



# CRIT DEPARTMENT OF REVENUE

## Tax Return and Schedule A Instructions, and Frequently Asked Questions

### FORM TR-1 Instructions

**Tribal License Number.** Enter your CRIT Tribal Business License, Tribal Liquor License, or Taxpayer ID number. If you do not have a CRIT license, contact the Department. If you do not enter a Tribal License Number, your tax return may be rejected and returned to you, and you may incur penalties and interest.

**Reporting Period.** Enter the month for which you are reporting and paying taxes. For example, "March 12" or "March 2012". If you do not enter a reporting period, your tax return may be rejected and returned to you, and you may incur penalties and interest.

#### **I. Taxpayer Information**

Enter the Business Name, Address, City and State, and ZIP Code. This information should be the same as the information on your Tribal License.

#### **II. Transaction Detail**

Lines 1 – 7. Enter information only on lines that pertain to your business. Some businesses will report taxes on multiple lines. The Liquor Tax applies in addition to all other Tribal taxes. For example, if your business makes retail sales of liquor, you will report taxes for liquor sales on both Line 1 (Sales Tax) and Line 6 (Liquor Tax). ***For retailers making tobacco product sales, use Line 7 for the Tobacco Products Tax and the Information Return Form.***

- Column 1. Enter the gross sales of the business for the reporting period rounded to the nearest dollar.
- Column 2. Enter the total exempt or excluded amount from Schedule A.
- Column 3. Subtract the amount in Column 2 from the amount in Column 1, and enter the result in Column 3, rounded to the nearest dollar.
- Column 4. This is the current Tribal tax rate.
- Column 5. Multiply the amount in Column 3 by the applicable tax rate in Column 4, and enter the result in Column 5, rounded to the nearest dollar.

**EXAMPLE:** The following is an example of a return filed by a retailer reporting for sales tax:

Line	Business Description	Column 1 Gross Sales	Column 2 Exempt/ Excluded Amount	Column 3 Net Taxable	Column 4 Tax Rate	Column 5 Tax Due
1	Sales Tax	\$1,730.00	\$230.00	\$1,500.00	0.02	\$30.00

***For Line 7, "Tobacco Products Tax," Column 5 "Tax Due", use the Information Return Form to calculate the tax owed.*** The rate of tax varies on the type of tobacco product sold. Section 20-2104(A)(2) of the Tribes' taxation Code provides the tax rates as follows:

- (A) the tax rate on each cigarette is \$0.05;
- (B) the tax rate for smoking tobacco, snuff, chewing tobacco, and related products is \$0.113 per ounce;
- (C) the tax rate on Cavendish, plug or twist tobacco is \$0.28 per ounce;
- (D) the tax rate on each twenty small cigars or fractional part thereof weighing not more than three pounds per thousand is \$0.223;
- (E) the tax rate on cigars is, if manufactured to retail at not more than \$0.05 each, is \$0.11 on each three cigars or, if manufactured to retail at more than \$0.05 each, is \$0.11 on each cigar.

- Line 8. Add the tax due from lines 1 through 7 in Column 5, and enter the total amount in line 7. This is the Total Tax Due.
- Line 9. Enter the amount of tax paid with the tax return. Line 8 should be the same as Line 7. If you elect to pay less than the Total Tax Due from Line 7, you may be subject to penalties and interest on the unpaid amount.

#### **Signature.**

Read the verification, and sign and date the application where indicated. If you paid an independent certified public accountant or other professional to complete the form for you, that person must also sign and provide his or her Federal Employer Identification Number or, if none, Social Security Number.

# Schedule A Instructions

Schedule A is used to calculate any applicable tax exemptions or exclusions for Section II, Column 2 of Form TR-1. Schedule A lists all possible exemptions and exclusions available. Once the total exemptions and exclusions have been determined, transfer these amounts to the appropriate lines in Section II, Column 2 of Form TR-1. The amounts should be the same.

**Taxpayer Name or Tribal License Number.** Enter your name or your business's name, and the CRIT Tribal Business License or Tribal Liquor License Number. This information should be the same as the information on the Form TR-1 and your Tribal License.

**Reporting Period.** Enter the month for which you are reporting and paying taxes. For example, "March 12" or "March 2012". This information should be the same as the information on the Form TR-1.

## **Left Column – Exemption and Exclusion Calculations.**

- Sales Tax. Enter only the "S" Exemption Codes or "Ex" Exclusion Codes that apply to your business. Do not use any other Codes. Enter the amount you claim is exempt or excluded next to the applicable Code. Use additional sheets if necessary. Add the exemptions and exclusions. Transfer the total amount to Section II, Line 1, Column 2 of Form TR-1.
- Sales Tax Item Over \$2500. Enter only the "S" Exemption Codes or "Ex" Exclusion Codes that apply to your business. Do not use any other Codes. Enter the amount you claim is exempt or excluded next to the applicable Code. Use additional sheets if necessary. Add the exemptions and exclusions. Transfer the total amount to Section II, Line 2, Column 2 of Form TR-1.
- Restaurant Privilege Tax. Enter only the "R01" Exemption Code or "Ex" Exclusion Codes that apply to your business. Do not use any other Codes. Enter the amount you claim is exempt or excluded next to the applicable Code. Use additional sheets if necessary. Add the exemptions and exclusions. Transfer the total amount to Section II, Line 3, Column 2 of Form TR-1.
- Transient Lodging Tax. Enter only the "TL" Exemption Codes or "Ex" Exclusion Codes that apply to your business. Do not use any other Codes. Enter the amount you claim is exempt or excluded next to the applicable Code. Use additional sheets if necessary. Add the exemptions and exclusions. Transfer the total amount to Section II, Line 4, Column 2 of Form TR-1.
- Utility Business Activity Tax. Enter only the "U01" Exemption Code or "Ex" Exclusion Codes that apply to your business. Do not use any other Codes. Enter the amount you claim is exempt or excluded next to the applicable Code. Use additional sheets if necessary. Add the exemptions and exclusions. Transfer the total amount to Section II, Line 5, Column 2 of Form TR-1.
- Liquor Tax. Enter only the "L01" Exemption Code or "Ex" Exclusion Codes that apply to your business. Do not use any other Codes. Enter the amount you claim is exempt or excluded next to the applicable Code. Use additional sheets if necessary. Add the exemptions and exclusions. Transfer the total amount to Section II, Line 6, Column 2 of Form TR-1.
- Tobacco Products Tax. Enter only the "Ex" Exclusion Codes that apply to your business. Do not use any other Codes. Enter the amount you claim is excluded next to the applicable Code. Use additional sheets if necessary. Add the exclusions. Transfer the total amount to Section II, Line 7, Column 2 of Form TR-1.

## **Right Column – Exemption and Exclusion Codes.**

- Exemptions. Exemptions are for items that have been exempted from Tribal tax. Use the "S" Exemption Codes to claim an exemption for Sales Tax. Use the "R" Exemption Code to claim an exemption for the Restaurant Privilege Tax. Use the "TL" Exemption Codes to claim an exemption for the Transient Lodging Tax. Use the "U" Exemption Code to claim an exemption from the Utility Business Activity Tax. Use the "L" Exemption Code to claim an exemption from the Liquor Privilege Tax. If you claim an exemption using the wrong Exemption Code, your return may be rejected and you might be subject to penalties and interest. There are no Exemptions from the Tobacco Products Tax.
- Exclusions. Exclusions are for items that are not subject to Tribal tax.
- Ex01. Use the "Ex01" Exclusion Code for Refunds to Consumers. "Refunds" refers to refunds made to consumers by a retailer on amounts previously reported as gross sales in Section II, Column 1 on Form TR-1. Such refunded amounts occur after a sale is made and reported. Refunds do not

include discounts, coupons, or trade-ins applied before a total sale price is calculated for a consumer.

- Ex02. Use the "Ex02" Exclusion Code for Tax Collected. "Tax Collected" refers to any separately stated tax included in amounts previously reported as part of gross sales in Section II, Column 1 on Form TR-1. You are not responsible for paying Tribal tax on separately stated taxes collected. If your business does not separately state taxes on a consumer's bill, then Tribal tax applies to the total sale amount and you cannot claim the exclusion.
- Ex03. Use the "Ex03" Exclusion Code for Repair and Installation Labor. "Repair and Installation Labor" refers to separately stated labor costs included in amounts previously reported as gross sales in Section II, Column 1 on Form TR-1. Only tangible property is subject to the Tribes' tax. If your business does not separately state repair and/or installation labor on a consumer's bill, the Tribal tax applies to the total sale amount and you cannot claim the exclusion.
- Ex04. Use the "Ex04" Exclusion Code for Sales not Subject to CRIT Tax. "Sales not Subject to CRIT tax" refers to sales of items not subject to the Tribes' tax that were included in amounts previously reported as gross sales in Section II, Column 1 on Form TR-1.
- Ex05. Use the "Ex05" Exclusion Code for Shipping Costs. "Shipping Costs" refers to separately stated mailing, postage, handling, or delivery costs included in amounts previously reported as gross sales in Section II, Column 1 on Form TR-1. If your business does not separately state shipping costs on a consumer's bill, the Tribal tax applies to the total sale amount and you cannot claim the exclusion.

### **Frequently Asked Questions**

When do I file my tax return? Use Form TR-1 for reporting taxable income and taxes due. A Form TR-1 and payment of taxes must be filed monthly. A Form TR-1 and payment of taxes are due before the last day of the month next succeeding the month for which a tax return is made. For example, for the Reporting Period March 2012, the Form TR-1 and tax payment must be received by the Department before April 30, 2012.

When do I pay the tax? Taxes owed must be paid each month along with the tax return. If the filing and payment due date falls on a Saturday, Sunday or legal holiday, the return and payment of tax shall be due at the close of the next business day.

What if I have no taxes to report for a month? You must still file a tax return. You should indicate that you had "\$0.00" in sales and/or taxes.

Do I have to keep records to support exemptions? Yes. Your business must keep adequate records of all sales. Your records are subject to examination or audit by the Department.

What are the penalties if I fail to file a tax return? The penalty for failing to file a return within the time prescribed is 5% of the total taxes due for each month the return is not filed, up to a maximum of 25%. You are not required to calculate penalty and interest. The Department will calculate these amounts for you and send notice of any deficiencies to you after the tax return is filed.

What are the penalties if I fail to pay all of my taxes that are due? The penalty for failing to pay tax within the time prescribed is 1% of the total tax due for each month (or fraction thereof) the tax is not paid up to a maximum of 25%. In addition to the penalties, any unpaid tax is subject to interest at a rate of 10% compounded daily until the tax is paid in full and any unpaid penalty is subject to interest at a rate of 5% compounded daily until paid in full. You are not required to calculate penalty and interest. The Department will calculate these amounts for you and send notice of any deficiencies to you after the tax return is filed.

What happens if I overpaid my taxes? If you are due a credit or refund, the Department will calculate that amount for you and will send you a notice of refund due. Do not subtract the amount of the credit or refund you believe you are due from the amount of taxes owed. Credits or refunds are processed separately.

What if I need more time to file my return or pay my taxes? If you are unable to file your tax return by the due date you can request for an extension of time to file by completing and filing an Application For Automatic Extension of Time To File Tax Return. You must file this application before the due date for the tax return.

What if I need to correct information on a previously filed tax return? You should fill out a new Form TR-1 and Schedule A for the reporting period that needs to be corrected, indicating the corrected information.

I don't understand the exemption and exclusion codes. Where can I look for more information? Please refer to the exemption sections of the CRIT Taxation Code and exemption section of the Health and Safety Code Article 2, Liquor for a detailed description of each exemption before completing Schedule A.

Can the Department help me fill out my tax return? No. The Department cannot provide guidance to determine tax liability.