



CHEROKEE NATION TAX COMMISSION
REVENUE AND TAXATION
RULES AND REGULATIONS

CHAPTER:	<i>PAYMENT OF TAX</i>		
REGULATION #	<i>RT:03-3-301</i>	SECTION:	<i>PAYMENT OF SALES TAX</i>
APPROVED BY:		DATE:	
EFFECTIVE DATE:	<i>TBD</i>	SUPERCEDES MATERIAL DATED	<i>OCTOBER 3, 2011</i>
AUTHORITY:	The Cherokee Nation Revenue and Taxation Legislative Act 1-90 § 21-1-3		

Tax Levy—Rate

- A. There is hereby levied a sale tax of six percent (6%) on the gross receipts or gross proceeds of all items of value or goods or services bought, sold, rented, leased or exchanged, or any combination thereof, on all transactions on, through, by or with any business enterprise which is located on tribal lands.
- B. Exempt from this tax are sale to Oklahoma public schools, and to an organization which is exempt from taxation pursuant to the provisions of the Internal Revenue code, 26 U.S.C., Section 501C3.
- C. Food; Tips and Services Charges
 - 1. If a customer tips the vendor's employee, and the amount is wholly at the discretion or judgment of the customer, the tip is not subject to the sales tax. This applies whether the customer gives the tip directly to the employee in cash or adds the tip to his bill (provided the vendor turns over the full amount of the tip to the employee who provided the service).
 - 2. If the vendor adds an amount or flat percentage to the meal price, and the amount is designated as a tip or gratuity, the additional amount is not a part of the sales price and is not subject to the tax if the amount or flat percentage is paid over in whole by the vendor to the employee who provided the service. If the vendor adds an amount or flat percentage designated as a service charge that is not paid over in whole to the employee who provided the service, it is to be included in the sales price and is sales taxable.
 - 3. For example, if Restaurant A automatically adds a 15% gratuity or service charge to the charge for the meal, and does not pay it to the employee who provided the service in whole, such charge represents an increment to the sales price of the meal. Similarly, if Restaurant B automatically adds a 20% gratuity or service charge, unless the customer specifically specifies otherwise, such charge will be subject to the tax unless the customer exercises his option and specifies a different amount.
 - 4. If the vendor accumulates tips or gratuities or adds an amount or flat percentage as a service charge designated as a tip or gratuity that is paid over to the employee as part or all of the minimum, hourly, or salary wage of the employee, it is to be included in the sales price and is subject to sales tax.

B.