ATTENTION: INDEPENDENT CONTRACTORS

1. Internal Revenue Service (IRS) W-9 Form (Request for Taxpayer Identification Number and Certification). Independent Contractors must file a current IRS W-9 Form with the Ramah Navajo Chapter’s Business Office to process payment on invoices and for federal tax reporting purposes.

Attachment: IRS W-9 Form

2. Office of the Navajo Tax Commission (ONTC) Form 100 (Designation of Individual). Independent Contractors must file a current ONTC Form 100 with the Office of the Navajo Tax Commission for reporting any services performed within the territorial jurisdiction of the Ramah Navajo Chapter and the Navajo Nation, which may be subject to the six percent (6%) Navajo Sales Tax (24 N.N.C. § 601 et seq.).

(a) Identification of taxables. Independent Contractors shall separately indicate the Navajo Sales Tax on each invoice or payment application submitted to the Ramah Navajo Chapter. Independent Contractor must identify any and all of its work performed or services provided within the jurisdiction of the Ramah Navajo Chapter and the Navajo Nation. The Navajo Sales Tax may be included as separate line item and passed through to the Ramah Navajo Chapter pursuant to Section 6.123 of the Navajo Sales Tax Regulation or it may be paid as a percentage of the work identified as have been performed within the Ramah Navajo Chapter and Navajo Nation jurisdiction.

(b) Withholding. The Ramah Navajo Chapter shall withhold from each payment six percent (6%) of each invoice amount for work performed and services provided on or within the jurisdiction of the Ramah Navajo Chapter and the Navajo Nation under any contract or agreement; and, shall submit such six percent (6%) amount to the Office of the Navajo Tax Commission (ONTC) on behalf of Independent Contractor. Independent Contractor shall indicate on its quarterly tax return filed with the ONTC that the Navajo Sales Tax has been withheld and paid. It is Independent Contractor’s responsibility to make certain that all withholding applies only to that work performed and services provided under any contract or agreement, or portion of the contract or agreement that is subject to the Navajo Sales Tax.

(c) Filing and other payments. The Ramah Navajo Chapter’s withholding of tax in no way removes Independent Contractor’s responsibility for timely filing of tax returns and payment of interest, penalties, or any other amounts relating to Independent Contractor’s tax obligations under the Navajo Nation’s laws or those of any other jurisdiction.

Attachment: Form 100 Designation of Individual; and, Navajo Nation Sales Tax Regulations

For more information or if you have questions on the Navajo Sales Taxes, contact the Office of the Navajo Tax Commission at (928) 871-6681 or visit their website at: www.tax.navajo-nsn.gov
Request for Taxpayer Identification Number and Certification

▷ Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above.

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership). 

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) 

Exemption from FATCA reporting code (if any) 

[Applies to accounts maintained outside the U.S.]

5 Address (number, street, and apt. or suite no.) See instructions.

6 City, state, and ZIP code

7 List account number(s) here (optional)

Requester’s name and address (optional)

RAMAH NAVAJO CHAPTER
HC 61 BOX 13
RAMAH, NEW MEXICO 87321

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see What Name and Number To Give the Requester for guidelines on whose number to enter.

Social security number

or

Employer Identification number

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and

2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and

3. I am a U.S. citizen or other U.S. person (defined below); and

4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification Instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tution)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.
### Designation of Individual

**Calendar Year 2019**

**EIN/TIN/SSN:**

**Please print legibly.**

*Please refer to instructions to complete this form.*

<table>
<thead>
<tr>
<th>Business Name</th>
<th>Nature of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 1. Designee(s) Information

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Mailing Address</th>
<th>City, State, Zip</th>
<th>Telephone Number</th>
<th>Fax Number</th>
<th>E-mail Address</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

#### 2. Navajo Nation Address (if different from Section 1)

<table>
<thead>
<tr>
<th>Address</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3. This form applies to (check one only)

- [ ] ALT
- [ ] BAT
- [ ] FET
- [ ] HOT
- [ ] JFT
- [ ] LIQ
- [ ] SALES
- [ ] SEV
- [ ] TOB

#### 4. Type of Business (check one only)

- [ ] Corporation
- [ ] Joint Venture
- [ ] Partnership
- [ ] Sole Proprietorship
- [ ] Other (Specify)

#### 5. Month End of Accounting Year:

**Physical Address of where records are located (Street, City, and State):**

**No post office box numbers**

#### 6. Accounting Records kept on:

- [ ] Cash
- [ ] Accrual

---

I declare that the information contained in this document and any attachments thereto is true and correct to the best of my knowledge and belief pursuant to all Navajo Nation laws and regulations.

---

**Taxpayer or Duly Authorized Agent Signature**

**Telephone Number**

**Print or Type Name**

**Date**
Instructions for Form 100
Designation of Individual

WHO MUST FILE

Any person owning an interest in a lease granted by the Navajo Nation, or engaging in any business activity whatsoever within the Navajo Nation, must register with the Office of the Navajo Tax Commission by filing this form.

TIME FOR FILING

The form must be filed on or before the time for filing taxpayer's first declaration return under any Navajo tax law. On an annual basis, each taxpayer must designate and provide the mailing address of a natural person for the purposes of notice, by filing a Form 100. The forms must be submitted each year to the Office of the Navajo Tax Commission by January 15, even if no changes have occurred since the prior filing. In addition, an updated form must be filed within 30 days of a change in circumstances for example, designee change, address change, change in ownership, etc.

INSTRUCTIONS BY ITEM

"EIN/TIN/SSN" Enter the taxpayer's identification number or social security number.
"Business Name" Enter the name of the business.
"Nature of Business" Enter the nature of the business.
"Designee(s) Information" See Below:

1. Enter the full name, title, mailing address, city, state, zip code, telephone number, fax number and E-mail address of the natural person(s) who will be the designee(s) of the taxpayer.
2. If different from Section 1, enter the mailing address and telephone number, if any, within the Navajo Nation.
3. Indicate the nature of business activity. A separate form is required for each tax and each location. The following abbreviations apply:
   ALT – Alcohol Tax
   BAT – Business Activity Tax
   FET – Fuel Excise Tax
   HOT – Hotel Occupancy Tax
   JFT – Junk Food Tax
   LIQ – Liquor Tax
   SALES – Sales Tax
   SEV – Oil & Gas Severance Tax
   TOB – Tobacco Products Tax
4. Indicate the type of business.
5. Enter the month only, which ends the accounting year of the taxpayer.
6. Indicate whether the accounting records of the taxpayer are maintained on a cash or accrual basis.
   Enter the physical location of the taxpayer's records. Do not indicate a post office box.
VERIFICATION AND SIGNATURE
The form must be verified, signed, and dated by the taxpayer or an officer, employee, or other duly authorized agent of the business. If form is not signed, it is considered invalid and will be mailed back to the business for signature.

PLACE FOR FILING
By Mail to: Registrar, Office of the Navajo Tax Commission, Post Office Box 1903, Window Rock, Arizona 86515-1903.

EFFECT OF FILING
A separate filing of this form for each tax will be effective with respect to the business' obligation to register and designate an individual under the tax laws of the Navajo Nation. A business must file more than one form if different individuals are designated for different taxes and if there are different business locations. The individual named on the form will be taxpayer's designee for the purpose of receiving notice and will remain the designee until the taxpayer files a new form. Any new notice or other communication by the ONTC staff will be made to the designee and is deemed as made to the business and binding on it. This manner of notice, however, does not exclude effective notice either given directly to the business or by other methods, including publication.

REQUIRED INDIVIDUALS
The business' designee must be a natural person, i.e., an individual. If the business is an individual owner, that individual may be the designee. If a business is a sole proprietorship or partnership, then an employee, the proprietor, or an individual partner may be the designee. An individual executor may be named designee of an estate. An individual trustee may be designated for a trust. Any officer or employee may be the designee of a corporation. Any employee of a business may be its designee, or a business may designate any other representative, provided only that the representative is an individual.

ADDITIONAL INDIVIDUALS
Businesses who need to have more than one person receive tax publications may name other individuals, not for notice, but for complete and timely information. The Office of the Navajo Tax Commission will maintain a reasonably current list of individuals to receive the same general publications as are sent to designees. This provision is limited to two (2) additional names per business, not per Form 100.

FAILURE TO FILE
Persons failing to register by filing this form are subject to the penalties provided by regulation. It should be noted that failure to file this form may result in a delay of your receipt of certain forms which have filing deadlines. If a taxpayer fails to timely file a Form 100, a penalty shall be assessed for $50. See Subsection 112(a) of the Uniform Tax Administration Statute-Penalties for Failures to File.
6.101. TITLE
This chapter is called the Sales Tax Regulations.

6.102. AUTHORITY
The Navajo Tax Commission promulgates this chapter pursuant to 24 N.N.C. §103 and 2 N.N.C. §3353.

6.103. SCOPE AND APPLICATION
The regulations contained in this chapter apply to the Navajo Sales Tax.

6.104. DEFINITIONS
Subject to additional definitions, if any, contained in the subsequent paragraphs of this chapter, and unless the context otherwise requires, in this chapter:
A. "Itinerant sale" means any transaction engaged in by a person who:
  1. engages in door-to-door sales of personal property, or
  2. hires, leases, uses, or occupies a temporary structure as defined in subsection (E) below.

B. "Licensed health care practitioner" means physicians, physician assistants, chiropractic physicians, dentists, dental hygienists, osteopathic physicians, doctors of oriental medicine, podiatrists, psychologists, registered and licensed practical nurses, registered midwives, physical therapists, optometrists, occupational therapists, respiratory care practitioners, speech-language pathologists, and clinical laboratories.

C. "Mobile home" means a dwelling structure built on a chassis and fitted with wheels that is intended to be hauled to a usually permanent site.

D. "Motor home" means an automotive vehicle outfitted as a traveling home with self-contained electrical and plumbing facilities.

E. "Temporary structure" means any motor vehicle, tent, trailer, motor home, trailer, shed, or any other similar structure, that is removed from its location at the end of each business day, as distinguished from a permanent structure, which remains in the same place 24 hours a day. The determination of whether a structure is temporary does not depend on the usual use of that type of structure, but rather the use of the particular structure in question.

Example 1: X sells breakfast burritos each day by going around to tribal government offices. This is an itinerant sale, and the Sales Tax does not apply.
Example 2: Y has a mutton stew stand at the flea market; the stand stays in place overnight and contains tables, a fan, and a generator. Her sales are not itinerant sales, and the Sales Tax does apply to Y's gross receipts.
Example 3: Z has a trailer parked at the flea market from which he sells carpet. The trailer stays in the same place 24 hours a day; it is not removed at night. These sales are not itinerant sales, because even though trailers are usually temporary, this one is not removed at the end of the day. The Sales Tax does apply to Z's gross receipts.

6.105. RATE OF TAX
A. Effective January 1, 2013, the rate shall be five percent (5%) of gross receipts. The 5% rate shall apply to all gross receipts received for goods sold or services performed after January 1, 2013. If work is performed prior to that date, but payment is received after that date, the 4% rate shall apply.
B. The 4% rate shall apply to construction contracts which were executed prior to the January 1, 2013.
6.106. SERVICES OCCURRING WITHIN AND WITHOUT THE NAVAJO NATION

A. If a taxpayer provides services, some of which occurs within the Navajo Nation and some of which occurs outside the Navajo Nation, the taxpayer shall be responsible for paying the Sales Tax only on the gross receipts received for that portion of the work when the taxpayer is physically located within the Navajo Nation.

Example: X is an architect based in Gallup, New Mexico. She is working on a project in Chino, Arizona in the Navajo Nation and is being paid on an hourly basis. The project required several site visits in Chino, with the remainder of the work performed outside the Nation. X is responsible for paying the tax on the gross receipts she receives for the work performed in Chino, but not for the work performed in Gallup.

B. If a taxpayer is not being paid on an hourly basis, the taxpayer must make a reasonable determination of what percentage of total hours worked was within the Navajo Nation, and then apply that percentage to the total gross receipts in determining the taxable gross receipts.

Example: A is an attorney who handled a personal injury case that required some work to be done in Albuquerque, New Mexico, which is outside the Navajo Nation, and some in Window Rock, Arizona, which is within the Nation. Approximately 50% of his work was done in Albuquerque, and 50% in Window Rock. He was not paid on an hourly basis, but rather did the case for a contingency fee, where he received a certain percentage of the amount received by his client. If he receives $1,000 as a fee, he owes Sales Tax on $500, since 50% of his work was performed within the Navajo Nation.

6.107. SALE OF PERSONAL PROPERTY

A. The Sales Tax applies to the sale of personal property when the transfer of ownership occurs or the risk of loss occur within the Navajo Nation. The tax does not apply to sales of goods when the sale takes place outside the Navajo Nation. This is true even when the product will be brought into or used in the Nation. The tax does apply to sales of goods when the sale occurs within the Navajo Nation but the goods will be taken or used outside the Nation.

Example 1: B purchases a computer in Gallup, New Mexico, which is outside the Navajo Nation. He pays for the computer at the Gallup office of the seller, arranges for the computer to be delivered to him. At that point, B is responsible for paying the tax. The computer is then delivered to his office in Window Rock, Arizona, which is within the Nation. The sale occurred outside the Navajo Nation, so the Sales Tax does not apply to the sale of the computer, although the fee for delivering the computer to B’s office within the Navajo Nation would be subject to the tax as gross receipts received for performing a service, that of delivering the computer.

Example 2: C negotiates the purchase of a computer in Gallup whereby the computer will be delivered to her office in Window Rock, Arizona, and she will make the payment for the computer at the time and place of delivery, with ownership transferring to her at that point. The Navajo Sales Tax does apply to this transaction, because the transfer of ownership and transfer of risk of loss take place within the Navajo Nation.

Example 3: D is a hardware store located within the Navajo Nation. E purchases lumber at J that will be used E’s home in Gallup, New Mexico, outside the Navajo Nation, and E picks up the lumber at the time of purchase; the transfer of ownership occurs at the store, within the Navajo Nation. The Sales Tax does apply to D’s gross receipts, as the transfer of ownership occurred within the Navajo Nation.

6.108. LEASE TO OWN

Gross receipts from rental agreements, where the rental payment is applied to the purchase price. Also known as a "rent-to-own" agreement, are subject to the Sales Tax. However, if the sale of the good is exempt from the tax pursuant to §605(C), the rent-to-own transaction is not taxable.

6.109. CONSIGNMENT SALES

A. In consignment sales, a consignor turns over a good to a consignee, who is then responsible to act as the agent for the consignor in the retail sale of the good. The transaction between the two parties is not a sale for resale, since title does not transfer. Rather, the consignor retains ownership, with the consignee merely obtaining physical possession and responsibility for making the retail sale on behalf of the consignor/owner. Ownership only transfers once, when the good is sold at retail. The consignor/owner pays the consignee a fee for being responsible for making the retail sale.

B. The Sales Tax applies to the gross receipts received by the person making the sale. Therefore, unless an exemption applies, the tax applies to the gross receipts received by the consignor/owner, as well as the fee received by the consignee.
Example 1: D makes jewelry. She has a consignment arrangement with Z's Trading Post, where Z sells the jewelry and turns the gross receipts over to D; Z receives a commission from D for each sale. D retains ownership of the jewelry until Z sells it; Z never owns the jewelry but rather simply has physical possession of it in order to sell it. The Sales Tax does apply to D's gross receipts from the sale of the jewelry. The Sales Tax does apply to Z's commission, since that is gross receipts he receives for performing a service, that of selling the jewelry on D's behalf.

Example 2: B grows hay within the Navajo Nation. He has a consignment arrangement with Z's Trading Post, where Z sells the hay and turns the gross receipts over to B; Z receives a commission from B for each sale. B retains ownership of the hay until Z sells it; Z never owns the hay but rather simply has physical possession of it in order to sell it. The Sales Tax does not apply to B's gross receipts, as they are sales of an agricultural product by the actual grower. (See 6.113.) The Sales Tax does apply to Z's commission, since that is gross receipts he receives for performing a service, that of selling the hay on B's commission, since that is gross receipts he receives for performing a service, that of selling the hay on B's behalf.

6.110. PROFESSIONAL SERVICES

The Sales Tax applies to all gross receipts received for professional services performed within the Navajo Nation. The only relevant issue is where the work is performed. The tax does not apply to work performed outside the Navajo Nation, even when it is done for clients within the Nation. The tax does apply to work performed within the Navajo Nation for clients based outside the Nation.

6.111. STIPENDS, PER DIEM PAYMENTS

The Sales Tax does not apply to stipends or per diem payments received by members of the Navajo Nation Council, boards of directors of for-profit or non-profit corporations, commissions, or other similar organizations.

6.112. LOCAL TAX

The exclusion from gross receipts for reimbursement for state taxes includes any portion of state taxes that are imposed by a county or municipality.

6.113. LIVESTOCK AND AGRICULTURAL SALES

A. The exemption provided for in Section 609(C)(2) applies to the actual sale of the livestock or agricultural products by the breeder or grower, when such products are raised or grown within the Navajo Nation.

B. The exemption does not apply to the sale of goods or services used in the production of such livestock or agricultural products.

Example 1: C operates a trading post in the Navajo Nation. He sells sheep that he buys from the breeder. The Sales Tax does apply to C's gross receipts from the sale of sheep, since he is not the breeder.

Example 2: C operates a trading post in the Navajo Nation. He sells hay that he bought from the grower. The Sales Tax does apply to C's gross receipts from the sale of hay, since he is not the grower.

Example 3: D raises sheep on his farm located in the Navajo Nation. He sells some sheep to his neighbor for use in a square dance. The Sales Tax does not apply to D's gross receipts from the sale of hay, since he is the grower.

Example 4: D grows hay on his farm located in the Navajo Nation. He sells the hay from a small store he owns that is located within the Nation. The Sales Tax does not apply to D's gross receipts from the sale of hay, since he is the grower.

6.114. SALES BY AND TO NON-PROFIT CORPORATIONS

A. Sales by non-profits: In order to claim the exemption provided for in Section 609(C)(3), a non-profit corporation must submit documentation to the Office of the Navajo Tax Commission of its non-profit status and obtain a certification of exemption from the Office. Based upon the documentation, the Office of the Navajo Tax Commission will determine if the non-profit status applies to the corporation's sales within the Navajo Nation or whether such sales constitute unrelated business subject to the tax.

B. Sales to non-profits: Because the legal incidence of the Navajo Sales Tax is on the seller, the identity of the buyer is irrelevant in determining whether or not the Sales Tax applies to a particular transaction. Therefore, unless the seller or good is independently exempt from the tax, sales to non-profits are subject to the tax.

6.115. MONEY ORDER AND WIRE TRANSFERS OF FUNDS

The Sales Tax does not apply to fees received for the sale of money orders or cashier's checks, or the provision of wire transfer of funds or ATM usage.

Example: The ABC convenience store located in Window Rock, Arizona, charges a $1.00 fee on the sale of each money order. The Sales Tax does not apply to this fee received by the store.

6.116. FINES LEVIED BY GOVERNMENTS; GOVERNMENT-ISSUED PERMITS AND LICENSES

The Sales Tax does not apply to the gross receipts received by a federal, state, or tribal government for fines or for the issuance of permits, licenses, or other similar authorizations to engage in a particular activity.

6.117. REIMBURSEMENT FOR EXPENSES

A. The Sales Tax does not apply to amounts received by a taxpayer as reimbursement for expenses incurred by the taxpayer during the provision of a service or sale of a good. So long as the invoiced amount is simply reimbursement for actual expenses, the Sales Tax does not apply to such reimbursements. “Actual expenses” only refers to expenses such as hotel, meals, copies, etc., and does not include items such as employee salaries or other expenses that might serve as the basis for the taxpayer’s charge to its customer(s); such items are to be included in the taxable gross receipts.

Example: X is a company that performs certain administrative services for Y. Y's invoices to X (and Y's payments to X) consist solely of the cost of X's employees in performing the service. X's gross receipts are not considered simply reimbursement for expenses, and rather are taxable gross receipts.

B. If the taxpayer charges a fee that is higher than the actual expense, for example, charging 50% per page for copies when the actual cost to the taxpayer is 10%, the entire amount is taxable under the Sales Tax.

C. When a taxpayer receives payment for mileage from the customer at or below the approved federal CONUS rate, as found in 41 Code of Federal Regulations §301,
this payment is not subject to the Sales Tax. However, if the taxpayer bills the customer for the time spent traveling, this payment is taxable.

**Example 1**: X is an archaeologist who performs archaeological clearances for homesite lease applicants. The work often requires an overnight stay at a hotel located within the Navajo Nation. X charges his customer for the hotel room and meals, as well as mileage, for which he charges the rate allowed in the federal regulations. The Sales Tax does not apply to these reimbursements.

**Example 2**: Y is an architect based in Window Rock, Arizona, who has clients located throughout the Navajo Nation. When a job requires a site visit involving travel within the Navajo Nation, he charges his clients his usual hourly rate for the travel time in addition to the time actually spent at the site. The Sales Tax does apply to the total gross receipts received, including those associated with the travel time.

**Example 3**: Z is an architect based in Albuquerque, New Mexico, who performs services for clients located in the Navajo Nation. When the work requires a site visit within the Navajo Nation, Z charges his clients his usual hourly rate for the travel time between his Albuquerque office and the Navajo Nation site. The Sales Tax applies to his total gross receipts, including those associated with the travel time; provided, however, that Z is entitled to exclude the gross receipts that can be attributed to the travel that occurred outside the Navajo Nation.

### 6.118. MAIL ORDER; THIRD-PARTY COMMERCIAL CARRIER

A. The Sales Tax applies to mail order transactions where the seller is located within the Navajo Nation and the transfer of ownership occurs within the Navajo Nation.

B. The Sales Tax does not apply to mail order transactions where the seller is located outside the Navajo Nation.

C. Mail order transactions include those utilizing the United States Postal Service and any third-party commercial carrier, such as United Parcel Service or Federal Express.

### 6.119. MEDICAL SERVICES

When licensed health care practitioners acting as independent contractors provide medical care, such care shall be considered as performed by a medical facility, and therefore the gross receipts for performing such care shall not be subject to the Sales Tax pursuant to Section 609(C)(9).

### 6.120. VETERINARY CARE

A. Medical care provided by veterinarians shall be considered as medical care, and therefore the gross receipts from such care are not subject to the Sales Tax pursuant to Section 609(C)(9).

B. Treatment relating to the care of horses' feet, such as hoof-trimming and horseshoeing care provided by farriers and blacksmiths, shall be considered medical care, and the gross receipts received by persons for such work are not subject to the Sales Tax pursuant to Section 608(C)(9).

### 6.121. FUNERAL EXPENSES

A. Pursuant to Section 609(C)(13), the Sales Tax does not apply to the gross receipts of a funeral home or mortuary from the sale of goods or services directly and necessarily required for human burials.

B. The Sales Tax does apply to any gross receipts of a funeral home or mortuary from sales of goods or services not directly and necessarily required for human burials.

**Example**: XYZ Funeral Home sells flowers and plaques as part of a funeral package. The Sales Tax does apply to the gross receipts from the sale of the flowers and plaques.

### 6.122. RELATIONSHIP WITH TOWNSHIP AND CHAPTER TAXES

For purposes of taking the credit provided in Section 610 of the Sales Tax, when a taxpayer pays Kayenta Sales Tax to the Kayenta Township or pays any governance-certified chapter pursuant to a duly-enacted chapter tax ordinance, the gross receipts upon which that tax has been paid should not be included in the gross receipts reported to the Office of the Navajo Tax Commission on the Form 600.

**Example**: ABC Company has three stores: one in Kayenta, one in To'Nanees'Dizi, and one in Chinle. ABC pays the Kayenta Tax on its sales at the Kayenta location and the To'Nanees'Dizi Sales Tax on its sales at the To'Nanees Dizi location. When ABC is reporting and paying the Navajo Sales Tax on Form 600, it should not include any gross receipts from the Kayenta store that have already been taxed by Kayenta or any gross receipts from the To'NaneesDizi store that have already been taxed by To'Nanees'Dizi. If there are items sold at either location that are not subject to the chapter taxes, but are subject to the Navajo Sales Tax, then the Sales Tax does apply to ABC's gross receipts from the sale of these items, and ABC should include them on the Form 600.

### 6.123. PASS-THROUGH OF SALES TAX TO BUYER

The legal incidence of the Navajo Sales Tax is on the seller of the goods or services, and the seller is responsible for filing the tax returns and making the payments. However, there is nothing in the Sales Tax that prohibits the seller from passing the tax along to the buyer; the Sales Tax is silent on that issue. The Office of the Navajo Tax Commission neither requires nor prohibits a seller from passing the tax through to the buyer.

### 6.124. RELATIONSHIP BETWEEN SALES TAX AND BUSINESS ACTIVITY TAX

A. If the Sales Tax is paid on the gross receipts from a sale of goods or services, the gross receipts are not subject to the Business Activity Tax.

B. If the Sales Tax and the Business Activity Tax both apply to a particular transaction, the Sales Tax must be paid on such transaction, and then the seller may exclude the sale from any reporting due under the Business Activity Tax. The seller does not have the option of deciding which tax to pay.

**Example**: A engages in construction activity within the Navajo Nation. This activity is the provision of a Navajo service, so the Business Activity Tax applies, and the Sales Tax also applies, as the activity constitutes a retail sale. A is required to pay the Sales Tax on his gross receipts, and he shall exclude those receipts when determining whether he must file and pay the Business Activity Tax.

### 6.125. RESERVED

### 6.126. PUBLIC LAW 93-638 CONTRACTS; PUBLIC LAW 100-297 CONTRACTS

This section applies to situations arising when the Navajo Nation has a contract with the federal government pursuant to either Public Law 93-638 or Public Law 100-297.
and a Navajo Nation department or entity is acting as the contractor under the contract.

A. Navajo Nation as contractor hiring subcontractors: In these contracts, the Navajo Nation assumes the responsibility for planning, conducting, and administering programs, services, functions, or activities that are otherwise provided to the Nation and its members by the federal government pursuant to federal law. The Navajo Nation may then enter into subsequent agreements with persons who will perform some of the services that the Nation is required to undertake pursuant to the contract. When the Navajo Nation enters into an agreement with a subcontractor, that subcontractor is performing a service directly for the Nation; the Nation is not reselling that service to the federal government. Therefore, the transaction between the Navajo Nation and the subcontractor is really a retail sale, and the Sales Tax does apply to the subcontractor’s gross receipts.

B. Navajo Nation as contractor using contract funds internally: When the Navajo Nation uses the contract funds internally for such things as operating expenses, rather than spending the funds through agreements with other parties, the Sales Tax does not apply to these funds. The Nation is not selling its services to the federal government; it is rather replacing the federal government in the performance of a particular service that the federal government is required to provide for Indian tribes. Therefore, since there is no retail sale involved when the Nation receives the money necessary to operate its programs, the Sales Tax does not apply to that portion of the contract.

Example: The Navajo Nation Historic Preservation Department (HPD) has a P.I. 916-638 contract with the Secretary of Interior to provide cultural resource management services for the Bureau of Indian Affairs (BIA) Branch of Roads. As part of the contract, HPD enters into an agreement with X who performs cultural activities relating to BIA roads. This agreement between HPD and X is considered a subcontract under the overall 638 contract. The sale of services from X to HPD is a retail sale; HPD is not reselling that service to the BIA. Therefore, the Sales Tax does apply to X’s gross receipts under the agreement with HPD. The Sales Tax does not apply to the money that HPD receives under the contract from the federal government for salaries, indirect costs, operating supplies, etc.

6.127. NON-TAXABLE TRANSACTION CERTIFICATES
A taxpayer who is purchasing goods or services from suppliers or subcontractors and reselling them is required to obtain a Non-taxable Transaction Certificate (NTTC) for each supplier/subcontractor. The taxpayer shall complete an application for an NTTC and submit it to the Compliance Department at the Office of the Navajo Tax Commission. The Office will issue appropriate certificates to the taxpayer for distribution to the suppliers/subcontractors.

6.128. TRANSPORTATION SERVICES
Gross receipts received by a company providing transportation to medical appointments are exempt from the Sales Tax if such gross receipts are reimbursable by Medicaid.

6.129. TELECOMMUNICATIONS SERVICES
Gross receipts generated by the provision of telecommunications services are subject to the Sales Tax.

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