



Little River Band of Ottawa Indians
Tax Department
2608 Government Center Drive
Manistee MI 49660
(231) 398-6874

Approved by:

Date:

Interpretation Letter 2014-1

May 19, 2014

Dear _____ :

You represent _____, a Tribal entity of the Little River Band of Ottawa Indians. You inquire as to the application of Tribal retail sales tax when selling the assets of a dissolved business. You also maintain that _____ was not registered for, or subject to, Tribal taxes and did not maintain an inventory of goods for resale.

Article VI of the Tax and Revenue Administration Ordinance imposes a retail sales tax, at the rate of 6% of gross receipts, for the privilege of engaging in the business of making sales at retail within Tribal and trust lands. A sale at retail is defined as the transfer of ownership of tangible personal property.

Although the Tax and Revenue Administration Ordinance does not include a deduction for isolated transactions, there is a deduction from retail sales tax for, "sales at retail which would be deductible from gross receipts under the State General Sales Tax Act, as amended, provided that person making the purchase provides the taxpayer with the form used by State taxpayers claiming exemption under one of the provisions in the General Sales Tax Act" (6.04o).

According to Michigan Administrative Code Rule 205.13, "*Sales at retail shall not include an isolated transaction made other than in the ordinary course of repeated and successive transactions of a like character . . . Such sales are "casual or isolated transactions and are not subject to tax. However, any person who in any manner or at any time advertises, solicits or offers tangible personal property for sale for the purpose of repeated sales is deemed to be regularly engaged in business and his sales are not considered casual or isolated, even thou they may be few or infrequent."*

Tax Department
Interpretation Letter 2014-1
May 19, 2014
Page 2

The Tax Department agrees that the sale of assets from the dissolution of would be considered an isolated transaction not made in the ordinary course of business and, therefore, qualified for exemption from Tribal retail sales tax. However, there is still a requirement to register for and obtain a Tribal Tax License as required by the Tax and Revenue Administration Ordinance at 8.03(a). Attached is an application form for a Concessionaire's (limited one-time event) license.

Please feel free to contact me if you have additional tax questions.

Sincerely,

Barbara Czarnecki
Tax Officer
Little River Band of Ottawa Indians
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