



Little River Band of Ottawa Indians

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

Interpretation Letter 2006-5

June 9, 2006

Dear _____ :

You have inquired about the sales tax liability of an out-of-state seller that makes retail sales at an event held at the _____ which is located on Tribal and trust land.

Under the terms of the tax agreement, Section III(B)3, the Tribe agrees to collect its sales tax from all Tribal, Tribal member, and Tribal Entity retailers engaging in taxable sales within the Tribal and trust lands. Section III(C)1 says the State will impose 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 members, or Tribal Entities unless a valid exemption certificate is presented at time of sale.

If the out-of-state seller is a Tribal member of the Little River Band of Ottawa Indians, then Tribal taxes will apply and the Tribal seller must register for, collect and remit Tribal tax. If the out-of-state seller is not a Tribal member, the state of Michigan will impose their sales tax. The non-Tribal out-of-state seller is still subject to Tribal tax, and must still register for and collect the 6% tax under Section 6.03(a) of the Tribal Tax Ordinance. However, a deduction is allowed under Section 6.04(p) for, "Sales at retail on which the taxpayer owes a tax under the general sales tax act, M.C.L. 205.51 to 205.78, or the use tax act, M.C.L. 205.91 to 205.11, under the terms of the tax agreement, so long as the tax agreement remains in effect."

Every seller engaging in retail sales in Michigan (except Tribal seller selling on Tribal and trust land only) is required to obtain a license, from the Michigan Department of Treasury, under M.C.L. 205.53. It does not matter if they are a Michigan resident or not. They can apply for their Michigan sales tax license online at www.michigan.gov/treasury or by mail using a form which can be obtained from the same website.

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A Tribal seller, engaging in retail sales on Tribal and trust land only, does not have to register for Michigan tax. However, they must register for Tribal tax per Article VIII of the Tax Ordinance and their Tribal tax registration information is forwarded to the Michigan Department of Treasury per Section VIII(B)2 of the tax agreement.

Please refer to Interpretation Letter 2006-3 for guidelines that apply when promoters or market masters sublet space to individual sellers for retail sales activities.

Sincerely,

Barbara Czarnecki
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Little River Band of Ottawa Indians
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