

ALCOHOL TAX REGULATIONS

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12.001. TITLE

This chapter shall be called the Alcohol Tax Regulations.

12.002. AUTHORITY

The Navajo Tax Commission promulgates this chapter pursuant to 24 N.N.C. §103 and 2 N.N.C. §2253

12.003. SCOPE AND APPLICATION

The regulations contained in this chapter apply to the Navajo Alcohol Tax.

12.004. DEFINITIONS

- A. "Alcohol Products" includes Beer, Liquor, Malt Liquor, Spirits, and Wine, as defined in these regulations;
- B. "Beer" means any beverage obtained by the alcoholic fermentation of an infusion or decoction of barley, malt, and hops or other cereals in drinking water, and includes porter, beer, ale and stout;
- C. "Commission" means the Navajo Tax Commission, delegated by the Navajo Nation Council to ensure the proper transportation, sale, delivery, and consumption of alcoholic beverages; or any such commission so delegated by the Navajo Nation;
- D. "Enterprise" means any non-corporate business entity created by action of the Navajo Nation Council;
- E. "First Sale" means the first sale from a retailer to a final consumer;
- F. "Liquor" means the product of distillation of any fermented liquid, rectified either once or more often, of whatever the origin, and includes synthetic ethyl alcohol, which is considered potable. "Liquor" includes distilled or rectified spirits, potable alcohol, brandy, whiskey, rum, gin, and aromatic bitters bearing the federal internal revenue strip stamps or any similar alcoholic beverage, including blended or fermented beverages, dilutions, or mixtures of one or more of the foregoing containing more than one-half percent alcohol, but less than twenty-one percent alcohol by volume, including Beer, Spirits, Wine, and Malt Liquor. Beer, Spirits, Wine, and Malt Liquor and liquors or solids containing in excess of one half of one percent (.05%) of alcohol by volume, but not more than twenty-one percent (21%) shall be considered liquor;
- G. "Malt Liquor" means an alcoholic drink made from malt, typically having a higher alcohol content than most Beer or ale;
- H. "Minor" means any individual under the age of 21;
- I. "Office of the Navajo Tax Commission" means the office charged by the Commission with the day-to-day administration of the Alcohol Tax; or any such administrative office so charged by the Commission;
- J. "Sale" or "Sell" means an exchange, transfer, sale, supply, barter, traffic, donation (with or without consideration), serving for consumption, dispensing, delivering, or distributing, by any means whatsoever, of Alcohol Products within the Navajo Nation by any Person;
- K. "Spirits" means any beverage that contains alcohol obtained by distillation, mixed with drinkable water and other substances in solution, including brandy, rum, whiskey, and gin;
- L. "Wine" means any alcoholic beverage obtained by the fermentation of the natural sugar content of fruits, such as grapes or apples or other agricultural products, containing sugar, including fortified wines such as port, sherry, and champagne.

12.005. FILING OF RETURN AND PAYMENT OF TAX

- A. Each person subject to this Alcohol Tax must file a return indicating all sales from applicable gross receipts and the tax due under this Chapter for each period by the fifteenth day of the second month after the end of each calendar quarter. Returns are due on May 15, August 15, November 15, and February 15 of each calendar year.
- B. The Commission may by form or regulation require that other information, records or relevant documents which it deems necessary for the proper and efficient administration of this Chapter be included with the return, and that the return be signed by a specified person.
- C. No return need be filed by any person who is exempt under §1209 of the Alcohol Tax, provided that the Office of the Navajo Tax Commission may require such a person to file the information necessary to establish its exempt status.

12.006. RATE OF TAX

Effective October 1, 2015, the rate shall be 3.25 percent (3.25%) of gross receipts from sales of Alcohol Products.

12.007. LICENSING

For purposes of licensing, all provisions in the Navajo Nation Liquor Regulations are fully applicable.

12.008. RELATIONSHIP WITH THE NAVAJO SALES TAX

The Alcohol Tax shall be administered in addition to the Navajo Sales Tax. The Sales Tax must first be reported and paid on those gross receipts for the sale of alcohol products, then the Alcohol Tax must be separately reported and paid on those same sales.

12.009. PASS-THROUGH OF ALCOHOL TAX TO BUYER

The legal incidence of the Navajo Alcohol Tax is on the seller of alcohol to the final buyer, and the seller is responsible for filing the tax returns and making the payment. However, there is nothing in the Alcohol Tax that prohibits the seller from passing the tax along to the buyer; the Alcohol Tax is silent on that issue. The Office of the Navajo Tax Commission neither requires nor prohibits a seller from passing the tax through to the buyer.

12.010. EFFECTIVE DATE

These regulations shall go into effect October 1, 2015.