

Sales Tax Treatment of Sales Made

On Indian Reservations

In order for an Indian vendor to purchase taxable tangible personal property without paying sales tax, he must issue to his suppliers the same exemption documents that any other vendor would issue. When selling taxable tangible personal property, the Indian vendor must obtain exemption documents where appropriate, just as any other vendor would be required to do, in lieu of collecting the sales tax.

An Indian vendor who takes delivery of motor fuel (any motor fuel other than diesel motor fuel) on a qualified reservation*, with the intention of reselling such motor fuel, may not issue an exemption certificate in lieu of paying sales tax; there is no appropriate exemption certificate for this transaction. An Indian vendor of motor fuel pays sales tax to his supplier (based on the regional average retail sales price), keeps records and files the same reports required of any other vendor of motor fuel (see TSB-Ms 82(28)S, 82(28.1)S and 83(12)S).

When an individual Indian purchases motor fuel delivered to him on his qualified reservation (at a retail service station or through any other means) for use in his own vehicle, from someone other than a registered distributor or an automotive fuel carrier**, the Indian must pay the full selling price of the automotive fuel including the sales tax and subsequently apply to the Department of Taxation and Finance for a refund of such sales tax by using form TP-166.1 (Claim for Refund of Sales Tax on Automotive Fuel by Certain Exempt Purchasers). Where such purchases are made from either a registered distributor or an automotive fuel carrier, an individual Indian may purchase without payment of sales tax if he gives the supplier a properly completed form TP-156.9 (Certificate of Sales Tax Exemption for Sales on Reservations to Resident Indians).

An Indian vendor who takes delivery of diesel fuel on a qualified reservation for purposes of reselling such fuel directly into the fuel tanks of customers' motor vehicles, is both a distributor and a retailer (of diesel motor fuel). Such vendor may issue to the supplier, a properly completed form TP-146.4 (Certificate for Sales Tax Exemption on Purchases of Certain Fuels) and purchase the fuel (for resale) exempt from sales tax. The Indian vendor must charge sales tax on sales of diesel motor fuel unless the customer presents a properly completed exemption document. If the purchaser is a qualified Indian, form TP-156.9 (Certificate of Sales Tax Exemption for Sales on Reservations to Resident Indians) may be used.

*See Form TP-156.9 or TSB-M-82(19)S for a list of qualified reservations and exempt tribes and nations.

**Automotive Fuel Carrier - any person other than a registered distributor who purchases automotive fuel for sale and takes delivery in his own vehicles or in vehicles under his control.