TAX

Supplies listed under the taxable group in the first part of this guideline are normally used and consumed by service stations, garages and auto dealers; therefore the suppliers of such items should collect tax on the sale of these items. In any instance where the suppliers of these items did not collect tax when invoicing the service stations, garages or auto dealers, the owner of such businesses (buyer) is required to list the total of the purchases on the *Items Subject to Use Tax* line of the sales and use tax return during the period in which the purchases were made.

Supplies and equipment removed from inventory for personal use or for use in the business are subject to use tax. The cost of these items also should be included on the *Items Subject to Use Tax* line of the sales and use tax return.