



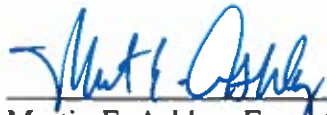
THE NAVAJO NATION

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PRESIDENT

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REX LEE JIM
VICE-PRESIDENT

TO : Navajo Nation Retail Sales Taxpayers

FROM : 
Martin E. Ashley, Executive Director
Office of the Navajo Tax Commission

DATE : March 23, 2015

SUBJECT: Healthy Diné Nation Act of 2014

This memorandum is to inform all retail businesses located on the Navajo Nation that are selling minimal-to-no nutritional value food items. The Navajo Nation Council passed a resolution to include the junk food tax of 2% to all minimal-to-no nutritional value food items sold.

The Office of the Navajo Tax Commission (ONTC) will be implementing this initiative on **April 1, 2015**. Enclosed is a detailed listing provided by the Dine Community Advocacy Alliance (DCAA) to be used as a reference guide on which types of products will be taxed at 2%. Please adjust your registers and make the necessary changes prior to the effective date.

For example, when a customer buys a soda and a bag of chips he/she will be paying a 7% tax (5% Navajo Nation Sales tax and 2% Navajo Nation Junk Food tax) on the soda and the bag of chips.

ONTC is currently working on the Junk Food Tax Form 1100 to be used for reporting the 2% tax on gross receipts for 2nd Quarter 2015. These forms and the instructions will be posted on the ONTC website at www.navajotax.org by May 31, 2015 for your usage. In addition, a revised Form 100 will be posted on the website by March 31, 2015.

If you have any questions pertaining to this matter, please call our office at (928) 871-6681 and ask to speak to a Tax Compliance Officer.

Enclosures

cc: Taxpayer File
Chrono

Listing of Unhealthy Foods Two Percent (2%) Tax Law

All items are meant for human consumption and are sold by supermarkets, grocery stores, convenience stores, restaurants, food courts, and retail establishments.

- I. *“Beverage” means soda, pop, vegetable juice, hot or iced coffee, hot chocolate, liquid coffee creamers, alcohol-free wine, beer, alcoholic drinks, energy drinks, sport drinks in the form of gel, shots, gum, pills, and/or powder, non-dairy beverages marketed as a protein supplement, any flavored dairy or non-dairy (soy, rice, almond) products (milk and yogurt), other naturally or artificially colored and/or flavored and/or sweetened drinks, carbonated or noncarbonated, containing caffeine or no caffeine, labeled or not labeled containing natural fruit juice, fit for human consumption; in any form, either powdered, concentrate liquid mixes sold in bottles, cans, boxes, bags, or sold in a refillable beverage container dispensed from a drink fountain; intended to be consumed on or off the premises where they are sold.*

“Beverage” includes, but not limited to the following:

Category	Example
Fruit drinks	Minute Maid®, Nestle®, Capri Sun®
Water with added sweeteners, flavorings, vitamins and minerals	Dasani® flavored water and/or enhancers, VitaminWater®, coconut water
Carbonated or sparkling drinks, including those with any amount of natural fruit juice	Sparkling apple cider, Root beer, Ginger ale, Canada Dry®, Sobe®
Cola-type drink	Pepsi Cola®, Coca Cola®, Dr. Pepper®, Sunkist®, 7UP®, Canada Dry®, Fanta®, Sprite®, Play®, Schweppes®, Big Cola
Artificially flavored, sweetened or not, powder or base drink product meant to be consumed diluted in water	MiO Liquid Dasani® Drops Crystal Light liquid or powder Kool-Aid® liquid or powder Country Time® 4C® Half and Half Iced Tea-lemonade
Unheated artificially flavored sweetened or unsweetened tea or tea products; including specialty teas sold in bottles or cans	Lipton® sweet tea, Sweet Leaf® iced tea, Pure Leaf® sweet tea, Arizona® sweet tea, Snapple® Southern sweet tea, Arnold Palmer® sweet tea powder, Nestea®
Energy, or sport drinks, gel, shots, gum, pills, and/or powder; including any non-dairy beverages marketed as a protein supplement.	Monster®, Full Throttle®, Gatorade®, drink, gels, etc. Powerade®, Propel®, Muscle Milk®, 5-hour Energy®, Redbull®
Flavored dairy or non-dairy (soy, rice, almond) products (milk and yogurt)	Chocolate, strawberry, vanilla, banana milk, Rice Dream® Vanilla Yoplait® Light fat free Lemon Cream Pie, Danone® Mango
Vegetable juice sold in cans, bottles, or cartons	V8®, Mott’s® Garden blend

- II. a. "Sweets" means any preparation containing various amounts of sugar or other sweeteners such as corn syrup, dextrin, fructose, high fructose corn syrup, galactose, glucose, honey, lactose, malt, maltose, maple syrup, molasses, and sucrose; sometimes in combination with flour, milk, butter, shortening, eggs, dried fruits, nuts, etc.
- b. Any frozen desserts with various fat contents made by freezing liquids or semisolids, based on naturally and/or artificially flavored water, fruit, purees, dairy or dairy substitutes, custards; combined with fruits, nuts, or other ingredients and flavorings, sold in cone or other means for immediate consumption, packaged in plastic/buckets, paper carton or other containers for storage and later consumption.
- c. Any pastries, as in any mixed, baked or fried products made primarily but not exclusively from flour, sugar, dairy, shortening, baking powder and eggs.
- d. Any cookies, as in raw or baked dough to crispy consistency, in various shapes, made primarily but not exclusively from flour, sugar, butter or other kinds of shortening, with or without ingredients added, such as candy, dried fruit, nuts, spices, etc.
- e. Any pies, cobblers, tarts, croissants, etc. defined as baked or raw products made of a pastry shell that contains or covers various combinations of ingredients such as fruits, nuts, etc.; products made out of yeast-leavened dough, filo (phyllo) dough, fried or baked dough, sweetened or powdered with sugar or any other sugar substitute, with or without fillings, cake, pancake mix, scone, breads, pie crust powdered mixes, including specialty mixes such as gluten-free mixes, etc.
- f. Any puddings and gelatin based desserts with soft consistency generally sweet but not exclusively, prepared with dairy, eggs, sugar or other sweeteners, with flavorings, cornstarch, and/or gelatin.

"Sweets" includes, but not limited to the following:

Category	Example
Candy	Any candy bars individually prepackaged or sold by weight Any hard candy in various shapes and with various coatings, prepackaged or sold by weight Any chocolates with or without filling Any dried or fresh fruit, nuts, popcorn covered with caramel, chocolate, honey, sprinkles, or any other coatings; prepackaged or sold by weight Any sugar confections with the following consistency: carbonated/crystalized, fizzed, liquid, soft/chewy, spray, jelly, tape/paper, powder, etc. Chewing gum, various flavors and shapes, with sugar or sugar-free Fudge, nougat, in various flavors; with or without nuts Maple sugar candy, Marshmallows, candy or chocolate covered marshmallows in decorative shapes Trail Mix with candies or dried fruit, Mints, Peanut brittle, Cotton candy, Licorice, Jellies or jellybeans in various shapes and with various flavors
Frozen desserts	Ice cream, Frozen yogurt, Gelato, Sherbet, Granita, Italian ice, Shaved ice, Slush, Snow cone, Popsicles
Pastries	Birthday cake, Cheesecakes, Sponge cakes, Butter cakes, Coffee cakes, Fruit cakes, Flourless cakes
Cookies	Shortbreads, Scones, Macaroons, Wafers, Chocolate chip cookies, Rolled cookies Sandwich cookies
Pies, cobblers, tarts, croissants, doughnuts, or doughnuts like products, cakes, pancakes mixes, etc.	Pecan, cherry, strawberry-rhubarb, apple pie, Fruit tart, Peanut butter pie, Paczki, Éclairs, Apple fritters
Puddings and gelatin based desserts	Jell-O® sugar-free Dark Chocolate, Chocolate fudge, Vanilla, etc. Jell-O® sugar-free, fat free or low calorie pudding or gelatin dessert Snack Pack® pudding Vanilla, Rice pudding, Tapioca or rice pudding

III. *“Chips or crisps” means any naturally or artificially flavored, mechanically and temperature altered vegetables, root vegetables, grains, beans, or products baked, toasted, fried quickly, mashed, dehydrated and reconstituted in various shapes or forms.*

“Chips or crisps” includes, but not limited to the following:

<i>Category</i>	<i>Example</i>
Sliced potato products, baked, toasted, or fried quickly	Potato chips, fries
Cooked potato product, mashed, dehydrated, reconstituted into dough and cut in uniformed pieces	Pringles®
Vegetables or thinly sliced root vegetables baked, toasted, or fried quickly with or without batter	Garden Veggie Straws®, Garden Veggie Chips®, Terra®,
Vegetables or grains, mechanically and temperature altered, and shaped into straws, puffs, or other forms	Popcorn, Corn nuts
Grain or multigrain products such as fried/baked/toasted pita or wheat thin chips, pretzels, sticks, gold fish, animal crackers, rice cakes, etc.	Stacy’s®, Sun Chips®, Baked Lay’s Chips®
Beans, corn chips baked, fried, or toasted	Doritos® Cheetos® Fritos®

Note: these definitions and lists could be modified and expanded to include newly engineered and marketed unhealthy foods as they become available.