



THE
NAVAJO
NATION

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OFFICE OF THE NAVAJO TAX COMMISSION
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Public Ruling

Navajo Sales Tax

Application of tax rate increase to construction contracts entered into prior to change in tax rate

On March 28th, 2007, the Navajo Tax Commission approved an increase in the Navajo Sales Tax rate from 3% to 4%, effective July 1, 2007. The April 5, 2007 edition of the Navajo Times contained a legal notice of this rate increase.

A question has arisen regarding the application of the rate increase to construction contracts entered into prior to the Commission action.

The rate increase from 3% to 4% will take effect on July 1, 2007 for all retail sales of goods and services, with the exception of certain construction contracts, which shall remain taxed at a rate of 3%. In order for the construction goods and services to be subject to the 3% rate, the construction contract must have been executed prior to April 5, 2007.

Anyone requesting to have the 3% rate continue to apply after July 1, 2007 to a particular construction contract, must make such request in writing to the Office of the Navajo Tax Commission and must submit a copy of the construction contract with the request

The 3% rate for construction contracts meeting the above requirements only applies through June 30, 2008. For all work performed on or after July 1, 2008, the rate for all construction activity is the same as the rate for all other activity.

This ruling expires on December 31, 2017, unless previously withdrawn by the Office of the Navajo Tax Commission or superseded or rendered invalid by a change in statute or regulation.

If you have any questions, please contact the Office of the Navajo Tax Commission at (928) 871-6681.

Issued this 9th day of May, 2007.

A handwritten signature in cursive script, appearing to read "Mary N. Etsitty", written over a horizontal dashed line.

Mary N. Etsitty, Executive Director
Office of the Navajo Tax Commission