

Remote Sales Tax Collection: FAQ for Local Governments

Intergovernmental Agreement

- Commits the local government to participate in the Commission
- Agrees to delegate to the Commission collection of remote sales tax
- Agrees to AML administration
- Action – pass a resolution authorizing signature to the

Agreement Alaska Remote Seller Sales Tax Commission

- Local government appoints a representative
- Annual meeting and notice of all meetings
- Governed by Bylaws
- Board of seven
 - Oversees administration
 - Approves annual budget
 - Development of the Remote Sales Tax

Code Alaska Remote Seller Sales Tax Code

- Applies the local jurisdiction's tax rate, cap and exemptions to remote sales
 - Out of state sales – if the retailer does not have a physical presence in Alaska, they are expected to comply. The Commission anticipates that this applies to between 2,500 and 3,500 retailers.
 - In-state sales – if the retailer sells into your community, collection of sales tax is expected
- Standardizes compliance – reporting, penalties, audits, late filing rules, etc.
- Criteria Threshold (otherwise known as economic nexus)
 - \$100,000 in statewide, annual gross sales; and/or
 - 200 transactions annually, in Alaska
- Hold Harmless provision
 - All retailers who use the Commission's software aren't liable for inaccurate information contained therein
- Remote vs. Physical
 - If the retailer has only a physical presence, remit to the local government
 - If the retailer has a physical presence but also remote sales, continue remitting local taxes to the local government and remote taxes to the Commission
 - If the retailer is a marketplace facilitator, remit to the Commission
 - If the retailer is a marketplace facilitator that provides lodging, remit to the local government
- Late filings
 - Late filing fee is paid to the Commission for administrative action
 - Interest owed on taxes collected accrues to the local government
 - Penalty of 5% a month accrues to the local government
- Common definitions
 - The Code provides uniform definitions, including supplemental definitions that apply when a jurisdiction does not have their own.