

General Revenue and Taxation Regulations
of the
The Mashantucket Pequot Tribal Nation

Revised Through: September 15, 2022

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General Revenue and Taxation Regulations

Chapter I - Administration

I. ADMINISTRATION

1.1 Department Responsible for Tax Administration – The Office of Revenue and Taxation under the control of the Tribal Finance Committee, is responsible for administering the Mashantucket Pequot Tribal Nation's General Revenue and Taxation Code and these Regulations.

Taxpayers dissatisfied with final decisions rendered by the Office of Revenue and Taxation must appeal to the Tribal Finance Committee, then to Tribal Court if necessary.

Contact Information: The mailing address of the Office of Revenue and Taxation is, 110 Pequot Trail, P.O. Box 3008, Mashantucket, CT 06339-3008. Its telephone number is, (860) 396-3180.

1.2 Authority – The enactment of the Mashantucket Pequot Tribal Nation's General Revenue and Taxation Code and these Regulations are pursuant to and an expression of the governmental powers of the Mashantucket Pequot Tribal Nation which have been expressly recognized by the Connecticut Indian Claims Act of 1983, 25 U.S.C. §§ 1751-1760, and governmental powers of the Tribe which are embodied in the Mashantucket Pequot Constitution and By-Laws. The adoption of a General Revenue and Taxation Code was approved by Tribal Council Resolution Number: TCR - 070198-03 of 05 of the Mashantucket Tribal Council on July 1, 1998.

1.3 Overview and Definitions - The Mashantucket Pequot Tribal Nation's General Revenue and Taxation Code is comprised of two sections:

- Sales Tax – including Hotel Occupancy Sales Tax, Food and Beverage Sales Tax, Retail Sales Tax, and Admissions Tax.
- Other Taxes and Fees – including Real Estate Home Ownership Taxes and Fee and Ban on Single Use Plastic Bags.

Sales Tax Definitions: The following general definitions apply to all sales taxes, unless specifically addressed in Chapter II of the General Revenue and Taxation Regulations.

“Admissions” means the right or privilege to have access to a place or location where amusement, entertainment, or recreation is provided.

“Admissions Charge” means the amount assessed for the right or privilege to have access to a place or location where amusement, entertainment, or recreation is provided.

“Collection Agent” means any person responsible to collect taxes pursuant to the General Revenue and Taxation Code. A Collection Agent is liable for uncollected taxes, and therefore, is a taxpayer.

“Complimentary” or “Comp” means any provision of goods or services, including rooms, as evidenced by a Foxwoods Reward Point charge or other similar credit system including gaming and non-gaming complimentarys and coupons entitling the holder to a 100% discount.

“Coupons” mean an authorized and valid reduction of the sales price as evidenced by a written promotional coupon or voucher. Coupons do not mean a reduction of the sales price to zero. A price reduction to zero is a Complimentary.

“Discounts” mean an authorized and valid reduction of the sales price as evidenced by a written promotional discount program or voucher. Discounts do not mean any reduction of the sales price to zero. A price reduction to zero is a Complimentary.

“Foxwoods Reward Point” means the credits awarded to persons pursuant to the Point Program policies and procedures established by Foxwoods Resort Casino.

“Food and Beverage” means Meals and Grocery Items. Food and Beverage includes, but is not limited to edible items and drinks sold in restaurants, by room service, and in vending machines.

“Grocery Items” means edible items and drinks which are not furnished, prepared or served in such forms and/or in such proportions that they are ready for immediate consumption.

“Gross Receipts” means the total amount charged for the Occupancy for a Room, Sale of Food and/or Beverage, Sale of Tangible Personal Property (retail goods), and Admissions Charge. Discounts and Coupons (if less than 100% of the Sales price) reduce Gross Receipts. Complimentaries awarded by Foxwoods Resort Casino and used at the Mashantucket Pequot Museum and Research Center reduce Gross Receipts.

“Hotel” means any building on the Mashantucket Pequot Tribal Nation’s Reservation regularly used and kept open for the lodging of guests.

“Meal Plan” means the rendering of meals and lodging at a fixed price.

“Meal” or “Meals” means edible items and drinks which are furnished, prepared or served in such forms and/or in such proportions that they are ready for immediate consumption. Meals include food products which are prepackaged or in factory-sealed bags or packages. Meals include snack foods, crackers, nuts, candy, and confectionary.

“Occupancy” means the use or possession, or the right to the use or possession, of any Room or Rooms in a Hotel or the right to the use or possession of the furnishings or the services and accommodations accompanying the use and possession of such Room(s).

“Person” means and includes any individual, firm, association, corporation, unincorporated entity, or any other group or combination acting as a unit.

“Place of Amusement, Entertainment, or Recreation” includes, but is not limited to, motion picture shows, auditoriums where lectures and concerts are given, amusement attractions, and dance halls.

“Retailer” means any person selling goods or services on the Mashantucket Pequot Tribal Nation's Reservation.

“Room” means any space of any kind in any part or portion of a Hotel let out for use or possession for lodging purposes.

“Sale” and “Selling” means and includes the furnishing (selling and renting), preparing, or serving for a consideration of Hotel Rooms, Food and Beverage, Tangible Personal Property, or Admissions Charge on the Mashantucket Pequot Tribal Nation’s Reservation.

"Sale at Retail" means a Sale for any purpose, except for resale, in the regular course of business and the rendering of specified taxable services or the furnishing of accommodations in a Hotel.

“Single Use Plastic Bag” means a plastic bag with a thickness of less than four mils that is provided by a Retailer to a customer at the point of sale. Single Use Plastic Bag does not include: (i) a bag provided to contain meat, seafood, loose produce or other unwrapped food items; (ii) a newspaper bag; or (iii) a laundry or dry cleaning bag.

"Tangible Personal Property" means personal property which may be seen, weighed, measured, felt or touched, or which is in any other manner perceptible to the senses.

“Tentative Tax Liability” means the amount of taxes owed for any tax period before the application of credits.

1.4 Basis of Tax

1.4.1 Sales Tax

1.4.1.1 General Overview - Sales tax is measured by a Retailer’s Gross Receipts from the sale of Hotel Rooms, Food and Beverage, retail goods, or Admissions. Gross Receipts are defined in an all-inclusive manner. Gross Receipts include the total amounts paid for the subject property or services whether paid in money or otherwise, all receipts of any kind, any credits which the seller gives to the buyer, and all services that are part of the sale. The only allowable deductions from Gross Receipts or Sales Price are for Discounts and Coupons at the point-of-sale, and returned merchandise. The use of Complimentaries do not constitute a discount for the purpose of reducing Gross Receipts unless otherwise provided for in these Regulations.

1.4.1.2 Returned Merchandise, Allowances and Exchanges - Amounts refunded or credited to buyers on returned merchandise reduces Gross Receipts and therefore can be excluded from taxable basis. To qualify, the buyer must have returned the property in compliance with the Retailer’s returned merchandise procedures. The exclusion from taxable basis may be taken in the form of a credit against tax otherwise due or as a deduction from the current return’s taxable basis. The Retailer must be able to substantiate the taxable basis reported.

1.4.1.3 Exempt Organizations - Sales of tangible personal property and hotel occupancy to governmental, non-profit, charitable and religious organizations are exempt from Sales tax. Such exempt organizations are defined as certain entities exempt from Federal Income Tax, as follows:

1. Any organization that is exempt from federal income tax under IRC Section 501(a).
2. The United States government, agencies and political subdivisions;
3. States, municipalities, and their political subdivisions;
4. Federally recognized Native American Tribes.

Establishing tax exempt status: Exempt entities must complete the Tribal Sales Tax Exemption Certificate (Form MP-101). In addition, entities exempt pursuant to IRC Section 501 must provide an IRS determination letter acknowledging their status. Federal and State governments must provide proof of their status with a Government Identification Badge, a letter on governmental letterhead, or other equivalent document. Native American Tribes must provide a copy of Congressional action or other document establishing their federal recognition.

Tribal Members are required complete the attached MPTN Sales Tax Exemption Certificate (Form MP-101), provide a copy of their Tribal Member badge, or complete a Connecticut sales tax exemption form (CERT-127).

1.4.1.4 Sales Between Related Entities - Sales between a wholly owned businesses or “brother/sister” businesses are exempt from sales tax if no profit is built into the sale.

1.4.2 Other Taxes and Fees

1.4.2.1 Real Estate Home Ownership Tax - is imposed at an annual rate per Home. No credits or discounts are permitted. The tax is imposed on enrolled members of the Mashantucket Pequot Tribal Nation who reside on the Mashantucket Pequot Tribe’s Reservation. The annual rate of tax is the limit per home. If multiple Tribal members own the home, the tax is due in equal amounts from each homeowner.

1.4.2.2 Single Use Plastic Bag Fee – Expired – from August 1, 2019 to June 30, 2021, a is imposed on Retailers furnishing each Single Use Plastic Bag to a customer at the point of sale.

1.5 Rate of Taxes and Fees

1.5.1 Sales Tax

- 1.5.1.1** Hotel Occupancy Sales Tax rate is 15%.
[Historical note: 15% tax rate became effective 07/01/2011; previous tax rate was 13%.
[Historical note: 13% tax rate became effective 09/01/2009; previous tax rate was 12%].
- 1.5.1.2** Food and Beverage Sales Tax rate is 7.35%.
[Historical note: 7.35% tax rate became effective 10/01/2019; 6.35% tax rate became effective 07/01/2011; previous tax rate was 6%].
- 1.5.1.3** Retail Sales Tax rate is 7.35%.

[Historical note: 7.35% tax rate became effective 07/01/2011; 7% tax rate became effective 09/01/2009; previous tax rate was 6%].
Admissions Sales Tax rate is 10%.

1.5.1.4

1.5.2 Other Taxes and Fees

1.5.2.1 Real Estate Home Ownership Tax is \$900 per annum.

1.6 Accounting Requirements

1.6.1 Cash versus Accrual – The method of accounting used for financial statement purposes must be used to comply with the General Revenue and Taxation Code unless permission is granted by the Office of Revenue and Taxation. A request to change the method of accounting must be made in writing with a description of why a change is requested.

1.6.2 Record Keeping Requirements— Every seller, retailer and person liable to collect any taxes or fees has to keep records for a period of at least three years from the date the return was filed. All of these records are subject to audit. Specifically, records must document the validity of:

- Gross Receipts from sales including both taxable and exempt items and any services included as part of sales.
- All credits claimed on returns.
- All sales tax exemptions.

In general, these records are the normal books of account that would be kept by a prudent business in the activity in question, together with (a) all bills, receipts, invoices, register tapes and other original-entry documents which support the books of account, and (b) all schedules and working papers used in the preparation of tax returns.

Records must be retained for at least three years, unless the Office of Revenue and Taxation authorizes their earlier disposal.

1.6.3 Split Sales - Split sale or split settlement means a sale accomplished by transfer of cash and Comps. The Split Sale ordering rule is as follows:

Allocate Comps first to taxable items pursuant to the General Revenue and Taxation Code, then allocate cash.

Illustrations to clarify Split Sales ordering rule:

- If a purchase includes taxable and non-taxable items pursuant to the General Revenue and Taxation Code, allocate the Comp settlement first to the taxable items until exhausted then to the non-taxable items. An example is the settlement of a Hotel folio with Room Occupancy and Salon Services.

- If a purchase includes taxable items pursuant to both the General Revenue and Taxation Code and the State of Connecticut, allocate the Comp settlement first to the taxable items pursuant to the General Revenue and Taxation Code.

1.6.4 Recharacterized Sales - A sale originally settled as cash, Comp, or mixed may be recharacterized. In this case, the original sale must be reversed and recorded as corrected, in the month the correction was approved by the Retailer.

Illustrations to clarify the recharacterization rule:

- If a sale was originally settled by cash only and subsequently recharacterized as Comp only,
 1. Refund the tax originally collected (cash),
 2. Adjust the Foxwoods Reward Point account if necessary, and
 3. Report the correction on the tax return in the period in which the correction was approved.
- If a sale was originally settled by Comp only and subsequently recharacterized as cash only,
 1. Reinstate the Foxwoods Reward Point account if necessary.
 2. Collect the tax in cash from the purchaser, and
 3. Report the correction on the tax return in the period in which the correction was approved.

1.7 Returns and Payment

1.7.1 Sales Tax

1.7.1.1 Overview - All sellers liable for collecting and remitting sales tax must file periodic returns. Refer also to paragraph 1.13. Sales tax returns are electronically filed on Form MP-100. All fields within the Form MP-100 must be completed if relevant to a taxpayer's tax liability. Returns must be electronically signed by a Director, Controller, Vice President or equivalent. All returns are filed electronically with the Office of Revenue and Taxation using the Tribe's on-line tax filing and payment portal (<https://www.mptn-nsn.gov/SalesTax/>), unless manual filing is approved by the Office of Revenue and Taxation. Returns are required even if there is no tax due for the reporting period.

Taxpayers must file returns on a monthly basis unless approved by the Office of Revenue and Taxation.

1.7.1.2 Due Date of Returns and Payments - Payments must accompany returns. Returns are due no later than the last day of the month following the end of the

appropriate reporting period. For example, a taxpayer on a monthly reporting basis must electronically file its return for the month of January (and make the accompanying payment) no later than February 28.

A return's due date is automatically extended to the next business day if it falls on a Saturday, Sunday or legal holiday. For purposes of timely filing, a U.S. federal legal holiday is considered to be any legal holiday observed by the Mashantucket Pequot Tribal Nation. A manually filed tax return is considered timely filed if it bears a U.S. postmark on or before the due date.

Extensions: In order to obtain an extension of time for filing a return or paying the tax, a taxpayer must file a written request with the Office of Revenue and Taxation, stating good cause for the request, no later than the normal due date. Along with this request the taxpayer must file a tentative return and make an estimated payment based thereon. Interest at the rate of 1% per month or portion thereof must be paid on any amount of tax paid after the original due date.

1.7.1.3 Electronic Funds Transfer - Any taxpayer who pays sales tax by electronic funds transfer but does not initiate payment through Tribe's sales tax portal, must initiate its transfers early enough so that the required funds will be deposited in the designated bank account no later than the normal due date. If the Mashantucket Pequot Tribe's account is not credited by the due date, the taxpayer will be considered to have made a late payment and will be subject to penalties and interest. Any taxpayer that wishes to remit taxes via electronic funds transfer (outside of the Tribe's sales tax portal) must contact the Office of Revenue and Taxation to obtain detail wire instructions.

1.7.1.4 Penalties, Additions to Tax, and Interest - Penalties: The following lists the penalties related to sales tax:

- Failure to pay tax when due - penalty: greater of 15% of the tax, or \$50.
- Failure to file a return - penalty: greater of 15% of the tax, or \$50.

A taxpayer will not be subjected to both the failure to pay penalty and the failure to file penalty, for the same tax period.

Penalty waivers: The Office of Revenue and Taxation may waive tax penalties, in whole or in part, on equitable grounds. The Office of Revenue and Taxation decisions may be appealed within one month of issuance to the Tribal Finance Committee.

Additions to Tax: The Office of Revenue and Taxation has the authority to make additional assessment adjustments of sales tax upon examination of any return. Refer to paragraph 1.8.

Interest on underpayments: Interest at the rate of 1% per month, or any fraction thereof, is imposed in cases of late payments, assessments made when returns are not filed, and deficiency assessments. In each case, interest is calculated from the original due date until the date of actual payment.

1.7.2 Other Taxes and Fees

1.7.2.1 Real Estate Home Ownership Tax - All homeowners are liable for remitting the Real Estate Home Ownership Tax. A tax return is not needed to accompany payment. The payment may be remitted to the Mashantucket Pequot Housing Department in equal monthly installments.

Right of off-set: The Office of Taxation and Revenue has the authority to withhold the tax from any funds owed to the taxpayer by the Mashantucket Pequot Tribal Nation and its subsidiaries.

1.8 Tax Collection Enforcement

1.8.1 Sales Tax

1.8.1.1 Tax Collection Overview - The Office of Revenue and Taxation has authority to ensure the accurate computation of sales taxes. It has the power to make deficiency assessments, following the examination of returns, and may make estimated assessments when taxpayers fail to file returns.

1.8.1.2 Deficiency Assessment Adjustments and Assessments Based on Estimated Tax Liability - The Office of Revenue and Taxation may make additional assessments of sales tax if not satisfied with the amount of tax reported on any return and make sales tax assessments when a taxpayer fails to file a return. To do so, the Office of Revenue and Taxation uses any information in its possession, or new information that comes into its possession, to estimate the taxpayer's gross receipts. There are no statutory limitations on the type of information the Office of Revenue and Taxation may use.

Interest and Penalties - are calculated pursuant to paragraph 1.7.1.4.

Notice: The Office of Revenue and Taxation must provide the taxpayer written notice of any deficiency assessment, adjustment, or reassessment. Notice may be served in person, email, or by U.S. mail addressed to the taxpayer at the address shown on the Office of Revenue and Taxation records.

Time limits: Deficiency assessment adjustments are subject to a three-year statute of limitations. This period begins on the last day of the month following the tax period to which an assessment relates, or when the return is filed, whichever is later. It ends when the Office of Revenue and Taxation provides notice of the assessment. Notice of assessments are subject to a three-year statute of limitations.

Reassessment: A deficiency assessment adjustment becomes final and payable 60 days after service of notice. If a taxpayer wants to appeal the assessment, it must file a written petition for reassessment with the Office of Revenue and Taxation prior to the expiration of this period. The Office of Revenue and Taxation will then reconsider the assessment, and may grant the taxpayer an oral hearing if so requested in the petition. As part of the reassessment process, the Office of Revenue and Taxation may increase or decrease the amount of the original deficiency assessment. The Office of Revenue and Taxation's order on a reassessment becomes final 30 days after service of notice; any further appeals must be made in writing to the Tribal Finance Committee by that deadline.

1.9 Reserved

1.10 Setoffs - As part of an assessment, the Office of Revenue and Taxation may offset one period's overpayment against another period's underpayment, including interest. This also applies to assessments made when no return has been filed.

1.11 Compromise and Closing Agreements - The Office of Revenue and Taxation may make compromise settlements of tax disputes with taxpayers. These are permitted if there is doubt over a taxpayer's liability for the amount in question or collectability. The Office of Revenue and Taxation also may enter into written closing agreements with taxpayers regarding their tax liabilities.

1.12 Refunds and Credits

1.12.1 Refunds - Overpayments are used to offset future tax liabilities. Taxpayers seeking refunds because overpayments significantly exceed anticipated tax liabilities must file claims with the Office of Revenue and Taxation, stating the specific grounds on which the claims are based. A claim for overpayment must be filed within three years from the last day of the month following the taxable period for which the overpayment was made.

1.12.2 Sales Tax Credits - Certain credits may be applied to sales taxes. Credits are a reduction of a taxpayer's Tentative Tax Liability. Credits do not reduce taxable gross receipts, credits lower tax liability on a dollar for dollar basis. Three types of credits are available. Only one type of credit may be taken for the same transaction.

1.12.2.1 Complimentary Sales Credit – The amount of Sales Taxes computed attributable to Complimentary sales may be taken as a credit against the Tentative Tax Liability.

The amount of Single Use Plastic Bag Fee(s) attributable to Complimentary sales may be taken as a credit against the Tentative Tax Liability provided the sale is settled entirely with Foxwoods Points.

Complimentary sales are treated as a sale to Foxwoods and a promotional giveaway from Foxwoods to the individual customer (see also Connecticut Legal Ruling 2002-3).

1.12.2.2 Credit for Taxes Paid to Another Jurisdiction - A credit is allowed if taxable property or services are properly subject to sales or use tax in another jurisdiction and sales or use tax is paid to such jurisdiction, provided such property or services are also subject to the General Revenue and Taxation Code.

In the case of taxes paid to Connecticut for complimentary sales of alcohol, the credit amount is equal to the amount reimbursed by Foxwoods for such sales multiplied by the Connecticut sales tax rate on alcohol sales.

Retailers are required to provide proof of taxes paid to other jurisdictions, with supporting schedules necessary to reconcile to Form MP-100, upon request from the Office of Revenue and Taxation. Credit is not allowable without required documentation.

1.12.2.3 Refund Carryover Credit – The amount of a prior period overpayment may be used by a taxpayer as a credit to reduce the Tentative Tax Liability. All prior period overpayments must be supported by a sales tax return completed in its entirety as required by the General Revenue and Taxation Code.

1.13 Responsibility for Tax Payment and Collection

Retailers are responsible for collecting and remitting sales taxes. Retailers are Collection Agents and, as such, must register with the Office of Revenue and Taxation, unless the Retailer is wholly owned and operated by the Mashantucket Pequot Tribal Nation.

The Office of Revenue and Taxation is authorized to issue registration procedures, forms, and instructions to administer the General Revenue and Taxation Code.

General Revenue and Taxation Regulations

Chapter II - Sales Tax

II. SALES TAX

2.1 Hotel Occupancy Sales Tax

2.1.1 Imposition and Rate of Tax - For the privilege of the use and occupancy, or right of use and occupancy, of a Room in a Hotel located on the Mashantucket Pequot Reservation for a consideration, a tax is imposed on all use and occupancy of Room(s) and occupancy-related services. The Hotel Occupancy Sales Tax rate is fifteen percent (15%) of taxable Gross Receipts goods [Historical note: 15% tax rate became effective 07/01/2011; 13% tax rate became effective 09/01/2009; previous tax rate was 12%]. The tax shall be imposed upon the person for whom the Room, goods or services are provided and collected by the provider of the Room, goods or services. The amount of the tax shall be remitted by the provider irrespective of whether the provider collected such tax from the purchaser. In the case of Complimentaries, refer to the Complimentary Sales Credit, paragraph 1.12 and below.

2.1.2 Tax Base

2.1.2.1 Overview - Generally, Hotel Occupancy Sales Tax is measured by a Retailer's Gross Receipts from the sale of Hotel Rooms and occupancy related services.

2.1.2.2 Reserved

2.1.2.3 Reduced Price – Gross Receipts are not reduced by the value of Complimentaries. Gross Receipts do not include the value of Discounts and/or Coupons. For example, a Hotel folio for four nights (at a price of \$150 per night) is settled using cash with the following price adjustments:

1. One night Comped,
2. One night 10% discount,
3. One night \$50 Coupon,
4. One night full charge.

Tax of \$50.05 would be collected and calculated as follows:

1. No cash tax on the Comp night
2. \$20.25 tax for the 10% discount night ($\$150 \times 90\% \times 15\%$),
3. \$15.00 tax for the \$50 Coupon night ($(\$150 - \$50) \times 15\%$),
4. \$22.50 tax for the full charge night ($\$150 \times 15\%$)

An additional tax of \$22.50 on the comped sale transaction (item #1 above) would be assessed and credited by the Retailer against the payment due to the Tribe in accordance with paragraph 1.12.2.1.

2.1.2.4 Meals – In the case of a Meal Plan, a portion of the charges paid by the guest to the Hotel are treated as the purchase price of Meals and, thus, subject to the Food and Beverage Sales Taxes under paragraph 2.2, and the balance of the charges paid by the guest to the Hotel is treated as rent for the occupancy of a room and, thus, subject to the Hotel Occupancy Sales Tax. Allocate the charges as follows:

Package Includes:	% Allocated Meals	% Allocated Room
Room/breakfast, lunch, dinner	50%	50%
Room/breakfast, lunch,	30%	70%
Room/breakfast, dinner	40%	60%
Room/lunch, dinner	40%	60%
Room/ dinner	25%	75%
Room/breakfast	15%	85%
Room/ lunch	15%	85%
Room/continental breakfast	0%	100%

(A "continental breakfast" consists of juice, pastry and coffee)

Room service charges for the furnishing, preparing or serving of Meals or drinks will not be treated as part of the services or accommodations accompanying the use and possession of a Hotel Room, but will be treated as charges to which Food and Beverage Sales Tax applies. Room service charges must be separately stated on the guest's room bill. If not separately stated, the room service charge is included in the Hotel Occupancy Sales Tax Gross Receipts.

2.1.2.5 Rental of Rooms other than for Lodging (Meetings and Conferences) - The Hotel Occupancy Sales Tax does not apply to Rooms rented for use other than for lodging purposes, such as meetings and conferences, so long as the charges are separately stated. Food and Beverage Sales Tax may apply if Meals are involved, under the following conditions:

- (A) If the acceptance of Meals furnished by the Hotel is a mandatory condition of the meeting or conference room rental, the entire charge for the room and Meals is treated as a charge for meals and is subject to Food and Beverage Sales Tax.
- (B) If the Meals are furnished and consumed in the meeting/conference room, the entire charge for the room and Meals is treated as a charge for Meals and subject to Food and Beverage Sales Tax, whether or not the room and Meals components are separately stated.
- (C) If the Hotel supplies more than one room, with one room used for furnishing Meals and the other for the meeting or conference, then the charge for the meeting or conference room is exempt from all tax if it is separately stated and is reasonable based on prevailing rates in the area. The total charges for the "meals" room is subject to the Food and Beverage Sales Tax.

- (D) If the attendees at the meeting or conference hire and pay a third-party caterer to supply Meals, then the Hotel's charges are not treated as charges for Meals, but rather for meeting or conference space, and therefore are not taxable. The caterer's charges to the attendees are treated as charges for Meals, even if the room rental is separately stated, and are subject to Food and Beverage Food and Beverage Sales Tax.

Providing a self-service table for snacks and nonalcoholic beverages is considered to be furnishing Meals. The Hotel's charges for the self-service table are subject to Food and Beverage Sales Tax while its charges for the meeting or conference rooms are tax-free.

2.1.2.6 Telecommunication Services (Telephone, Facsimile, Internet, etc.) - Charges made by a hotel to a guest for telecommunication services are considered to be for services and accommodations accompanying the use and possession of a room in a hotel, and, hence, are included in Gross Receipts charged for occupancy. Whether or not charges for such services are separately stated, Hotel Occupancy Sales Tax applies.

2.1.2.7 Other Services - Charges made by a Hotel to a guest for services, such as valet, dry cleaning or laundry services will be treated as part of the services or accommodations rent charged for occupancy. Whether or not charges for such services are separately stated, Hotel Occupancy Sales Tax applies.

2.2 Food and Beverage Sales Tax

2.2.1 Imposition and Rate of Tax - For the sale of Food and Beverage in any location within the Mashantucket Pequot Reservation, a tax is imposed. The Food and Beverage Sales Tax rate is seven and 35/100 percent (7.35%) of the Gross Receipts from the sale of taxable Food and Beverages [Historical note: 7.35% rate became effective 10/01/2019; 6.35% tax rate became effective 07/01/2011; previous tax rate was 6%]. The tax shall be imposed on the person purchasing the Food and Beverages and collected by the provider of the Food and Beverage. The amount of the tax shall be remitted by the provider irrespective of whether the provider collected such tax from the purchaser. In the case of Complementaries, refer to the Complimentary Sales Credit, paragraph 1.12 and below.

2.2.2 Tax Base

2.2.2.1 Overview - Food and Beverage Sales tax is measured by a Retailer's taxable Food and Beverage Gross Receipts. Grocery Items are exempt from the Food and Beverage Sales tax. Meals and non-grocery edible items are subject to the Food and Beverage Sales tax.

Transitional rule for tax rate changes: An event booked prior to a tax rate change is taxable at a pre-change rate, provided the contract date predates the effective date of the rate change and the actual event occurs after the rate change.

Meals defined: Edible items and drinks which are furnished, prepared or served in such forms and/or in such proportions that they are ready for immediate consumption. Meals include food

products which are prepackaged or in factory sealed bags or packages. Meals include snack foods, crackers, nuts, candy, and confectionary.

Taxable items: Products which qualify as Meals and non-grocery edible items, and therefore are taxable, include:

- Candy
- Alcoholic beverages
- Carbonated beverages, which include soda, soft drinks, carbonated water, and similar items customarily dispensed at bars and soda fountains.
- Items which are a combination of food and nonfood products, unless at least 50% of the sales price is attributable to the Grocery Items. (example: Fruit basket; the cost of the fruit must be compared with the cost of the basket)

Meals: Sales of Meals by restaurants and other eating establishments generally are taxable, even if they consist of items considered Grocery Items, if sold by grocery or convenience stores.

Besides restaurants, eating establishments include:

- cafeterias;
- sandwich shops;
- pizzerias;
- fast-food outlets of all types;
- coffee and donut shops;
- luncheonettes;
- cocktail lounges and taverns;
- snack bars;
- ice cream shops;
- mobile food trucks and carts;
- private or social clubs;
- hotels or boarding houses selling Meals (refer to paragraph 2.1.2)
- refreshment stands located at amusement or entertainment facilities.

Meals sold by caterers also are taxable. A caterer is a person who prepares Meals and either (a) serves the Meals at a location which the customer designates, or (b) delivers the Meals to the customer at a designated location, without serving them. It is not necessary for the caterer to have provided the Meals which he or she prepares.

Taxable basis: Tax is imposed on the Gross Receipts from the sale of a Meal. Gross Receipts include the Meal's listed selling price, any charges for the use of waiter, bartenders, and other service personnel, and charges for the use of items such as glasses and silverware.

Mandatory Gratuities: Food and Beverage Sales Taxes is applied to service charges provided that the Gross Receipts from the sales of Meals include any mandatory service charge unless the seller can establish that (i) the service charge does not inure to the benefit of the seller (the use of such service charge by the seller to reduce his expenses, including his payroll expense, is a benefit to the seller), (ii) the service charge is remitted, in its entirety, to the service personnel who provided the meal service, and (iii) the service charge is separately stated on the bill. The term 'service personnel' is limited to personnel involved in the actual serving of the Meal to the

customer. The term 'service personnel' does not include supervisory and administrative personnel, such as the banquet manager, banquet marketing personnel, banquet captain, catering directors and catering managers.

2.2.2.2 Reserved

2.2.2.3 Reduced Price – Gross Receipts are not reduced by the value of Complimentaries. Gross receipts are reduced by the value of Discounts and/or Coupons. Refer to example in paragraph 2.1.2.3.

2.2.2.4 Meals and Hotel Occupancy - In the case of any amount treated as a Meal pursuant to paragraphs 2.1.2.4 and 2.1.2.5, it is subject to the Food and Beverage Sales Tax of this paragraph 2.2.1.

2.2.2.5 Vending Machines - Vending machine transactions are exempt from tax.

2.2.2.6 Tobacco Products - Sales of cigarettes, cigars, and other tobacco products are exempt from tax.

2.3 Retail Sales Tax

2.3.1 Imposition and Rate of Tax - For the sale of goods within the Mashantucket Pequot Tribal Nation's Reservation, a tax is imposed on the Gross Receipts from the Sale at Retail of Tangible Personal Property unless exempt from tax. The Retail Sales Tax rate is seven and 35/100 percent (7.35%) of taxable Gross Receipts from the sale of goods [Historical note: 7.35% tax rate became effective 07/01/2011; 7% tax rate became effective 09/01/2009; previous tax rate was 6%]. The tax shall be imposed on the person purchasing the goods and collected by the provider of the goods. The amount of the tax shall be remitted by the provider irrespective of whether the provider collected such tax from the purchaser. In the case of Complimentaries, refer to the Complimentary Sales Credit, paragraph 1.12 and below.

2.3.2 Tax Base

2.3.2.1 Overview - Retail Sales Tax is measured by a retailer's taxable Gross Receipts from the sale of tangible personal property.

2.3.2.2 Exempt Property - All sales of Tangible Personal Property are taxable unless specifically exempted from the tax. The following transactions are exempt.

- Bingo Paper - Sale of Bingo Paper is not taxable.
- [Historical Note: Effective 7-1-2011, the clothing exemption was repealed and all articles of clothing and footwear are now taxable.]
- Medicines and Drugs - Prescription medicine are exempt from tax. Non-prescription medicines and drugs are exempt from tax effective April 1, 2015.

[Historical note: from 07-01-2011 to 03-31-2015, non-prescription drugs were taxable.]

- Motor Fuels - Gasoline and other fuels are exempt from tax.
- Newspapers - Newspapers sold over the counter (i.e. not as part of a regular subscription) are exempt from the tax.
- Occasional Sales - Casual or isolated sales are exempt from tax. Occasional sales means (a) infrequent, non-recurring sales by persons not in the business of selling tangible personal property, and (b) sales of items of tangible personal property acquired for the seller's use or consumption and not sold in the regular course of the seller's business.
- Pull Tab Tickets - Sale of Pull Tab Tickets are not taxable.
- Tobacco Products - Cigarettes, cigars, and other tobacco products are not taxable.

2.3.2.3 Tribal Member Exemption – Sales of goods, (merchandise and other personal property) to enrolled members of the Mashantucket Pequot Tribe are exempt from the Retail sales tax.

2.3.2.4 Reduced Price - Gross Receipts are not reduced by the value of Complimentaries. Gross Receipts are reduced by the value of Discounts and/or Coupons. Refer to example in paragraph 2.1.2.3.

2.4 Services - The General Revenue and Taxation Code does not tax services unless specifically included in the tax base (such as in the Hotel Occupancy Sales Tax - paragraph 2.1; and the Food and Beverage Sales Tax - paragraph 2.2).

2.5 Admissions Sales Tax

2.5.1 Imposition and Rate of Tax - For the right or privilege to have access to a Place of Amusement, Entertainment, or Recreation, a tax is imposed on the taxable Admissions Charges. The Admissions Sales Tax rate is ten percent (10%) of taxable Admissions Charges or Gross Receipts. The tax shall be imposed upon the person to whom access is permitted and collected by the provider of the access. The amount of the tax shall be remitted by the provider irrespective of whether the provider collected such tax from the purchaser. In the case of Complimentaries, refer to the Complimentary Sales Credit, paragraph 1.12 and below.

2.5.2 Tax Base

2.5.2.1 Overview - Admissions Sales Tax is measured by a Retailer's Gross Receipts from Admissions or Admissions Charge for the granting of access to any Place of Amusement, Entertainment, or Recreation. No tax is imposed:

- on a charge under \$1;
- for allowing a person to participate in a sporting activity;

- on any admissions for any events held at the Mashantucket Pequot Museum and Research Center;
- on any admissions for bingo events held at the Foxwoods Resort Casino.

2.5.3 Coin Operated Amusement Services and Video Games - Coin operated amusement devices and video games are not subject to tax.

2.5.4 Reduced Price - Gross Receipts are not reduced by the value of Complimentaries. Gross Receipts are reduced by the value of Discounts and/or Coupons. Refer to example in paragraph 2.1.2.3.

General Revenue and Taxation Regulations

Chapter III - Other Taxes and Fees

III. OTHER TAXES AND FEES

3.1 Real Estate Home Ownership Tax

3.1.1 Imposition and Rate of Tax - There is imposed a Real Estate Home Ownership Tax at a rate of \$900.00 per annum, payable at the rate of \$75.00 per month. The Real Estate Home Ownership Tax shall be payable by every homeowner on the Reservation incident to his/her ownership interest in a Home or House under any Tribal Housing Program by the last day of each month. A \$10 penalty is imposed on any monthly installment not paid within 7 days from the due date.

3.1.2 Tax Base - Real Estate Home Ownership Tax is imposed at an annual rate per Home. No credits or discounts are permitted under the General Revenue and Taxation Code. The tax is imposed on enrolled members of the Mashantucket Pequot Tribal Nation who reside on the Mashantucket Pequot Tribe's Reservation. The annual rate of tax is the limit per Home. If multiple Tribal members own the home, the tax is due in equal amounts from each such homeowner.

3.1.3 “Home” or “House” - means each residence on the Mashantucket Pequot Reservation which has a unique address as assigned by the Mashantucket Pequot Planning Department and approved by the Mashantucket Tribal Council.

3.1.4 Effective Date - the Real Estate Home Ownership Tax of Section 3.1 shall be effective January 1, 1998.

3.1.5 Administration - The Tribal Housing Department is responsible to notify Tribal Finance of Tribal Members subject to the Tax, changes in Home ownership, and uncollected taxes. The Tribal Finance Department is responsible to notify Tribal Housing of monies collected through payroll and other garnishments.

4.1 Single Use Plastic Bags – Fee and Ban - Expired

4.1.1 Imposition and Rate of Fee – As of August 1, 2019 through June 30, 2021, furnishing by a Retailer of Single Use Plastic Bags to a customer at the point of sale is subject to a 10 cent fee per bag furnished. The bag fee is imposed on the customer receiving each bag and collected by the Retailer. The bag fee shall be remitted by the Retailer irrespective of whether the Retailer collected such fee from the customer. In the case of Complimentaries, refer to the Complimentary Sales Tax Credit, paragraph 1.12. The bag fee is not included in the sales tax base and therefore is not subject to Tribal sales tax; however, any charges by a retailer for a bag are subject to Tribal sales tax.

4.1.2 Bag Subject to the Fee – “Single Use Plastic Bag” means a plastic bag with a thickness of less than four mils that is provided by a Retailer to a customer at the point of

sale. Single Use Plastic Bag does not include: (i) a bag provided to contain meat, seafood, loose produce or other unwrapped food items; (ii) a newspaper bag; or (iii) a laundry or dry cleaning bag.

4.1.3 **Effective Date and Ban on Single Use Plastic Bags** – Imposition of the Single Use Plastic Bag Fee begins August 1, 2019 and ends June 30, 2021. On and after July 1, 2021, no Retailer shall provide or sell a Single Use Plastic Bag to a customer at a point of sale.

4.1.4 **Administration** – Retailers remit the Single Use Plastic Bag fees to the Tribal Office of Revenue and Taxation with sales tax returns. Administrative procedures applicable to Retailer’s compliance with Tribal Sales Tax Regulations apply to the collection and remittance of Single Use Plastic Bag fees, unless otherwise stated within these Regulations.