

Content #5

Native American Retail Exemption

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Content #5A

Native American – Enrolled Member

NO TAX (State & County only)

Qualifications for Exemption / Deduction

- ❖ Must be an enrolled member of an Indian tribe who resides (lives) on the Indian reservation established for that tribe.
- ❖ The Native American must be residing physically **within the borders of Arizona on their reservation, or in a reservation that is contiguous (adjoining) with Arizona.**
- ❖ The enrolled member must have a current valid driver license
- ❖ The enrolled member must have a physical address on their reservation.
- ❖ The physical address must be on their driver license or on proof as noted later in required documentation
- ❖ A Native American who does not reside on the reservation established for his or her tribe is ineligible for this statutory deduction.
- ❖ Native Americans who reside on reservations in other states may qualify for a statutory deduction as a non-resident of Arizona.
- ❖ This is a State Transaction Privilege tax deduction and has no affect on City privilege tax. **City privilege tax must be paid in full on the net sales price of the motor vehicle unless it is a reservation sale (see Content #6)**

Content #5B

Native American – Enrolled Member Exemption

Required Documentation & Self Audit Examination

❖ Native American Identification for each purchaser

- Acceptable Identification includes:
 - Certificate of blood
 - Census letter
 - Tribal ID card
- Verify both Purchasers are Native American
- Verify the names of the Native American Purchasers are on the blood certificate, Census letter or ID

❖ Driver License

- Verify both copies of the Purchasers' licenses are legible
- Verify both copies of the Purchasers' licenses are current (must have been reasonably issued prior to any dates in the deal)
- Verify both Purchasers' addresses are physical addresses
 - If the License has a P.O. Box, the city must be an adjacent city to the reservation and then additional proof is needed for a physical address. The following will suffice for the State:
 - A type of utility bill reflecting the physical address on the reservation -
 - Or - a letter from the Tribal Council stating the Native American is residing on the Reservation and must denote the physical address which the Purchasers are claiming
 - If the License has a P.O. Box that is not an adjacent city to the reservation, then the deal does not qualify
- Verify the purchaser's physical reservation address is on all legal documents throughout the deal (i.e., Buyers order, Form 5013, Credit app / Purchasers stmt, TRP or 90-day & etc.)

❖ Map printed from the internet

- Verify the physical address on the Driver license is the same address which was used to pull the internet map ~or~ if the driver license has a PO Box; use the validated physical address (utility bill or letter from the tribe) to do the same.
- Verify the physical address is actually located on an Arizona Indian reservation, in Arizona.
- Compare the Native American's tribal identification against the map's reservation. On the map, look for the Tribe established for the reservation and verify it is the same Tribe that the Native American purchaser is claiming.

❖ **Form 5013:**

- Verify the form is fully completed by each Purchaser
- Verify the document is signed by each Purchaser
- Verify the document has the physical Reservation address and is the same address on all supporting documentation
- **If a P.O. Box is on the license, list the PO Box address, first and then list the physical address second on the same line**

❖ **TRP or 90-day drive out**

- **TRP** – if the Native American took delivery off of the reservation and the vehicle is going to be registered in Arizona
- **90-day drive out** if the vehicle is going to be used exclusively on the reservation

❖ **Other:**

- If only one purchaser out of two qualifies for the exemption, we can only exempt ½ of the tax (therefore charging ½ state and ½ county tax on the deal)
- We must take ½ of a deduction of the net sales price when reporting on the TPT form
- This is not a statutory deduction for the City jurisdictions in Arizona, therefore verify we charged city tax on the full net price of the deal

❖ **RESERVATION SALE - NO TAX (State, County & City)**

- For tax exemption from the City (**NO TAX**), all conditions must be met for both contents (#5 & #6) as well as all documents for both must be completed. **See Content #6 and substitute “Native American” for “Business Entity”.**

EXAMPLES

Scenario 1: Qualifies for the Exemption

Purchaser is Navajo and resides on an **AZ** Navajo Reservation
Driver's license has a physical address and the physical address is a reservation address
Have a copy of Tribal ID or Census Letter which lists the purchasers name and the also lists the purchasers native tribe to be Navajo.
Form 5013 Purchaser section is completed & signed

Co Purchaser is Navajo and resides on an **AZ** Navajo Reservation
Driver's license has a physical address and the physical address is a reservation address
Have a copy of Tribal ID or Census Letter which lists the Co-purchasers name and the also lists the Co-purchasers native tribe to be Navajo.
Form 5013 Purchaser section is completed & signed

Scenario 2: DOES NOT fully qualify. The deal is half exempt, because the co-purchaser does not reside on his tribal reservation

Purchaser is Apache and resides on an **AZ** Apache Reservation
Driver's license has a physical address and the physical address is a reservation address
Have a copy of Tribal ID or Census Letter which lists the purchasers name and the also lists the purchasers native tribe to be Apache.

Form 5013 Purchaser section is completed & signed

Co Purchaser is Navajo and resides on the same AZ Apache Reservation
Driver's license has a physical address and the physical address is a reservation address
Have a copy of Tribal ID or Census Letter which lists the Co-purchasers name and the also lists the Co-purchasers native tribe to be **Navajo**
Form 5013 Co-Purchaser section is completed & signed

Scenario 3: DOES NOT qualify, because there is no proof that the Native American resides on the Tribal Reservation. For a PO BOX, there must be a utility bill that shows the physical address (hint: utilities have to hook up to a physical location) or a letter from the Tribe stating the purchaser's name(s) and the actual physical address in which the Native American resides.

Purchaser is Navajo and resides on a Navajo Reservation
Driver's license has a PO BOX address (no proof of a physical location on the reservation)
Have a copy of Tribal ID or Census Letter which lists the purchasers name and the also lists the purchasers native tribe to be Navajo.
Form 5013 Purchaser section is completed & signed

Co Purchaser is Navajo and resides on a Navajo Reservation
Driver's license has a PO BOX address (no proof of a physical location on the reservation)
Have a copy of Tribal ID or Census Letter which lists the Co-purchasers name and the also lists the Co-purchasers native tribe to be Navajo.
Form 5013 Purchaser section is completed & signed

Scenario 4: DOES NOT qualify. No proof of Native American

Purchaser is Navajo and resides on the Navajo Reservation

Driver's license has a physical address and the physical address is a reservation address

NO TRIBAL ID OR CENSUS LETTER

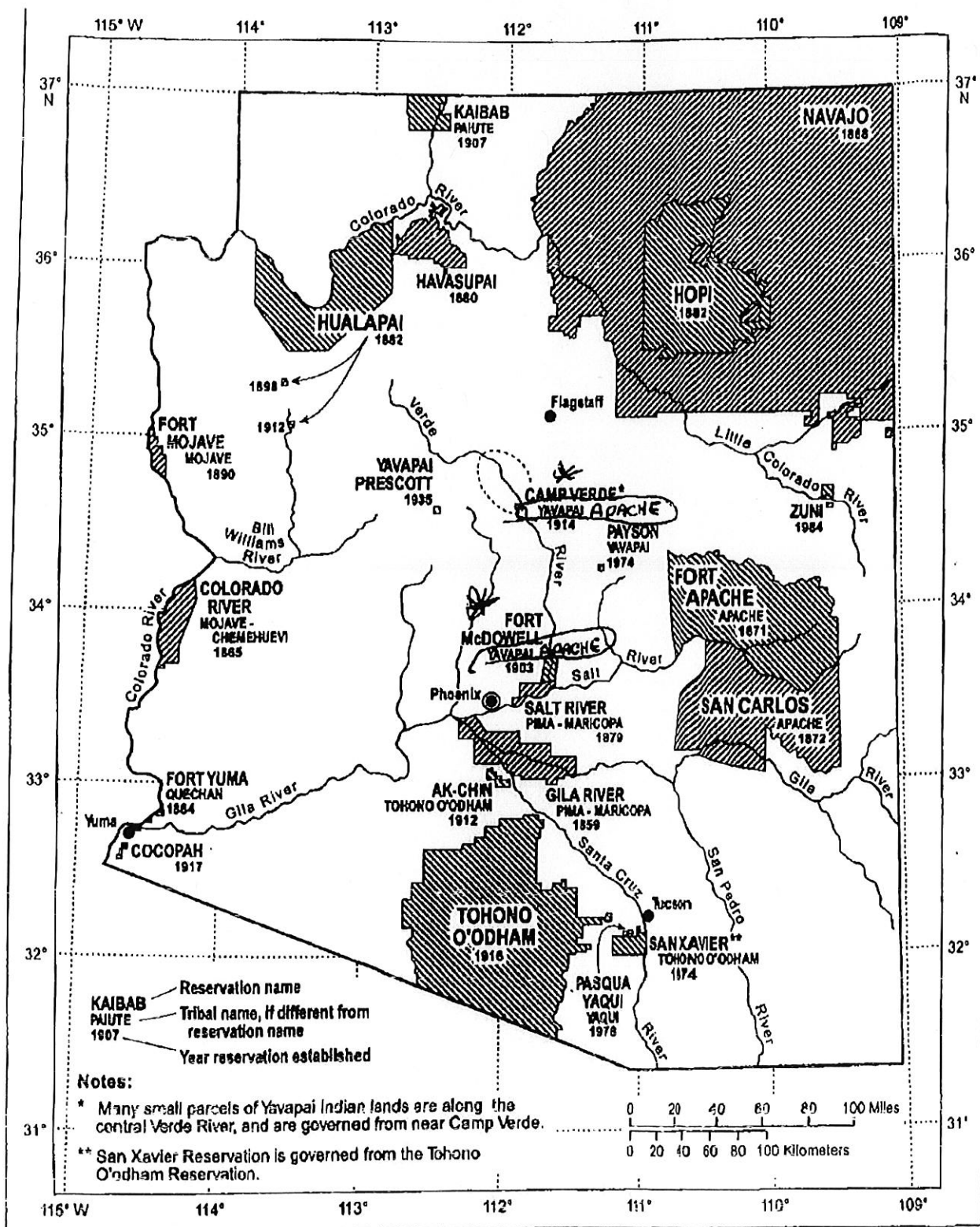
Form 5013 Purchaser section is completed & signed

Co Purchaser is Navajo and resides on the Navajo Reservation

Driver's license has a physical address and the physical address is a reservation address

NO TRIBAL ID OR CENSUS LETTER

Form 5013 Purchaser section is completed & signed



Arizona's Indian Reservations



Courtesy: Arizona Geographic Alliance
 Department of Geography, Arizona State University
 Douglas Minnis

- * To be completed by both purchaser + co-purchaser
- * Need current valid D.L. for each



Arizona Department of Revenue
CERTIFICATE TO ESTABLISH NATIVE AMERICAN STATUS
AND RESIDENCE ON ARIZONA RESERVATION

ARIZONA FORM
5013

FOR PURPOSE OF THE STATUTORY DEDUCTION PROVIDED BY ARS § 42-5061(A)(28)(b)

SALE OF MOTOR VEHICLE TO NATIVE AMERICAN RESIDING ON RESERVATION: A.R.S. § 42-5061(A)(28)(b) provides an exemption from state transaction privilege tax for income derived from the sale of a motor vehicle to "[a]n enrolled member of an Indian tribe who resides on the Indian reservation established for that tribe."

This exemption does not apply to city privilege tax.

NATIVE AMERICAN PURCHASER:

ENROLLED MEMBER NAME:	DRIVER'S LICENSE NO.:
ADDRESS ON RESERVATION (FROM DRIVER'S LICENSE): <i>if the address has a P.O. Box</i> <i>Fill in the P.O. Address and then list the physical Address</i>	TRIBAL ID CARD NO.:
CITY STATE ZIP:	NAME OF TRIBE:

***CO - PURCHASER:**

ENROLLED MEMBER NAME:	DRIVER'S LICENSE NO.:
ADDRESS ON RESERVATION (FROM DRIVER'S LICENSE): <i>Same as above</i>	TRIBAL ID CARD NO.:
CITY STATE ZIP:	NAME OF TRIBE:

***NOTE:** If the Co-Purchaser of this vehicle is not a Native American residing on an Arizona reservation established for his or her tribe, the deduction amount shall be limited to 50% of the net sales price of the vehicle.

A seller that has reason to believe that the certificate is not accurate, complete or applicable to the transaction, may not accept the certificate in good faith and the seller will not be relieved of the burden of proving entitlement to the exemption. A seller that accepts a certificate in good faith will be relieved of the burden of proof and the purchaser may be required to establish the accuracy of the claimed exemption. If the purchaser cannot establish the accuracy and completeness of the information provided in the certificate, the purchaser is liable for an amount equal to the transaction privilege tax, penalty and interest which the seller would have been required to pay if the seller had not accepted the certificate. Misuse of this certificate will subject the purchaser to payment of the ARS § 42-5009 amount equal to any tax, penalty or interest. Willful misuse of this certificate will subject the purchaser to criminal penalties of a felony pursuant to ARS § 42-1127(B)(2).

Certification

I, (print full name) _____, hereby certify that I am a Native American and that I reside on the reservation established for my tribe, and that the information on this certificate is true, accurate and complete.

Signature of purchaser _____ Date _____

I, (print full name) _____, hereby certify that I am (am not) a Native American and that I do (do not) reside on the reservation established for my tribe, and that the information on this certificate is true, accurate and complete.

Signature of co-purchaser _____ Date _____

Exact reproductions and photocopies of this exemption certificate are acceptable for use.