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Taxation

Do tribal governments pay federal taxes?

Tribal government revenues are not taxed, just like state and local government revenues are not. The federal government has never taxed governmental revenue of state, tribal or local governments. This is a long-standing federal policy with Constitutional support that prevents interference with the ability to raise revenue for government functions. Like state and local governments, tribal governments use their revenues to provide essential services for their citizens. Unlike state governments, tribal governments are not in a position to levy property or income taxes. Income from tribal businesses is the only non-federal revenue source.

Do tribal governments pay state taxes?

States cannot directly tax a tribal government. The Supreme Court has held that state governments can collect excise taxes on sales to non-members that occur on tribal lands, so long as the tax does not fall directly on the tribal government. States and tribes have developed a variety of methods for collecting these taxes, which most often take the form of intergovernmental agreements or pre-taxing at the wholesale level.

Do Indian people pay taxes?

Individual American Indians and Alaska Natives and their businesses pay federal income tax just like every other American. The one exception is when an Indian person receives income directly from a treaty or trust resource such as fish or timber, that income is not federally taxed. States also cannot tax tribal members who live and derive their income on tribal lands.

The April 16, 2005 version of the [Streamlined Sales and Use Tax Agreement](#) includes changes that the streamlined sales tax implementing states approved at an April 16 meeting in Annapolis, MD. On October 1, 2005 this same group will consider additional amendments to the Agreement.

In April, Congressman Bob Goodlatte, introduced [H. R 1956, the "Business Activity Tax Simplification Act."](#) It is now with the House Judiciary Committee.

[S. 1736](#) (Senators Enzi & Dorgan) and [HR. 3184](#) (Congressmen Istook & Delahunt), "The Streamlined Sales and Use Tax Act" were pieces of legislation from the 108th Congress. S. 1736 was sent to the House Committee on the Judiciary and then sent the Subcommittee on Commercial and Administrative Law where it remained. H. R. 3184 remained in the Finance Committee.

Documents

- [Streamlined Sales and Use Tax Agreement](#)
- [H. R 1956 - the "Business Activity Tax Simplification Act."](#)
- [S. 1736 - "The Streamlined Sales and Use Tax Act"](#)
- [HR. 3184 - "The Streamlined Sales and Use Tax Act"](#)
- [Rep. Young Introduced Bill to Assist Collection of State Taxes on Reservation Sales, Legislative Update #375, 08/13/01](#)
- [NCAI Testimony, House Resources Committee Hearing on the Collection of State Transactions Taxes by Tribal Retail Enterprises, 10/12/99](#)
- [IRS Fed Reg Notice 8.9.06](#)
- [NCAI Resolution #SAC-06-043](#)

Links

- [Internal Revenue Service Tribal Issues Page](#)



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