



NORTH DAKOTA OFFICE OF STATE TAX COMMISSIONER SALES TAX NEWSLETTER

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TAX COMMISSIONER

MAY 2017

Local Tax Changes

July 1, 2017:

Carpio

The city of Carpio will impose a city sales, use, and gross receipts tax of 1.5 percent effective July 1, 2017. The tax will be reported under local tax code 240, Maximum Tax (Refund Cap) will be \$25/sale, and no permit holder compensation is provided.

Dickinson

The city of Dickinson currently has a 1.5 percent city sales, use and gross receipts tax with a Maximum Tax of \$25 per sale. The tax rate for Dickinson starting July 1, 2017 will remain at 1.5 percent, but the Maximum Tax (Refund Cap) will be \$100 per sale. No other changes were made to the ordinance.

Linton

At the present time, the city of Linton has a 2 percent city sales, use, and gross receipts tax in place. One percent is scheduled to sunset. Effective July 1, 2017, the city of Linton has adopted an ordinance to continue the local tax at 2 percent. No additional changes were made.

Tioga

The city of Tioga currently has a 2.5 percent city sales, use and gross receipts tax with a Maximum Tax of \$25 per sale. The tax rate for Tioga starting July 1, 2017 will remain at 2.5 percent, but the Maximum Tax (Refund Cap) will be eliminated. No other changes were made to the ordinance.

Standing Rock Sioux Tribe

Beginning March 7, 2017, the Office of State Tax Commissioner discontinued its administration of the Standing Rock Sioux Tribe sales, use, and gross receipts taxes. Future questions regarding the application of the tribal tax should be directed to the Standing Rock Tribal Tax Department at 701.854.7340 or srsttaxdept@standingrock.org.

A history of rate changes and a listing of current tax rates for all local sales, use, and gross receipts taxes imposed within North Dakota are available at www.nd.gov/tax/salesanduse/streamlinetax/ratechange.

Please note:

Beginning in 2018, all local sales tax rate change notifications will be made electronically and will no longer be provided by mail. Information regarding local tax changes is available through email updates. You may sign up for email notifications online at www.nd.gov/tax. In the lower-left of the homepage, click on "Subscribe" under Email Updates, and follow the instructions. There are nine lists to which you may subscribe. To receive the sales tax rate change notifications, make sure you are subscribed to the "ND Sales and Special Taxes" list. You may also view the local sales tax rate change notifications at www.nd.gov/tax/salesanduse/streamlinetax/ratechange.

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A publication of the
Tax Administration
Division



Office of
State Tax Commissioner
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www.nd.gov/tax

Lawn Care, Gardens

Commercial Fertilizer: The gross receipts from the sale of commercial fertilizers are exempt from North Dakota sales tax when sold to a farmer, rancher or commercial vegetable garden grower. Sales of commercial fertilizer for lawns, landscaping or a householder's garden are subject to sales tax.

Seeds for Planting: The gross receipts from sales of seeds, roots, bulbs and small plants to users or consumers for planting or transplanting commercial vegetable gardens or for agricultural purposes are not subject to sales tax. Sales of flower seeds, vegetable garden seeds as well as roots, bulbs and small plants to households for personal gardens are subject to North Dakota sales tax.

Mowing, Thatching, and Aerating: Individuals or businesses mowing, thatching, and/or aerating lawns are performing a service. Service is generally not taxable in North Dakota. The purchase of products and equipment used to perform these services are subject to tax.

Rental of Plants: Nurseries, greenhouses or florists may place plants, planters or terrariums in offices and stores on a temporary basis usually for a monthly fee. The charge is a rental charge, not a service charge, so sales tax is applicable on the rental charge.

Agricultural Products

CRP Land: Land placed into CRP (Conservation Reserve Program) is no longer used for agricultural production. Therefore, grass seed, chemicals, and other farm related products are subject to sales tax when the product will be used on CRP land.

Fungicides, Herbicides and Insecticides: The gross receipts from sales of fungicides, seed treatments, inoculants, fumigants, herbicides, insecticides and chemicals used to protect or preserve agricultural crops are exempt from North Dakota sales and use tax when sold to commercial applicators or agricultural or commercial vegetable producers. Adjuvants necessary for the application of exempt chemicals also are exempt from tax.

Farm Machinery Repair Parts: Gross receipts from the sales of new or used farm machinery repair parts intended for farm machinery or irrigation equipment used exclusively for agricultural purposes are exempt from North Dakota sales tax.

Agricultural By-products for Manufacture or Generation of Steam or Electricity: Sales of agricultural by-products for use in the manufacture or generation of steam or electricity are not subject to North Dakota sales tax.

Livestock and Poultry Feed: The gross receipts from the sale of feed for livestock or poultry and the sale of feed for draft or fur bearing animals are not subject to North Dakota sales tax. The word feed shall include generally recognized animal feeds as well as drugs which are used as part of a feed ration for animal health purposes. Dog food, cat food, bird seed, fish food and other foods normally sold as pet foods are not livestock feed and are subject to North Dakota sales tax.

Watercraft, RV's and Off-Highway Vehicles

Watercraft: Watercraft is subject to state and applicable local taxes. If the watercraft was purchased from an out-of-state dealer and no sales tax was applied, the purchaser must pay use tax. The use tax is paid directly to the Office of State Tax Commissioner, based on the net purchase price of the watercraft, motor(s), trailer and any accessories purchased in conjunction with this transaction. If sales tax was charged at a rate less than the 5 percent state and applicable local taxes, tax is due on the difference. The use tax rate is based on where the watercraft is stored.

Individuals who purchase watercraft for the purpose of resale are retailers and required to register with the Tax Commissioner's Office and collect state and local sales taxes.

Watercraft purchased from an individual who owned a watercraft solely for personal use and who is not in the business of buying and selling watercraft is considered a casual sale and is not subject to state and local tax. Casual sales do not need to be reported to the Tax Department.

Recreational Vehicles: Receipts from the sale of any motor vehicle to be used on the streets and highways of North Dakota are not subject to North Dakota sales tax, but are subject to Motor Vehicle Excise tax of 5 percent.

Recreational travel trailers purchased for use in North Dakota are required to be registered with the Department of Transportation, and the purchase price is subject to 5 percent motor vehicle excise tax. Sales of recreational travel trailers sold to out-of-state residents are exempt from motor vehicle excise tax and sales tax if the travel trailer will be subject to a similar tax when removed from North Dakota and registered in the non-resident's home state. If the travel trailer is not subject to a similar tax in the other state, North Dakota sales tax applies at the time of sale in North Dakota.

Off-Highway Vehicles:

Class I, II, and III off-highway vehicles and snowmobiles required to be registered with the North Dakota Department of Transportation are subject to North Dakota's 5 percent motor vehicle excise tax. Off-highway vehicles and snowmobiles not registered are subject to 5 percent state and applicable local sales taxes. Recreational trailers used to transport off-highway vehicles are exempt from excise tax, but are subject to sales tax.

Fireworks

All individuals or organizations selling fireworks from a retail location are retailers and must obtain a sales tax permit before they may sell seasonal items. To obtain a sales tax permit, submit an application through Taxpayer Access Point (TAP) at www.nd.gov/tax/TAP at least 30 days before you begin your sales.

Retailers may choose to file sales tax returns electronically using TAP. Further TAP information may be found at www.nd.gov/tax/TAP.

Retailers licensed to sell fireworks may sell fireworks during the period of December 26 through January 1 in addition to the traditional season of June 27 through July 5.

Nexus

A business presence (nexus) by a retailer within a local taxing jurisdiction includes, but is not limited to:

- Service people performing installation, construction, or repairs within a city or county
- Deliveries into a city or county with the seller's own vehicles
- Licensing rights for use within a city or county
- Representation, agent, or sales person operating in a city or county for the purposes of selling, delivering, or taking orders for any tangible personal property
- Maintaining a business location of any kind in a city or county
- Property ownership or use including lease or rental within a city or county

Use Tax Due

Taxable purchases made for individual use from a retailer outside of North Dakota over the Internet, by mail order, through radio or television advertising, or directly from an out-of-state company are subject to North Dakota use tax and applicable local use tax if sales tax was not paid at the time of purchase. The use tax is due on the fair market value of the goods (normally the purchase price including any shipping and handling charges) when they enter the taxing jurisdiction. The consumer is responsible to report the purchase and pay the local tax liability if the seller of the goods did not collect sales or use tax at the time of sale.

At this time, the cities of Bisbee, Cando and Scranton impose a local sales tax only; they do not impose a local use tax. Local tax in these cities applies only if the seller and buyer are located within the city limits of these cities.

Further details may be found on these topics on the website: www.nd.gov/tax/salesanduse/pubs.

Border Workshops

The Office of State Tax Commissioner has scheduled border sales tax seminars with the Department of Revenue in both Minnesota and South Dakota. The seminars will focus on the similarities and differences in each state's sales and use tax laws. Registration is required as space is limited and the sessions usually fill to capacity.

Minnesota/North Dakota Border Workshop, May 18, 2017

- Cost is free. Register online.
- Sales tax workshop 8:00 a.m. – Noon
- Venue: Concordia College, Barry Auditorium in the Grant Center – 1310 8th Street South, Moorhead, MN
- [Click here](#) for more information and to register

South Dakota/North Dakota Border Workshop, July 13, 2016

- Cost is free. Register online. If attending both sessions, you must register for each session separately.
- Sales tax workshop 9:00 a.m. – Noon
- Construction Contractors session – 1:00 p.m. – 4:00 p.m.
- Venue: SD Department of Revenue Office, 14 South Main Street, Suite 1-C, Aberdeen, SD
- [Click here](#) for more information and to register.

Sales Tax Return Due Dates

All sales tax returns are due the last day of the month following the reporting period. If the due date falls on a weekend or a holiday, the due date is extended to the next business day. Filers submitting returns electronically through TAP must submit returns before midnight on the due date. A paper return must be postmarked on or before the due date to be filed on time. Refer to our Sales and Use Tax calendar at www.nd.gov/tax/user/businesses/overview/calendars.

Tax Rate Locator

The Tax Rate Locator identifies the state and local sales and use tax rate at specific jurisdictions within North Dakota by using the nine-digit zip code at that location. Using only the five-digit zip may result in an incorrect rate. The last four digits identifies the location within that particular zip, identifying the location as inside the city limits or as a rural address. The Tax Rate Locator is updated quarterly using GIS information, United State Postal Service data, annexations submitted from the cities, and individual updates from users. You will find our Tax Rate Locator at www.nd.gov/tax/TAP.

Coming soon in future issues:

Rentals and leases

Alcohol

Tobacco

Photography

What sales tax topics would you like covered? Please advise by email.

salestax@nd.gov

Contact us:

Sales Tax Compliance

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