

Native American Reservations Sales and Rebate Calculations

Notice to Distributors:

The Reservation ratios are presented in six sections:

Section I) Tribes who have enacted Reservation tobacco tax ordinances which offset the state's §42-3251 (Proposition 200) and §42-3251.01 (Proposition 303) Tobacco Tax rates;

Section II) Tribes who have enacted Reservation tobacco tax ordinances which offset only the state's §42-3251 (Proposition 200) Tobacco Tax rates;

Section III) Tribes for which no Reservation retailers have registered with the Department and, therefore, have **NO** retailers eligible to receive tax-free (green stamps) products;

Section IV) Yavapai Prescott,

Section V) Navajo Nation, San Carlos Apache Tribe and Colorado River Indian Tribes;

Section VI) all other Reservations. Each section has specific rules for determining the applicable tax.

Please read the instructions carefully

Important Notes:

- If any other retailers located on these reservations wish to purchase tobacco products from a distributor, the distributor **must** first notify the Department and the retailer will be required to register.
- A distributor cannot sell to any tobacco retailer on tribal land that is not listed on this report.
- Shipments must be made to the address listed on the retailer's registration certificate. If the retailer has multiple locations they must register each one with the Department in order to get direct shipments to those locations.

Distributors will be held liable for sales to unregistered retailers.

Section I - Tribes with an offsetting tax for both the §42-3251 and §42-3251.01 tax rates (Other than the Yavapai Prescott Reservation, the Navajo Nation, and the San Carlos Apache Tribe)

Cigarettes:

The retailers in this section may receive cigarettes with Red and Green stamps or Red and Yellow stamps, at their given allocation ratios, if their Registration Number ends in "-01". They may receive cigarettes with Blue and Green stamps or Blue and Yellow

stamps, at their given allocation ratios, if their Registration Number ends in "-02". A distributor may **NOT** ship more than the maximum Green-stamped cigarettes to any retailer-allocated Green-stamped cigarettes. For sales of Blue stamped cigarettes, a distributor must collect the Total tax rates (\$2.00 for a pack of 20). For sales of Red, Yellow or Green stamped cigarettes, no taxes are to be collected. However, for Red stamped cigarettes sold to the "-01" retailers, a distributor may claim a rebate from the Department of Revenue for the amount prescribed by the Tribe's tax ordinance (up to \$1.00 for a pack of 20) less discounts.

Other Tobacco Products:

OTP sold to retailers in this section are also based on the Registration Number. No tax is to be passed on to retailers with numbers ending in "-01". A distributor may claim a rebate from the Department of Revenue for the total OTP taxes paid on sales made to "-01" retailers. The retailers ending in "-02" must be taxed at the total tax rate for their "Blue stamp" allocation sales and no tax being collected for their "Green or Yellow stamp" allocation sales. A distributor may claim a rebate from the Department of Revenue for the total OTP taxes paid on sales made for "Green or Yellow stamp" allocation sales to "-02" retailers. No rebates will be issued for "Blue stamp" allocated sales made to "-02" retailers.

- Ak Chin Reservation
- Cocopah
- Colorado River
- Fort McDowell Reservation
- Fort Yuma Quechan Indian Tribe
- Gila River Reservation
- Kaibab-Paiute Reservation
- Salt River Reservation
- Fort Mojave Reservation
- Pascua Yaqui Reservation
- Tohono O'Odham
- Yavapai Apache Reservation
- Yavapai Prescott Reservation (see section IV)
- Navajo Nation (see section V)
- San Carlos Apache Tribe (see section V)

Section II - Tribes with an offsetting tax for only the §42-3251 tax rates

Cigarettes:

The retailers in this section, whose number ends in "-01", may receive their taxed cigarettes with Red stamps and their tax-free cigarettes with Green stamps. Any retailers whose number ends in "-02" may receive their taxed cigarettes with Blue stamps and their tax-free cigarettes with Green stamps. A distributor may **NOT** ship more than the maximum allocated tax-free packs to any retailer. For registered retailers receiving Blue stamped cigarettes, a distributor must collect the Total tax rates (\$2.00 for a pack of 20). For retailers receiving Red stamped cigarettes, a distributor must collect the §42-3251.01 tax rates (\$.60 for a pack of 20). For Red stamped cigarettes sold to the "-01" retailers, A distributor may claim a rebate from the Department of Revenue for the §42-3251 amount prescribed by the Tribe's tax ordinance (up to \$0.40 for a pack of 20) less discounts.

Other Tobacco Products:

OTP sold to retailers in this section are also based on the Registration Number. The retailers with numbers ending in "-01" must be taxed at the §42-3251.01 tax rates for their taxed allocations and the retailers ending in "-02" must be taxed at the total tax rate for their taxed allocations. No taxes are to be collected for the tax-free allocations from either "-01" retailers or "-02" retailers. A distributor may claim a rebate from the Department of Revenue for the §42-3052, §42-3251 and §42-3371 rates for the taxed OTP sales to "-01" retailers and for the Total tax rates for the tax-free sales to both "-01" and "-02" retailers. No rebates will be issued for the taxed sales to "-02" retailers.

- Tonto Apache Reservation

Section III - Tribes with NO registered retailers

No retailers have registered with the Department, thus, **NO** sales of cigarettes and/or OTP can be made to any retailer on the following reservations:

- Havasupai Reservation
- San Juan Paiute Reservation

Section IV - Yavapai Prescott**Cigarettes:**

The retailers listed in this section may receive cigarettes with Red and Yellow stamps, at their given allocation ratios, if their Registration Number ends in "-01" and Blue and

Yellow stamps, at their given allocation ratios if their Registration Number ends in "-02". **NO** Green-stamped cigarettes are permitted to be sent to retailers on this reservation. **The Yavapai-Prescott Indian Tribe collects its Tribal tax from distributors.** For registered retailers receiving Blue stamped cigarettes, A distributor must collect the Total tax rates (\$2.00 for a pack of 20). For Red and Yellow stamped cigarettes, a distributor must collect the §42-3251 and the §42-3251.01 tax rates (\$1.00 for a pack of 20). For Red stamped cigarettes sold, a distributor may claim a rebate from the Department of Revenue for the amount prescribed by the Tribe's tax ordinance (\$1.00 for a pack of 20) less discounts.

Other Tobacco Products:

OTP sold to retailers in this section are also based on the Registration Number. The §42-3251 and the §42-3251.01 tax rates are to be passed on to retailers with numbers ending in "-01". A distributor may claim a rebate from the Department of Revenue for the total OTP taxes paid on sales made to "-01" retailers. The retailers ending in "-02" are to be taxed at the §42-3251.01 tax rates for their "Yellow stamp" allocated ratio sales and the Total tax rates for their "Blue stamp" allocated ratio sales. A distributor may claim a rebate from the Department of Revenue for the total OTP taxes paid on the "Yellow stamp" allocation sales made to "-02" retailers. No rebates will be issued for "Blue stamp" allocated sales made to "-02" retailers.

Section V - Navajo Nation and San Carlos Apache Tribe

The Arizona Department of Revenue has entered into intergovernmental agreements with the Navajo Nation and the San Carlos Apache Tribe to have the Arizona Department of Revenue collect the tax for those Reservations. Unlike with other offset reservations, the Arizona Department of Revenue will not be issuing rebates to the tobacco distributors. Therefore all distributors making sales on the Navajo Nation and/or the San Carlos Apache Reservation must collect the tax from the reservation retailers.

Cigarettes:

The registered retailers located on the Navajo Nation and San Carlos Apache Tribe reservations may receive cigarettes with Red stamps and Yellow stamps, at the allocations given, if their Registration Number ends in "-01", and Blue and Yellow stamps, at the allocations given, if their Registration Number ends in "-02". **NO** Green stamped cigarettes are permitted to be sent to retailers on these reservations. For registered retailers receiving Blue stamped cigarettes, a distributor must collect the Total tax rates (\$2.00 for a pack of 20). For Red and Yellow stamped cigarettes, a distributor must collect the §42-3251 and the §42-3251.01 tax rates (\$1.00 for a pack of

20). The Arizona Department of Revenue will collect the §42-3251 and the §42-3251.01 tax rates (\$1.00 for a pack of 20) from the distributors to remit to the tribes, for Yellow stamped sales made to retailers located on these reservations, since no taxes are collected when the Yellow stamps are sold to the distributors. No rebates will be issued for cigarette sales made on these reservations.

Other Tobacco Products:

OTP sold to retailers in this section are also based on the Registration Number. The retailers with numbers ending in "-01" are to be taxed at the §42-3251 and §42-3251.01 rates. The retailers ending in "-02" are to be taxed at the Total tax rates for their "Blue stamp" allocated ratio sales and at the §42-3251 and §42-3251.01 rates for their "Yellow stamp" allocated ratio sales. A distributor may claim a rebate for the §42-3052, §42-3251.02 and §42-3371 tax rates for all sales to "-01" retailers and for "Yellow stamp" allocated ratio sales to "-02" retailers. No rebates will be issued for "Blue stamp" allocated ratio sales to "-02" retailers.

Section VI - All other tribes

Cigarettes:

For the retailers listed in this section, those whose number ends in "-01" may receive their taxed cigarettes with Red stamps and their tax-free cigarettes with Green stamps. Those whose number ends in "-02" may receive their taxed cigarettes with Blue stamps and their tax-free cigarettes with Green stamps. A distributor may **NOT** ship more than the maximum tax-free packs to any retailer. For retailers receiving Blue stamped cigarettes, a distributor must collect the Total tax rates (\$2.00 for a pack of 20). For Red-stamped cigarettes, a distributor must collect the §42-3251 and the §42-3251.01 tax rates (\$1.00 for a pack of 20). No rebates will be issued for cigarette sales on these reservations.

Other Tobacco Products:

OTP sales to the retailers listed in this section must be taxed in the same ratio as cigarettes using the Total tax rates for retailers whose registration number ends in "-02" and at the §42-3251 and §42-3251.01 tax rates for retailers whose registration number ends in "-01". A distributor may claim a rebate for the §42-3052, §42-3251.02 and §42-3371 tax rates for all taxed OTP sales made to "-01" retailers. A distributor may also claim a rebate for the Total tax rates for all tax-free OTP sales made to both "-01" and "-02" retailers. No rebates will be issued for taxed OTP sales to "-02" retailers.

- Fort Apache (White Mountain)
- Hopi

- Hualapai

RATES

<u>Class</u>	<u>§42-3052</u>	<u>§42-3251</u>	<u>§42-3251.01</u>	<u>§42-3251.02</u>	<u>§42-3371</u>	<u>Total Tax Rate</u>
Cigarettes (Pack of 20)	.18	.40	.60	.02	.80	2.00
Cigarettes (Pack of 25)	.225	.50	.75	.025	1.00	2.50
Smoking Tobacco, Snuff, Chew	.02/oz.	.045/oz.	.068/oz.	.00/oz.	.090/oz.	.223/oz.
Cavendish, Plug, Twist	.005/oz.	.011/oz.	.017/oz.	.00/oz.	.022/oz.	.055/oz.
20 pk. - Small Cigars .04/pk	.04/pk	.089/pk.	.134/pk.	.00/pk.	.178/pk.	.441/pk.(20)
Cigars retailing for .05 or less	.02/per 3	.044/per 3.	.066/per 3	.00/per 3	.088/per 3	.218/per 3
All Other Cigars	.02/ea.	.044/ea.	.066/ea.	.00/ea.	.088/ea.	.218/ea.