

## **Public Ruling**

### **Navajo Sales Tax**

#### **Sales to tax-exempt organizations**

A ruling has been requested regarding the application of the Sales Tax to the sale of goods or services to tax-exempt organizations such as non-profit corporations or governmental entities.

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. For example, although sales by non-profit entities are exempt from the tax pursuant to Section 609(C)(3), and sales by the federal government are exempt pursuant to Section 609(D), there is nothing in the statute that exempts sales to those entities from the tax. Therefore, unless the seller is independently exempt from the tax, sales to non-profit and governmental entities are subject to the tax.

Whether or not the seller collects the tax from the buyer is a matter of contract between the seller and the buyer and does not affect the seller's responsibility to pay the tax. In other words, even if the seller does not collect the tax from the buyer, the seller is responsible for filing and paying the tax to the Office of the Navajo Tax Commission.

This ruling expires on December 31, 2012, unless previously withdrawn by the Office of the Navajo Tax Commission or superseded or rendered invalid by a change in statute or regulation.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 30th day of April, 2002

***Signed by R. C. Etcitty, Jr., on 04/30/02***  
Raymond C. Etcitty, Jr., Executive Director  
Office of the Navajo Tax Commission