

ELECTRONIC COMMERCE

The newest business frontier

While the term "electronic commerce" might sound strange, it is already a familiar part of our lives. We withdraw cash from automatic machines and check out account balances by phone. While we take these every day examples for granted, you might not be familiar with how other businesses and organizations have incorporated electronic commerce into their overall business strategies to assure their survival in the new global marketplace. For businesses in North Dakota this offers a unique opportunity to broaden their customer base from local to global.

If you decide to join the e-commerce revolution you should start by setting a budget and decide how much time, effort and money you want to invest. You should list the goals and objectives for your website and identify your target market.

Elements a business must possess to conduct e-commerce:

- A place to sell the product or service.
- A way for people to get to your website.
- A way to accept orders online.
- A way to accept money online (normally a merchant's account, to handle credit card payments).

- A fulfillment facility to ship products or deliver services.
- A way to accept returns.
- A way to handle warranty claims.
- A way to provide customer service (often through email, online forms or online knowledge bases).

Things that are challenges, yet important for success:

- Develop a website that will give you commercial capabilities. Purchase software to build and maintain a site or hire a design company to do this for you.
- Differentiate yourself from the competition and get return traffic to your website.
- Integrate your website with your existing business.

Things that are easy about e-commerce include:

- Website creation
- Taking orders
- Accepting payment

So how do you get started?

First decide if you will build, post and maintain your own website or will you hire someone to do it for you?

And then:

- Choose an Internet Service Provider (ISP). For local listing in North Dakota go to <http://thelist.com/areacode/701>. Look for an ISP that offers reliability, line speeds and services you need.
- Choose a domain name, which becomes your Internet address (i.e. www.sba.gov). Going to domain registration sites such as www.registernames.com can do this. Select a short and catchy name that fits your business and is easy to remember.
- Secure a Web interface to secure transactions. This can be done through your ISP. Your customer will see <https://> which indicates a safe site.

North Dakota Sales and Use Tax Requirements for Internet sales & purchases: The following information is from the North Dakota Sales Tax Newsletter, December 1999, volume 26 #4.

Internet sellers located in North Dakota continue to have a responsibility to charge sales tax on those sales delivered to a North Dakota address. When a North Dakota retailer including an internet seller, delivers tangible personal property to a purchaser in another state and the goods are not returned to the state, this sale is not subject to North Dakota sales tax.

If purchases are made from a retailer outside North Dakota and the purchase has not been subject to sales tax, the purchaser is responsible for the payment of use tax. It applies to the same goods which are subject to North Dakota's sales tax. The use tax applies whether you purchase goods in person at an out-of-state location or by mail, phone or internet.

For complete information on compliance and reporting contact

<http://www.state.nd.us/taxdpt>