

## **Public Ruling**

### **Navajo Sales Tax**

#### **Reimbursement for Actual Expenses and Mileage**

A ruling has been requested regarding the application of the Sales Tax to reimbursement for actual expenses incurred by consultants or other professionals providing services within the Navajo Nation.

In general, service providers will invoice their customers for actual expenses incurred, such as hotel, meals, copies, etc. So long as the invoiced amount is simply reimbursement for actual expenses, the Sales Tax does not apply to such reimbursements, as there are no actual gross receipts paid to the service provider.

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

When a service provider receives payment for mileage from the customer at or below the approved CONUS rate, as found in 41 CFR 301, this payment is not subject to the Sales Tax, as it constitutes reimbursement for actual expenses. However, if the service provider bills the customer for the time spent traveling, this payment is taxable, since it is simply gross receipts paid to the service provider.

This ruling expires on December 31, 2012, unless previously withdrawn by the Office of the Navajo Tax Commission or superseded or rendered invalid by a change in statute or regulation.

If you have any questions, please contact the Office of the Navajo Tax Commission at (928) 871-7113.

Issued this 14th day of June, 2002

***Signed by R. C. Etcitty, Jr., on 06/14/02***

Raymond C. Etcitty, Jr., Executive Director  
Office of the Navajo Tax Commission