

# Content #6

## Reservation Business Exemption

### ~Table of Contents~

- A) Reservation Business Exemption Qualifications-----Page 2  
(Tribal Business & Tribe Entity)
- B) Required Doc's & Audit Examination-----Page 3

# Content #6A

## Reservation Business Exemption

### Qualifications for Exemption / Deduction

NO TAX (State, County & City)

- ❖ In order for a Native American Business or a Native American Tribal Entity to qualify for the an exemption when purchasing a vehicle... solicitation on or order must originate from the reservation, vehicle must be delivered on the reservation, payment must be received from/on the reservation.
- ❖ For the Cities, the same is true for Native American individuals.

#### Reservation Businesses

- ❖ The business must be owned by an Indian tribe (government) or tribal entity and the business activity takes place on the reservation which was established for the benefit of the Tribe.
- ❖ **“Indian Tribe”** means any organized nation, tribe, band or community recognized as an “Indian tribe” by the US Department of Interior.
- ❖ The business must be able to provide proof that they are a qualifying business as noted above
- ❖ The reservation must be in the borders of Arizona in order to qualify for Arizona exemption

**NOTE: This is the only exemption that reservation businesses qualify for. For the Cities, this is also the only exemption Native American individuals are allowed.**

# Content #6B

## Reservation Business Exemption

### Required Documentation & Self Audit Examination

#### ❖ Tribal Entity or Business

- Required Identification:
  - Business license
  - Letter from the Tribe
- Verify the documentation reflects business activities which occur strictly on the reservation
- Verify the physical address of the business is located on the tribal reservation
- Verify the reservation is located within the Arizona borders

#### ❖ Reservation Sale Affidavit

- Verify that the document is fully completed
- Verify that all the following requirements have been met
  - Solicitation took place on the reservation
  - Order originated on the reservation
  - Payment received on reservation or issued from a bank on the reservation
  - Delivery Notarized –**OR**- BOL reflecting address delivered to the reservation.
- Verify the affidavit is signed by both the seller and purchaser

#### ❖ Back up correspondence

- Attach any correspondence that is back up to the Affidavit to meet the requirements of Reservation Sale
  - Messages, email or fax requesting an order
  - Copy of payment documents (CKS, CACK, PO'S & ETC.)

#### ❖ Form 5000

- Verify the Business name and physical address is completed
- Verify the form 5000 is for either a Single Transaction or Annual Certificate (Annual certificate only qualifies if we have an annual contract with the tribe that they will purchase vehicles from us).
- Verify the date of the deal is within the date range of the certificate.
- Verify the box for "Transactions with Native Americans & Native American Businesses" is checked and the area is completed
- Verify the reason for exemption; that the correct boxes are marked
  - Box 19 other: with ARIZONA TPR 95-11 listed for the specific statutory authority, **AND**
  - Box 24, Sale or lease of tangible personal property including motor vehicles to affiliated Native Americans if the solicitation for the sale,

signing of the contract, delivery of the goods and payment for the goods all occur on the reservation.

- Verify “Tangible Property (vehicle) Purchased” denotes the Make, Model & VIN number of the new purchased vehicle
- Verify the signature and title of the person signing on behalf of the business is on the form
- Verify the signature date is approximately, the date of the deal

❖ **90-day drive out permit (for Native Americans)**

- Issue a 90-day Drive out – In the instance we give the MCO to the business.
- Issue a 90-day Drive out – In the instance the business does not want the MCO, and we are told that they are going to exclusively use the vehicle on the reservation. We would then issue a “Title Only”

❖ **Verify no tax was collected**

**Note:** An Individual can also apply for a City tax exemption on a Reservation Sale. The same conditions apply as above for a Business, including the completed Form 5000. (Substitute the qualifications for a Native American with those for the Business/Entity above.)

**For the Cities**, the only tax exemption for Native Americans is the Reservation Sale. **For the State**, only their Business/Government Entities are limited to the above Reservation Sales.

**Sample of a sale to a Reservation business**

2214 N. Central Ave., Ste 100, Phoenix, Arizona 85004  
Phone: 602-258-4822 Fax: 258-4825

**Inter Tribal Council  
of Arizona, Inc.**

# Fax

---

**To:** Jim Mitchell **From:** Alice Morgan 602-258-4822 ext. 1574

---

**Fax:** 623-882-9001 **Pages:** 3

---

**Phone:** 623-298-3938 **Date:** 8/13/2010

---

**Re:** PO for 2010 Ford Escape **CC:**

---

Urgent     For Review     Please Comment     Please Reply     Please Recycle

---

08/13/2010 15:30 FAX

002/003  
HUC 82/03

**RODEO FORD**  
13680 W TEST DRIVE  
GOODYEAR, AZ 85338

(623)298-3900x3938  
mitch91@infionline.net

Estimate

08/13/2010	72508

Daniel Acuna  
Gila River Indian Community  
P.O. Box 97  
Sacaton, AZ 85247

Daniel Acuna  
Gila River Indian Community  
Property & Supply  
315 W. Casa Blanca Road  
Sacaton, AZ 85247

		08/18/2010	IFMCU0C77AKD4644S
08/13/2010	2010 MODEL YEAR FORD ESCAPE 4DR XLS FWD - WHITE SUEDE - STONE CLOTH SEATS - SPC 101A - FWD - 6-SPEED AUTO TRANSMISSION - OPTIONAL EQUIPMENT - 2.5L I4 ENGINE - 6-SPEED AUTO TRANSMISSION - 235/70R16 A/S BSW TIRES - FLOOR MATS-FRONT/REAR	1	18,500.00
			18,500.00
08/13/2010	Arizona Tire Tax	1	5.00
			5.00
<b>SUBTOTAL</b>			<b>18,505.00</b>
<b>TAX (8.5%)</b>			<b>158.00</b>

Accepted By:

Accepted Date:

"If it's possible to do... We can do it here..."







GILA RIVER INDIAN COMMUNITY  
Governance Center  
Law Office

Rodeo Ford  
Attention: Mr. Jim Mitchell, Fleet Director  
13680 W. Test Drive  
Goodyear, Arizona 85338

RE: **Tax Exempt Letter for the Gila River Indian Community**

Dear Mr. Mitchell:

I am writing to clarify the applicability of a privilege or sales tax to the Gila River Indian Community (the "Community"). The Community is a federally-recognized Indian tribe located within Arizona. The Community has purchased a vehicle for the Department of Environmental Health Services, which is a branch of the Community's government. This vehicle was delivered to the Community on its reservation. As described below, this purchase is not subject to any state tax.

In *Central Machinery Co. v. Arizona State Tax Commission*, 448 U.S. 160, 65 L.Ed.2d 684, 100 S.Ct. 2592 (1980), the United States Supreme Court ruled that sales of goods delivered on an Indian Reservation to an Indian tribe (or an individual enrolled with an Indian tribe) are not subject to state or city sales tax because federal authority to regulate trading on Indian Reservations preempts state authority in this area. *Central Machinery* further established that sales by businesses located outside of an Indian Reservation are also not subject to state taxation so long as the essential elements of the transaction take place on the Reservation. The Arizona Department of Revenue acknowledged *Central Machinery* in Arizona State Tax Ruling No. TPR 95-11. Based on these authorities, the Gila River Indian Community is not subject to any state sales tax for goods delivered to the Gila River Indian Reservation.

If you need further information or assistance in this matter, please contact me at (520) 562-9762.

Sincerely,

Kiyoko Patterson  
Assistant General Counsel

KP:st  
Attachment: AZ State Tax Ruling TPR 95-11



**ALL CHECKS  
THIS FORM MUST BE FILLED OUT AND SIGNED BY ALL  
PARTIES INVOLVED FOR EVERY CHECK RECEIVED.**

Buyer's Name: Gila River Indian Community Co-Buyer's Name: \_\_\_\_\_  
 Buyer's Home Telephone #: \_\_\_\_\_ Work Telephone #: \_\_\_\_\_  
 Buyer's Social Security #: \_\_\_\_\_ Check Writer's I.D.: \_\_\_\_\_  
 Check Writer's Name: Inter Tribal Council Work Telephone #: \_\_\_\_\_  
 Check Writer's Home Telephone #: (602) 258-4822

I, the undersigned, understand that Payment Solutions is a legal assignee of Rodeo Ford and that title to the subject check(s) is/are assigned to Payment Solutions at the time of acceptance by Rodeo Ford. Furthermore, I understand that the check(s) referenced in this agreement is/are a negotiable instrument payable upon demand and that I have received consideration in exchange for this check. I acknowledge that if I have not received consideration for the subject check(s) I am acting as an accommodation party and am obligated to pay the instrument in the capacity in which both the accommodated party and/or the accommodation party signs. Further, it is expressly agreed to and understood that the purpose to which this instrument is given is to incur liability on the instrument(s) without being a direct beneficiary of the value given for this instrument(s). I understand that neither Rodeo Ford nor Payment Solutions has extended me credit as a result of this agreement. I warrant that the subject check(s) shall clear the bank upon which it/they is/are drawn. I unconditionally guarantee to pay the amount of this check plus all interest, damages and penalties if it is returned unpaid for any reason.

Check No.	Deposit Date	Check Amount
1 <u>74482</u>	<u>8/29/10</u>	\$ <u>18,505.00</u>
2		\$
3		\$
4		\$
Total Check Amount		\$

Gila River Indian Community 8/28/10  
 Signature of Buyer of Vehicle Date

\_\_\_\_\_  
 Signature of Co-Buyer of Vehicle Date  
Inter-Tribal Council of Arizona 8/28/10  
 Signature of Check Writer Date

Dealership Use Only	
Reference Name _____	Phone _____
Address _____	City _____ State _____ Zip _____
Reference _____	Phone _____
Address _____	City _____ State _____ Zip _____
<u>Jim Mitchell</u> Rodeo Ford Sales Manager	<u>8/28/10</u> Date

ARIZONA, INC.

74482

74482

ford	00000000000057868	8/19/2010					
7818	8/19/2010	\$18,505.00	\$18,505.00	\$0.00	\$0.00	\$18,505.00	

DEAL # 1000610  
 STK # R08193

\$18,505.00	\$18,505.00	\$0.00	\$0.00	\$18,505.00
-------------	-------------	--------	--------	-------------

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

INTER-TRIBAL COUNCIL OF ARIZONA, INC.

2214 NORTH CENTRAL AVE. PHONE 602-258-4822  
PHOENIX, ARIZONA 85004

NATIONAL BANK OF ARIZONA  
4040 E. CAMELBACK RD.  
PHOENIX, AZ 85018

91-532/1221

74482

8/19/2010

\$18,505.00

DATE

AMOUNT

Eighteen Thousand Five Hundred Five Dollars And 00 Cents

PAY TO THE ORDER OF  
 Rodeo Ford  
 13680 W Test Drive  
 Goodyear AZ 85338



VOID AFTER 90 DAYS

*John R. Lewis*  
 \_\_\_\_\_  
*Alberta J. Spencer*  
 \_\_\_\_\_  
 AUTHORIZED SIGNATURE

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈074482⑈ ⑆122105320⑆ 0040026977⑈

INTER-TRIBAL COUNCIL OF ARIZONA, INC.  
InterTribal Council Of Arizona

74482

74482

RODEO	Rodeo Ford	00000000000057868	8/19/2010				
00000000000079157	7818	8/19/2010	\$18,505.00	\$18,505.00	\$0.00	\$0.00	\$18,505.00

\$18,505.00	\$18,505.00	\$0.00	\$0.00	\$18,505.00
-------------	-------------	--------	--------	-------------



**RODEO FORD**



An *Cornhardt* Dealership

13680 W. Test Dr. Goodyear, AZ 85338  
(623) 298-3900  
www.fordrodeo.com

AMOUNT	PAID BY	COMMENT	24216
18,505.00	CK	R08193 74482 NATIONAL BANK OF ARIZONA	

GILA RIVER INDIAN COMMUNITY  
315 W CASA BLANCA ROAD  
SACATON AZ 85147  
1000610

TOTAL RECEIVED: \$18,505.00

DATE-TIME: 28AUG2010 09:15  
CASHIER: ASH  
LOCATION: SALES  
CASH DRAWER:

ACCOUNTING DISTRIBUTION

CO	JOURNAL	CO	ACCOUNT	AMOUNT	CONTROL	CONTROL2
20	56	20	10200	18,505.00		
		20	11100	-18,505.00	1000610	OCK

*Issued Due to PD*

*Inter Tribal Council represents 22 Tribes  
They issue \$1 for vehicles that are used for  
non profit entities on the reservation*

**CASH RECEIPT**

FILE COPY



**Arizona Department of Revenue**  
**Transaction Privilege Tax Exemption Certificate**

**ARIZONA FORM**  
**5000**

This form replaces earlier forms: 5000, 5001, 5002.

This exemption Certificate is prescribed by the Department of Revenue pursuant to ARS § 42-5009. The purpose of the certificate is to document tax-exempt transactions with qualified purchasers. It is to be filled out completely by the purchaser and furnished to the vendor. The vendor shall retain this Certificate for single transactions or for specified periods as indicated below. Incomplete Certificates are not considered to be accepted in good faith. Only one form of exemption can be claimed on a certificate.

<b>Purchaser's Name and Address</b> <u>GILA RIVER INDIAN COMMUNITY</u> <u>P.O. BOX 97</u> <u>SACATON, ARIZONA 85147</u>  <b>Vendor's Name</b> <u>RODEO FORD</u>	<b>Check Applicable Box:</b> <input type="checkbox"/> Single Transaction Certificate <input checked="" type="checkbox"/> Period From: <u>01/01/2010</u> Through: <u>12/31/2011</u>  <i>(You must choose specific dates for which certificate will be valid)</i>
--	---

**Choose one transaction type per Certificate**

<input type="checkbox"/> <b>Transactions with a Business</b> (Please check appropriate item from numbers 1 - 19) Arizona Transaction Privilege Tax License Number _____ SSN / EIN _____ Other Tax License Number _____ Tax number for another tax agency _____ If no license number, provide reason: _____ Precise Nature of Purchaser's Business _____	<input checked="" type="checkbox"/> <b>Transactions with Native Americans &amp; Native American Businesses</b> (Please check item number 24 or 24a) Tribal Business License # _____ OR Tribal ID# _____ Name of Tribe <u>GILA RIVER INDIAN COMMUNITY</u> <input type="checkbox"/> <b>Transactions with a Government entity or certain Health Care Institutions</b> (Please check appropriate item from numbers 1 - 23)	<input type="checkbox"/> <b>Transactions with nonresidents</b> (Please check appropriate item from numbers 25 - 26) State of residence _____ Driver's License# _____ Driver's License State _____ SSN/ID _____ 30 day Drive out permit # _____
--	---	--

**Reason for Exemption - check as applicable**

- 1. Tangible personal property to be resold in the ordinary course of business.
- 2. Tangible personal property to be leased or rented in the ordinary course of business.
- 3. Tangible personal property to be incorporated into a taxable contracting project.
- 4. Food, drink, or condiments purchased by a restaurant business.
- 5. Motor vehicle fuel and use fuel subject to tax under ARS § 28-5606 or 5708.
- 6. Use fuel to a holder of a valid single trip use fuel tax permit issued under ARS § 28-5739.
- 7. Aviation fuel subject to the tax imposed under ARS § 28-827.
- 8. Pipes or valves four inches in diameter or greater to be used for transportation of oil, natural gas, artificial gas, water or coal slurry.
- 9. Neat animals, horses, asses, sheep, rathies, swine or goats used as breeding or production stock (including ownership shares in such animals).
- 10. Aircraft, navigational and communication instruments and related accessories sold or leased to:
  - Airlines holding a federal certificate of public convenience and necessity; or  Airlines holding a foreign air carrier permit for air transportation; or
  - Any foreign government or nonresidents of Arizona who will not use such property in Arizona other than in removing such property from this state.
- 11. Railroad rolling stock, rails, ties and signal control equipment used directly to transport persons or property for hire.
- 12. Buses or urban mass transit vehicles used directly to transport persons or property for hire or pursuant to a government mass transit program.
- 13. Central office switching equipment, switchboards, private branch exchange equipment, microwave radio equipment and carrier. Equipment including optical fiber, coaxial cable and other transmission media which are components of carrier systems sold or leased to persons engaged in the telecommunications business.
- 14. New machinery and equipment, used for commercial production of agricultural, horticultural, viticultural and floricultural crops and products in this state, consisting of tractors, tractor-drawn implements, self-powered implements, drip irrigation lines, and machinery and equipment necessary for extracting milk and for cooling milk and livestock.
- 15. Machinery, equipment or transmission lines used directly in producing or transmitting electrical power, but not including distribution.

- 16. Groundwater measuring devices required under ARS § 45-604.
- 17. Machinery or equipment used directly in the following processes:
  - Manufacturing, processing or fabricating.  Job printing.  Refining or metallurgical operations.
  - Extraction of ores or minerals from the earth for commercial purposes.  Extraction of, or drilling for, oil or gas from the earth for commercial purposes.
- 18. Printed, photographic, electronic media or digital media materials purchased by or for publicly funded libraries including school district libraries, charter school libraries, community college libraries, state university libraries or federal, state, county or municipal libraries for use by the public.
- 19. Other; Cite specific statutory authority for the exemption of the tangible personal property. ARIZONA TPR 95-11

**Exemptions based on the purchaser being a government entity, public school, or a qualifying health care institution.**

- 20. Food, drink or condiments for consumption within the premises of any prison, jail or other institution under the jurisdiction of the state department of corrections, the department of public safety, the department of juvenile corrections or a county sheriff. Food, drink, condiments or accessories purchased by a school district for consumption at a public school within the district during school hours.
- 21. Tangible personal property sold or leased directly to the United States Government or its departments or agencies by a manufacturer, modifier, assembler or repairer.
- 22. Fifty percent of the gross proceeds or gross income from the sale of tangible personal property directly to the United States Government or its departments or agencies, which is not deducted under number 21 above. This exemption does not apply to leases.
- 23. Tangible personal property sold or leased directly to a qualifying non profit hospital, health care organization, community health center, or rehabilitation program for mentally or physically handicapped persons (an exemption letter for these entities must accompany this form).

**Transactions with Native Americans & Native American Businesses**

- 24. Sale or lease of tangible personal property including Motor Vehicles to affiliated Native Americans if the solicitation for the sale, signing of the contract, delivery of the goods and payment for the goods all occur on the reservation.
- 24a. Sale of a Motor Vehicle to an enrolled member of a tribe who resides on the reservation established for that tribe.

**Transactions with nonresidents**

- 25. Sales of tangible personal property to nonresidents of Arizona who are temporarily within Arizona, for their use outside of Arizona, when the vendor ships the property out of Arizona by common carrier or United States mail or delivers such property out of Arizona via the vendor's own conveyance.  
NOTE: The vendor shall retain adequate documentation substantiating the shipment of the property out of Arizona.
- 26. Sale of a motor vehicle (vehicle must be self-propelled) to a nonresident of Arizona whose state of residence does not allow a use tax exemption for transaction privilege taxes paid to Arizona and who has secured a special 30-day nonresident registration for the vehicle (please see Arizona Form 5010).

Describe the tangible personal property or service purchased or leased and its use below. (Use additional pages if needed)

2010 Ford ESCAPE VIN# 1FMCUAC78AKD46454

**Certification**

A vendor that has reason to believe that the certificate is not accurate or complete will not be relieved of the burden of proving entitlement to the exemption. A vendor 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 vendor would have been required to pay if the vendor 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.

I, (print full name) KIYOKO PATTERSON, hereby certify that these transactions are exempt from Arizona transaction privilege tax and that the information on this Certificate is true, accurate and complete. Further, if purchasing or leasing as an agent or officer, I certify that I am authorized to execute this Certificate on behalf of the purchaser named above.

Signature of purchaser Kiyoko Patterson

Date 7/6/10

Title ASSISTANT GENERAL COUNSEL

City/Town Privilege Tax  
Exemption Certificate/Affidavit

~ Sales to Native American Businesses ~

\* In accordance with Reg. 100.4 of the Model City Tax Code, please complete all sections of this certificate. Incomplete certificates are not valid. This certificate is not a blanket exemption - a new certificate must be completed for each transaction and supporting documentation must be retained.

NOTE: This document is required for the City Exemption whether or not the city is in the State collection system.

**I. Exemption Qualification**

I hereby certify that the following purchase(s):

Date	Control #	VIN Number and Description of vehicle
<u>8/20/10</u>	_____	<small>(If purchased multiple vehicles, use an additional sheet of paper)</small> <u>1FMCUOC78AKD46454 - 10 Ford ESCAPE</u>
_____	_____	_____

is/are exempt from the Privilege License Tax as a Native American sale on the following basis:

- 1) Solicitation and placement of the order has occurred on the reservation. Solicitation method used? Tribe Contacted Sales Representative; and
- 2) Delivery of the tangible personal property has been made by the seller or the seller's agent to the reservation. Method of delivery? Delivered either by Seller's Agent or Common carrier; and
- 3) Payment for the purchase originates from the Gila River reservation. Method of payment used? Check Intra-Tribal Council

Note\*: If any one of the three criteria did *not* occur on the reservation, the sale is taxable for City/Town purposes.

**II Purchaser Identification:**

Enrolled Member or Entity Name Gila River Indian Community  
Tribal ID card Number \_\_\_\_\_  
Tribe Name \_\_\_\_\_  
Purchaser address 160 W. Pima Rd. Sacaton, AZ 85247



Purchaser Phone Number (590) 562 - 9698

**III Seller Information**

Name & Address of dealership Rodeo Ford 13680 W. Test Dr.  
City & State Crawford, TX Dealership Phone Number (623) 298-3900  
Sales Representative Jim Mitchell

**IV Delivery Information by Seller**

Reservation Delivery Address: 315 W. Casa Blanca Rd.  
Name of Seller's delivery Agent Jim Mitchell Phone #: (623) 298-3938  
Check one:  Employee  Seller's Agent  Common Carrier (Transport Co.)  
Name of Common Carrier (If applicable) \_\_\_\_\_

**V Certification Signatures**

I, G.A. Rivera Indian Community and I Jim Mitchell  
Print (Purchaser's full name) Print (Seller's / Sales Rep full name)  
(Signature of Purchaser) (Signature of Seller / Sales Representative)  
8/26/10

I certify that for purpose of the exemption claimed that the foregoing information is true, accurate and complete. I further understand that the making of a false or fraudulent claim to obtain a tax exemption is a Class One Misdemeanor under Model City Code Section 580(b).

**NOTARY OF DELIVERY BY SELLER  
ON THE NEXT PAGE**

NOTARIZATION OF DELIVERY

I certify, under penalty of perjury under the laws of the State of Arizona, that I personally delivered the above vehicle to the reservation address listed under "Delivery by Seller" section above. (This requires the notary statement to be notarized)

I certify, under the penalty of perjury under the laws of the State of Arizona, that I have delivered the above vehicle to a licensed auto transporter or common carrier who will deliver the vehicle to the above address and from whom I have received a bill of lading.

[Signature]  
(Signature of Seller agent listed above)

8/26/2010  
Date of Delivery

NOTARY STATEMENT

(Not required if delivered by a common carrier)

State of Arizona

County of Pinal

On this 26 day of August, 2010, before me personally appeared

James McKinley Mitchell, whose identity was proved to me on the  
(Person delivering the vehicle)

basis of satisfactory evidence to be the person whose name I subscribed to this document and who acknowledged that he/she signed the above document.

Notary Signature: [Signature]  
Purchasers / Native American Representative

