



Little River Band of Ottawa Indians

Tax Department
375 River St
Manistee MI 49660
(231) 723 - 8288

Interpretation Letter 2012-1

January 11, 2012

Re: Tax treatment of payment to _____ for promotional purchases

Dear _____ :

You represent the Accounting Department of the _____ which is a Tribal entity of the Little River Band of Ottawa Indians. The _____ leases space, within the _____, to _____ which is a non-tribal entity. You are entering into an agreement with _____ to allow your Player Club members to redeem Point Value Comps (PVC) at their facility. The _____ will pay _____, at an agreed upon rate, for merchandise given to Player Club members using Point Value Comps. You are inquiring about the tax ramifications of this agreement.

The Tax Department recognizes this as a sale by _____ to _____ for promotional purposes.

The Tax Agreement between the Little River Band of Ottawa Indians and the State of Michigan, at **§ III(C)(1)** says, *"The State will impose a sales tax on all non-Tribal retailers, non-Tribal Member retailers, and non-Tribal Entity Retailers within the Agreement Area including Tribal and Trust Lands on all sales including those to the Tribe, Tribal Member or Tribal Entities unless a valid exemption certificate is presented at the time of sale."*

The _____ qualifies for exemption under **§ III(A)(1)(a)** *"Purchases by the Tribe or a Tribal Entity of tangible personal property for its use, including but not limited to Governmental Functions identified in § III(A)(1)(b) . . . and commercial activities are exempt from both the sales tax and use tax if the transaction takes place and the property is used exclusively within the Tribal and Trust Lands."*

I recommend that you issue a blanket Form 3998, Tribal Certificate of Exemption for Sales and Use Tax, to _____ for all purchases by _____ for this promotion.

Sincerely,

Barbara Czarnecki
Tax Officer
Little River Band of Ottawa Indians
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