



# Guideline

## Sales Tax Sales To Montana or Canadian Residents

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### Sales to Montana Residents

North Dakota sales tax law provides an exemption for certain sales made to residents of Montana. The exemption is available if:

- (1) The Montana resident is in North Dakota to make a purchase and not as a tourist or temporary resident.
- (2) The taxable sale is \$50.00 or more.
- (3) The property will be removed from the State of North Dakota for use exclusively outside this state.
- (4) The Montana resident provides a Certificate of Purchase Exemption certificate (Form 21854) to the seller.

Goods purchased by Montana residents must be taken from North Dakota and used exclusively outside of this state in order for the exemption to apply. Accordingly, lodging accommodations, meals and entertainment charges are always subject to sales tax since these purchases are used in North Dakota.

Sales and installation of goods into personal property owned by residents of Montana are not taxable provided the goods are removed from North Dakota for use exclusively outside this state. Use which is incidental to removing the goods from North Dakota does not subject the goods to North Dakota sales tax.

Any time a retailer fails to collect sales tax on sales of material which would normally be subject to sales tax, the retailer is responsible for tax unless the retailer can document that the sale was exempt. The necessary documentation, in the case of a sale to a Montana resident, is to have a signed *Certificate of Purchase* placed in the seller's records when the sale is made. The *Certificate of Purchase* must be complete and legible so that sales tax auditors can determine the name and address of the customer who signed the certificate. Some customers may be contacted by personnel from this office to verify the legitimacy of the exempt sale.

### Sales to Canadian Residents

Sales to residents of Canada are not exempt from North Dakota sales tax. In some cases, the Canadian buyer may obtain a refund of North Dakota sales tax paid.

The refund is available under the following conditions:

- (1) The Canadian resident must be in North Dakota to make a purchase and not as a tourist or temporary resident.
- (2) The goods must be removed from North Dakota within 30 days of purchase for use exclusively outside this state.
- (3) Individual qualifying purchases (involving one or more items) must equal or exceed \$25.00.
- (4) The refund must be \$15.00 or more. (Qualifying purchases may be accumulated for periods not in excess of one calendar year in order to reach the \$15.00 limit.)
- (5) The Canadian resident must apply in writing to the Tax Commissioner on a form prescribed by the Tax Commissioner.

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Goods purchased by Canadian residents must be removed from North Dakota and used exclusively outside this state in order for the refund to be allowed. Accordingly, tax paid on lodging accommodations, meals and entertainment is not subject to refund since these purchases are used in North Dakota.

*Request for Refund* forms are available upon request from the Office of State Tax Commissioner and are available on our website.