

# City and Borough of Sitka


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*Coast Guard City, USA*

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**Thru:** John Leach, Municipal Administrator 

**From:** Melissa Haley, Finance Director

**Date:** May 17, 2021

**Subject:** Update of Alaska Remote Sellers Sales Tax Commission Code

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### **Background**

In May of 2020, the Assembly passed Ordinance 2020-13, adopting the Alaska Remote Seller Sales Tax Commission (ARSSTC) code (uniform code) by incorporating it entirely into the City and Borough of Sitka's (CBS) Code. After a year of operation, the ARSSTC has identified a number of areas of the uniform code that need to be updated. The ARSSTC along with a policy committee consisting of tax staff from member communities (including two CBS employees) recommended updates which were approved by the ARSSTC board (of which the CBS Finance Director is a board member). Some jurisdictions adopted the uniform code by reference, so that any updates are automatically adopted, however other, like Sitka, that adopted the uniform code by integrating it into their own code and must take action to adopt any updates to the uniform code. The ARSSTC has asked all jurisdiction that have incorporated the uniform code to adopt the updates within 120 days. In order to remain an active commission member and collect remote sales tax, the CBS needs to adopt the revised uniform code.

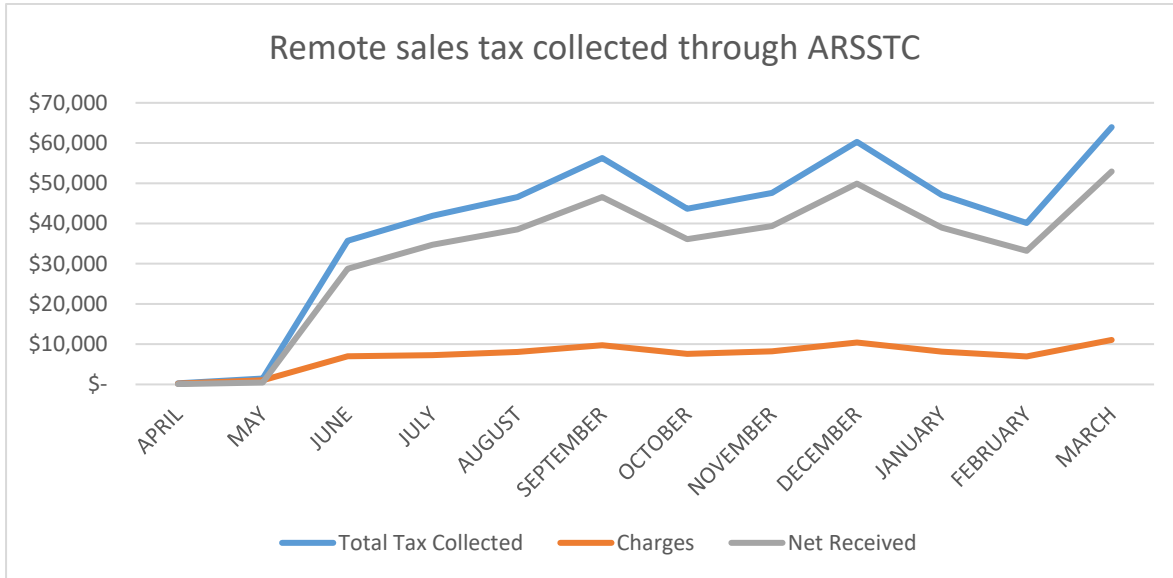
There are now nearly 1,100 registered remote sellers and the ARSSTC continues to add new sellers (recent additions include Apple, Columbia Sportswear, Zales/Kay/Jared Jewelers, Yakima, Honest Company, and Sephora). 35 jurisdictions have joined the commission and adopted the uniform code and 11 more are in the process of joining.

### **Analysis**

The majority of the code updates are minor fixed for consistency of implementation. The most significant update was to very clearly define services to be those services delivered into a member jurisdiction. This is consistent with how the CBS taxes sales, and thus clarification further aligns the uniform code with our own. Attached is a summary of code updates prepared by the ARSSTC that details the change and the reason for the code update.

### **Fiscal Note**

To date, Sitka has received \$399,500 in additional net revenue (collected from sales from April 2020 through March 2021) through the commission—primarily from sellers that did not collect and remit directly to the CBS previously. The CBS has paid approximately \$85,000 or 17.6% of total remittances to the ARSSTC.



### **Recommendation**

Approve ordinance 2021-11 updating chapter 4.10 Alaska Remote Seller Sales Tax of the Sitka General Code.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2021-11

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 4 “REVENUE AND FINANCE” OF THE SITKA GENERAL CODE BY UPDATING CHAPTER 4.10 “ALASKA REMOTE SELLER SALES TAX”**

**1. CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

**2. SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

**3. PURPOSE.** The purpose of this ordinance is to update and refine this code chapter consistent with the updates and refinements adopted by the Alaska Remote Seller Sales Tax Commission (ARSSTC), on February 24, 2021, which are required to be adopted by each member jurisdiction within 120 days of adoption by the ARSSTC.

**4. ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 4, entitled “Revenue and Finance”, be amended by updating Chapter 4.10, entitled “Alaska Remote Seller Sales Tax” to read as follows (deleted language stricken, new language underlined):

**Title 4  
REVENUE AND FINANCE**

**Chapters:**

- 4.04      Budgetary Organization**
- 4.05      Marine Passenger Fee Fund**
- 4.06      Proceeds from Raw Water Sale Contracts**
- 4.09      Sales Tax**
- 4.10      Alaska Remote Seller Sales Tax**

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**Chapter 4.10  
ALASKA REMOTE SELLER SALES TAX**

**Sections:**

- 4.10.010      Interpretation.
- 4.10.020      Title to collected sales tax.
- 4.10.030      ~~Imposition~~Collection—Rate.
- 4.10.040      Obligation to collect tax—Threshold criteria.
- 4.10.050      Reporting and remittance requirements for local and remote sales.
- 4.10.0650      No retroactive application.
- 4.10.0760      Payment and collection.
- 4.10.0870      Remote seller and marketplace facilitator registration requirement.
- 4.10.0980      Tax filing schedule.
- 4.10.1090      Estimated tax.
- 4.10.1100      Returns—Filing contents.
- 4.10.1240      Refunds.
- 4.10.1320      Amended returns.

57	4.10.1430	Extension of time to file tax return.
58	4.10.1540	Audits.
59	4.10.1650	Audit <u>or estimated tax</u> protest.
60	4.10.1760	Penalties and interest for late filing.
61	<u>4.10.180</u>	<u>Remote reseller certificate of exemption.</u>
62	4.10.1970	Repayment plans.
63	4.10.20480	Remote seller or marketplace facilitator record retention.
64	4.10.2190	Cessation or transfer of business.
65	4.10.2200	Use of information on tax returns.
66	4.10.2340	Violations.
67	4.10.2420	Penalties for violations.
68	<del>4.10.230</del>	<del>Remote sellers with a physical presence in the taxing jurisdiction.</del>
69	4.10.2540	Remittance of tax—Remote seller held harmless.
70	<u>4.10.260</u>	<u>Savings clause.</u>
71	4.10.2750	Definitions.
72	4.10.2860	Supplemental definitions.

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#### **4.10.010 Interpretation.**

A. In order to prevent evasion of the sales taxes and to aid in its administration, it is presumed that all sales and services by a person or entity engaging in business are subject to the sales tax.

B. The application of the tax ~~levied~~to be collected under this chapter shall be broadly construed and shall favor inclusion rather than exclusion.

C. Exemptions from the tax ~~levied~~to be collected under this chapter ~~or from the taxing jurisdiction~~ shall be narrowly construed against the claimant and allowed only when such exemption clearly falls within an exemption defined ~~in this chapter or in the~~ membertaxing jurisdiction's code.

D. The scope of this chapter shall apply to remote sellers or marketplace facilitators, delivering products or services into member municipalities adopting this chapter, within the state of Alaska.

#### **4.10.020 Title to collected sales tax.**

Upon collection by the remote seller or marketplace facilitator, title to collected sales tax vests in the Commission for remittance to the membertaxing jurisdiction. The remote seller or marketplace facilitator remits collected sales tax to the Commission on behalf of the membertaxing jurisdiction, from whom that power is delegated, in trust for the membertaxing jurisdiction and is accountable to the Commission and membertaxing jurisdiction.

#### **4.10.030 ~~Imposition~~ Collection—Rate.**

A. To the fullest extent permitted by law, ~~the~~a sales tax is levied and assessed by the member jurisdiction shall be collected on all remote sales where delivery is made within the ~~local taxing jurisdiction(s) that is a member~~member jurisdiction, within the state of Alaska.

B. The applicable tax shall be added to the sales price as provided in the member jurisdiction's sales tax code, based on Point of Delivery.

C. The tax rate added to the sale price shall be the tax rate for the membertaxing jurisdiction(s) where the property or product is sold or service that was rendered is received, and based on the date the property or product was sold or the date the service rendered was received.

D. An address and tax rate database will be made available to remote sellers and marketplace facilitators, indicating the appropriate tax rate to be applied.

E. The tax assessed shall be consistent with relevant jurisdictional tax caps, single unit sales, and exemptions.

F. When a sale is made on an installment basis, the applicable sales tax shall be collected at each payment, calculated at the sales tax rate in effect, and with the cap applied, at the time of the original sale or the date the service is rendered, based on the ~~member local~~ jurisdiction's code(s).

G. When a sales transaction involves placement of a single order with multiple deliveries made at different points in time that are separately invoiced, the applicable sales tax shall be collected on each separately invoiced delivery, calculated at the sales tax rate in effect, and with the cap applied, at the time of the original sale or the date the service is rendered.

**4.10.040 Obligation to collect tax—Threshold criteria.**

A. Any remote seller or marketplace facilitator must collect and remit sales tax in compliance with all applicable procedures and requirements of law, provided the remote seller or marketplace facilitator has met one of the following threshold criteria in the current or previous calendar year:

1. The remote seller's statewide gross sales, including the seller's marketplace facilitator's statewide gross sales, from the sale(s) of property, products or services delivered into the state meets or exceeds one hundred thousand dollars; or
2. The remote seller, including the seller's marketplace facilitator, sold property, products, or services delivered into the state in two hundred or more separate transactions.

B. For purposes of determining whether the threshold criteria are met, remote sellers or marketplace facilitators shall include all gross sales, from all sales of goods, property, products, or services rendered within the state of Alaska.

**4.10.050 Reporting and remittance requirements for local and remote sales.**

A. Sellers with a physical presence in a member jurisdiction conducting only local sales shall report and remit to, and comply with standards of, including audit authority, the member jurisdiction.

B. Sellers with a physical presence in a member jurisdiction that also have remote or internet-based sales where the Point of Delivery is in a different member jurisdiction shall (i) report and remit the remote or internet sales to the Commission; and ii) report and remit the local sales to the member jurisdiction.

C. Sellers with a physical presence in a member jurisdiction that also have remote or internet-based sales where the Point of Delivery is in the same member jurisdiction shall report and remit those remote sales to the member jurisdiction.

D. Sellers and marketplace facilitators that do not have a physical presence in a member jurisdiction must report and remit to the Commission all remote sales where the Point of Delivery is in a member jurisdiction.

E. A marketplace facilitator is considered the remote seller for each sale facilitated through its marketplace and shall collect, report, and remit sales tax to the Commission. A marketplace facilitator is not considered to be the remote seller for each sale or rental of lodging facilitated

through its marketplace, wherein the seller is considered to have a physical presence in the member jurisdiction.

**4.10.0650 No retroactive application.**

The obligations to collect and remit sales tax required by this chapter are applicable at the effective date of the member jurisdiction's ordinance adopting the Alaska Remote Seller Sales Tax code.

**4.10.0760 Payment and collection.**

Pursuant to this chapter, taxes imposed shall be due and paid by the buyer to the remote seller or marketplace facilitator at the time of the sale of property or product or date service is rendered, or with respect to credit transactions, at the time of collection. It shall be the duty of each remote seller or marketplace facilitator to collect the taxes from the buyer and to hold those taxes in trust for the taxing authority of the ~~member~~taxing jurisdiction. Failure by the remote seller or marketplace facilitator to collect the tax shall not affect the remote seller's, or marketplace facilitator's, responsibility for payment to the Commission.

**4.10.0870 Remote seller and marketplace facilitator registration requirement.**

A. If a remote seller's gross statewide sales ~~within the last calendar year~~ meets or exceeds the threshold criteria from section 4.10.040, the remote seller shall register with the Commission. If the remote seller is a marketplace seller and only makes sales in Alaska through a marketplace, the marketplace seller is not required to register with the Commission. The marketplace seller must submit an affidavit attesting to these facts on a form provided by the Commission.

B. If a marketplace facilitator's gross statewide sales ~~within the last calendar year~~ meets or exceeds the threshold criteria from section 4.10.040, the marketplace facilitator shall register with the Commission.

~~CB.~~ A remote seller or marketplace facilitator meeting the threshold criteria shall apply for a certificate of sales tax registration within thirty calendar days of the effective date of the ordinance codified this chapter or within thirty calendar days of meeting the threshold criteria, whichever occurs second. Registration shall be to the Commission on forms prescribed by the Commission.

~~DC.~~ An extension may be applied for and granted based on criteria established by the Commission, based on evidence produced to describe time necessary to update software or other technical needs, not to exceed ninety days.

~~ED.~~ Upon receipt of a properly executed application, the Commission shall confirm registration, stating the legal name of the remote seller or marketplace facilitator, the primary address, and the primary sales tax contact name and corresponding title. The failure of the Commission to confirm registration does not relieve the remote seller or marketplace facilitator of its duty to collect and remit sales tax.

~~EE.~~ Each business entity shall have a sales tax registration under the advertised name.

~~GF.~~ The sales tax certificate is nonassignable and nontransferable.

H. The sales tax certificate satisfies a member jurisdiction's requirement to obtain a municipal business license, provided the remote seller does not have a physical presence in that member jurisdiction.

**4.10.0980 Tax filing schedule.**

A. All remote sellers or marketplace facilitators subject to this chapter shall file a return on a form or in a format prescribed by the Commission and shall pay the tax due.

B. Filing of sales tax returns is due monthly; quarterly or less frequent filing is optional upon application and approval by the Commission, consistent with the code of the member local jurisdiction.

C. A remote seller or marketplace facilitator who has filed a sales tax return will be presumed to be making sales in successive periods unless the remote seller or marketplace facilitator files a return showing a termination or sale of the business in accordance with this chapter.

D. The completed and executed return, together with the remittance in full for the tax due, shall be transmitted to and must be received by the Commission on or before midnight Alaska Standard Time on the due date. Monthly returns are due the last day of the immediate subsequent month. Quarterly returns are due as follows:

Quarter 1 (January—March)	April 30
Quarter 2 (April—June)	July 31
Quarter 3 (July—September)	October 31
Quarter 4 (October—December)	January 31

E. If the last day of the month following the end of the filing period falls on a Saturday, Sunday, federal holiday, or Alaska state holiday, the due date will be extended until the next business day immediately following.

F. Any remote seller or marketplace facilitator holding a remote seller registration shall file a sales tax return even though no tax may be due. This return shall show why no tax is due. If the remote seller or marketplace facilitator intends to continue doing business a return shall be filed reflecting no sales and a confirmation of the intent to continue doing business and shall continue to do so each filing period until the entity ceases doing business or sells the business. If the remote seller or marketplace facilitator intends to cease doing business, a final return shall be filed along with a statement of business closure.

G. The remote seller or marketplace facilitator shall prepare the return and remit sales tax to the Commission on the same basis, cash or accrual, which the remote seller or marketplace facilitator uses in preparing its federal income tax return. The remote seller or marketplace facilitator shall sign the return, and transmit the return, with the amount of sales tax and any applicable penalty, interest, or fees that it shows to be due, to the Commission.

H. Remote sellers and marketplace facilitators failing to comply with the provisions of this chapter shall, if required by the Commission and if quarterly filing has been chosen, file and transmit collected sales taxes more frequently until such time as they have demonstrated to the Commission that they are or will be able to comply with the provisions of this chapter. Six consecutive on-time sales tax filings, with full remittance of the sales taxes collected, shall establish the presumption of compliance and return to quarterly filing.

I. The preparer of the sales tax return shall keep and maintain all documentation supporting any and all claims of exempted sales and purchases. Documentation for exempted sales should include the number of the exemption authorization card presented by the buyer at the time of the purchase,

the date of the purchase, the name of the person making the purchase, the organization making the purchase, the total amount of the purchase, and the amount of sales tax exempted. This documentation shall be made available to the Commission upon request. Failure to provide such documentation may invalidate that portion of the claim of exemption for which no documentation is provided.

**4.10.1090 Estimated tax.**

A. In the event the Commission is unable to ascertain the tax due from a remote seller or marketplace facilitator by reason of the failure of the remote seller or marketplace facilitator to keep accurate books, allow inspection, or file a return, or by reason of the remote seller or marketplace facilitator filing a false or inaccurate return, the Commission may make an estimate of the tax due based on any evidence in their possession.

B. Sales taxes may also be estimated, based on any information available, whenever the Commission has reasonable cause to believe that any information on a sales tax return is not accurate.

C. A remote seller's or marketplace facilitator's tax liability under this chapter may be determined and assessed for a period of ~~six~~three years after the date the return was filed or due to be filed with the Commission. No civil action for the collection of such tax may be commenced after the expiration of the ~~six~~three-year period except an action for taxes, penalties, and interest due from those filing periods that are the subject of a written demand or assessment made within the ~~six~~three-year period, unless the remote seller or marketplace facilitator waives the protection of this section.

D. The Commission shall notify the remote seller or marketplace facilitator, in writing, that the Commission has estimated the amount of sales tax that is due from the remote seller or marketplace facilitator. The Commission shall serve the notice on the remote seller or marketplace facilitator by delivering the notice to the remote seller's or marketplace facilitator's place of business, or by mailing the notice by certified mail, return receipt requested, to the remote seller's or marketplace facilitator's last known mailing address. A remote seller or marketplace facilitator who refuses the certified mail will be considered to have accepted the certified mail for purposes of service.

E. The Commission's estimate of the amount of sales tax that is due from a remote seller or marketplace facilitator shall become a final determination of the amount that is due unless the remote seller or marketplace facilitator, within thirty calendar days after service of notice of the estimated tax:

1. Files a complete and accurate sales tax return for the delinquent periods supported by satisfactory records and accompanied by a full remittance of all taxes, interest, penalties, costs, and other charges due; or

2. Files a written notice with the Commission appealing the estimated tax amount in accordance with the appeal procedures, under the provisions of section 4.10.160 of this chapter.

3. Arguments or reasons for failure to timely file a return and remit taxes collected shall not be considered a valid basis or grounds for granting an appeal. The basis and grounds for granting an appeal of an assessment are:

- a. The identity of the remote seller or marketplace facilitator is in error;



b. The amount of the debt is erroneous due to a clerical error (and the nature and extent of the error is specified in the request for appeal); or

c. The remote seller or marketplace facilitator disputes the denial of exemption(s) for certain sales.

F. The amount of sales tax finally determined to be due under this section shall bear interest and penalty from the date that the sales tax originally was due, plus an additional civil penalty of fifty dollars for each calendar month or partial month for which the amount of sales tax that is due has been determined.

#### **4.10.1100 Returns—Filing contents.**

A. Every remote seller or marketplace facilitator required by this chapter to collect sales tax shall file with the Commission upon forms furnished by the Commission a return setting forth the following information ~~with totals rounded to the nearest dollar~~:

1. Gross sales rounded to the nearest dollar;
2. The nontaxable portions separately stating the amount of sales revenue attributable to each class of exemption, rounded to the nearest dollar;
3. Computation of taxes to be remitted;
4. Calculated discount (if applicable) based on ~~member~~taxing jurisdiction's code; and
5. Such other information as may be required by the Commission.

B. Each tax return remitted by a remote seller or marketplace facilitator shall be signed (digital or otherwise) by a responsible individual who shall attest to the completeness and accuracy of the information on the tax return.

C. The Commission reserves the right to reject a filed return for failure to comply with the requirements of this code for up to three months from the date of filing. The Commission shall give written notice to a remote seller or marketplace facilitator that a return has been rejected, including the reason for the rejection.

#### **4.10.1240 Refunds.**

A. Upon request from a buyer or remote seller or marketplace facilitator, the Commission shall provide a determination of correct tax rate and amount applicable to the transaction. In the case of an overpayment of taxes, the remote seller or marketplace facilitator shall process the refund and amend any returns accordingly.

B. If the claimant is a remote seller or marketplace facilitator, and the tax refund is owed to any buyer, the remote seller or marketplace facilitator submits, and the Commission approves, a refund plan to all affected buyers.

C. Interest will not be paid on tax refund requests filed with the Commission.

D. The ~~member~~taxing jurisdictions may allow a buyer to request a refund directly from the ~~member~~taxing jurisdiction.

**4.10.1320 Amended returns.**

A. A remote seller or marketplace facilitator may file an amended sales tax return, with supporting documentation, and the Commission may accept the amended return, but only in the following circumstances:

1. The amended return is filed within one year of the original due date for the return; and
2. The remote seller or marketplace facilitator provides a written justification for requesting approval of the amended return; and
3. The remote seller or marketplace facilitator agrees to submit to an audit upon request of the Commission.

B. The Commission shall notify the remote seller or marketplace facilitator in writing (by email or otherwise) whether the Commission accepts or rejects an amended return, including the reasons for any rejection.

C. The Commission may adjust a return for a remote seller or marketplace facilitator if, after investigation, the Commission determines the figures included in the original returns are incorrect; and the Commission adjusts the return within three~~two~~ years of the original due date for the return.

D. A remote seller or marketplace facilitator may file a supplemental sales tax return, with supporting documentation, and the Commission may accept the supplemental return, but only in the following circumstances:

1. The remote seller or marketplace facilitator provides a written justification for requesting approval of the supplemental return; and
2. The remote seller or marketplace facilitator agrees to submit to an audit upon request of the Commission.

**4.10.1430 Extension of time to file tax return.**

Upon written application of a remote seller or marketplace facilitator, stating the reasons therefor, the Commission may extend the time to file a sales tax return but only if the Commission finds each of the following:

1. For reasons beyond the remote seller's or marketplace facilitator's control, the remote seller or marketplace facilitator has been unable to maintain in a current condition the books and records that contain the information required to complete the return;
2. Such extension is a dire necessity for bookkeeping reasons and would avert undue hardship upon the remote seller or marketplace facilitator;
3. The remote seller or marketplace facilitator has a plan to cure the problem that caused the remote seller or marketplace facilitator to apply for an extension and the remote seller or marketplace facilitator agrees to proceed with diligence to cure the problem;
4. At the time of the application, the remote seller or marketplace facilitator is not delinquent in filing any other sales tax return, in remitting sales tax to the Commission or otherwise in violation of this chapter;

5. No such extension shall be made retroactively to cover existing delinquencies.

**4.10.1540 Audits.**

A. Any remote seller or marketplace facilitator who has registered with the Commission, who is required to collect and remit sales tax, or who is required to submit a sales tax return is subject to a discretionary sales tax audit at any time. The purpose of such an audit is to examine the business records of the remote seller or marketplace facilitator in order to determine whether appropriate amounts of sales tax revenue have been collected by the remote seller or marketplace facilitator and remitted to the Commission.

B. The Commission is not bound to accept a sales tax return as correct. The Commission may make an independent investigation of all retail sales or transactions conducted within the state or ~~member~~taxing jurisdiction.

C. The records that a remote seller or marketplace facilitator is required to maintain under this chapter shall be subject to inspection and copying by authorized employees or agents of the Commission for the purpose of auditing any return filed under this chapter, or to determine the remote seller's or marketplace facilitator's liability for sales tax where no return has been filed.

D. In addition to the information required on returns, the Commission may request, and the remote seller or marketplace facilitator must furnish, any reasonable information deemed necessary for a correct computation of the tax.

E. The Commission may adjust a return for a remote seller or marketplace facilitator if, after investigation or audit, the Commission determines that the figures included in the original return are incorrect, and that additional sales taxes are due; and the Commission adjusts the return within ~~three~~ years of the original due date for the return.

F. For the purpose of ascertaining the correctness of a return or the amount of taxes owed when a return has not been filed, the Commission may conduct investigations, hearings, and audits, and may examine any relevant books, papers, statements, memoranda, records, accounts, or other writings of any remote seller or marketplace facilitator at any reasonable hour on the premises of the remote seller or marketplace facilitator, and may require the attendance of any officer or employee of the remote seller or marketplace facilitator. Upon written demand by the Commission, the remote seller or marketplace facilitator shall present for examination, in the office of the Commission, such books, papers, statements, memoranda, records, accounts, and other written material as may be set out in the demand unless the Commission and the person upon whom the demand is made agree to presentation of such materials at a different place.

G. The Commission may issue subpoenas to compel attendance or to require production of relevant books, papers, records, or memoranda. If any remote seller or marketplace facilitator refuses to obey any such subpoena, the Commissioner may refer the matter to the Commission's attorney for an application to the superior court for an order requiring the remote seller or marketplace facilitator to comply therewith.

H. Any remote seller, marketplace facilitator, or person engaged in business who is unable or unwilling to submit their records to the Commission shall be required to pay the Commission for all necessary expenses incurred for the examination and inspection of their records maintained outside the Commission.

I. After the completion of a sales tax audit, the results of the audit will be sent to the business owner's address of record.

J. In the event the Commission, upon completion of an audit, discovers more than five hundred dollars in additional sales tax due from a remote seller or marketplace facilitator resulting from a remote seller's or marketplace facilitator's failure to accurately report sales and taxes due thereupon, the remote seller or marketplace facilitator shall bear responsibility for the full cost of the audit. The audit fee assessment will be in addition to interest and penalties applicable to amounts deemed to be delinquent by the Commission at the time of the conclusion of the audit.

**4.10.1650 Audit or estimated tax protest.**

A. If the remote seller or marketplace facilitator wishes to dispute the amount of the estimate, or the results of an examination or audit, the remote seller or marketplace facilitator must file a written protest with the Commission, within thirty calendar days of the date of the notice of estimated tax or results of an audit or examination. The protest must set forth:

1. The remote seller's or marketplace facilitator's justification for reducing or increasing the estimated tax amount, including any missing sales tax returns for the periods estimated; or
2. The remote seller's or marketplace facilitator's reasons for challenging the examination or audit results.

B. In processing the protest, the Commission may hold an informal meeting or hearing with the remote seller or marketplace facilitator, either on its own or upon request of the remote seller or marketplace facilitator, and may also require that the remote seller or marketplace facilitator submit to an audit, if one was not previously conducted, or a more formal audit, if an estimation audit was previously performed.

C. The Commission shall make a final written determination on the remote seller's or marketplace facilitator's protest and mail a copy of the determination to the remote seller or marketplace facilitator.

D. If a written protest is not filed within thirty days of the date of the notice of estimated tax or the result of a review, audit, or examination, then the estimated tax, review, audit, or examination result shall be final, due and payable to the Commission.

**4.10.1760 Penalties and interest for late filing.**

A. A late filing fee of twenty-five dollars per month, or a fraction thereof, shall be added to all late-filed sales tax reports, until a total of one-hundred dollars has been reached. ~~(or quarter) shall be added to all late-filed sales tax reports in addition to interest and penalties.~~ An incomplete return shall be treated as the filing of no return.

B. Delinquent sales tax bears interest at the rate of fifteen percent per annum until paid.

C. In addition, delinquent sales tax shall be subject to an additional penalty of five percent per month, or fraction thereof, until a total of twenty percent of delinquent tax has been reached. The penalty does not bear interest.

D. Penalties and interest shall be assessed and collected in the same manner as the tax is assessed and collected, and applied first to penalties and interest, second to past due sales tax.

E. The filing of an incomplete return, or the failure to remit all tax, shall be treated as the filing of no return.

F. A penalty assessed under this section for the delinquent remittance of sales tax or failure to file a sales tax return may be waived by the Commission, upon written application of the remote seller or marketplace facilitator accompanied by a payment of all delinquent sales tax, interest, and penalty otherwise owed by the remote seller or marketplace facilitator, within forty-five calendar days after the date of delinquency. A remote seller or marketplace facilitator may not be granted more than one waiver of penalty under this subsection in any one calendar year, in accordance with the Commission's penalty waiver policy. The Commission shall report such waivers of penalty to the ~~taxing member~~ jurisdiction, in writing.

**4.10.180 Remote reseller certificate of exemption.**

A. A remote seller with no physical presence in a member jurisdiction purchasing goods or services for the express purpose of resale to buyer(s) located in that member jurisdiction shall apply for a resale certificate through the Commission.

B. The Remote Reseller Certificate of Exemption will expire at the end of the calendar year it is issued.

**4.10.1970 Repayment plans.**

A. The Commission may agree to enter into a repayment plan with a delinquent remote seller or marketplace facilitator. No repayment plan shall be valid unless agreed to by both parties in writing.

B. A remote seller or marketplace facilitator shall not be eligible to enter into a repayment plan with the Commission if the remote seller or marketplace facilitator has defaulted on a repayment plan in the previous two calendar years.

C. The repayment plan shall include a secured promissory note that substantially complies with the following terms:

1. The remote seller or marketplace facilitator agrees to pay a minimum of ten percent down payment on the tax, interest, and penalty amount due. The down payment shall be applied first to penalty, then to accumulated interest, and then to the tax owed.

2. The remote seller or marketplace facilitator agrees to pay the balance of the tax, penalty and interest owed in monthly installments over a period not to exceed two years.

3. Interest at a rate of fifteen percent per annum shall accrue on the principal sum due. Interest shall not apply to penalties owed or to interest accrued at the time the repayment plan is executed or accruing during the term of the repayment plan.

4. If the remote seller or marketplace facilitator is a corporation or a limited liability entity the remote seller or marketplace facilitator agrees to provide a personal guarantee of the obligations under the repayment plan.

5. The remote seller or marketplace facilitator agrees to pay all future tax bills in accordance with the provisions of this chapter.

6. The remote seller or marketplace facilitator agrees to provide a security interest in the form of a sales tax lien for the entire unpaid balance of the promissory note to be recorded by

the Commission at the time the repayment plan is signed. The remote seller or marketplace facilitator shall be responsible for the cost of recording the tax lien.

D. If a remote seller or marketplace facilitator fails to pay two or more payments ~~as required by~~ in accordance with the terms of the repayment plan agreement, the remote seller or marketplace facilitator shall be in default and the entire amount owed at the time of default shall become immediately due. The Commission will send the remote seller or marketplace facilitator a notice of default. The Commission may immediately foreclose on the sales tax lien or take any other remedy available under the law.

**4.10.20180 Remote seller or marketplace facilitator record retention.**

Remote sellers or marketplace facilitators shall keep and preserve suitable records of all sales made and such other books or accounts as may be necessary to determine the amount of tax that the remote seller or marketplace facilitator is obliged to collect. Remote sellers or marketplace facilitators shall preserve suitable records of sales for a period of ~~six~~ three years from the date of the return reporting such sales, and shall preserve for a period of ~~six~~ three years all documentation supporting exempted sales ~~invoices of goods and merchandise or services purchased for resale~~, and all such other books, invoices, and records as may be necessary to accurately determine the amount of taxes which the remote seller or marketplace facilitator was obliged to collect under this chapter.

**4.10.2190 Cessation or transfer of business.**

A. A remote seller or marketplace facilitator who sells, leases, conveys, forfeits, assigns, gifts or otherwise transfers, ~~or assigns~~ (collectively, a "transfer") the majority of their business interest, including to a creditor or secured party, shall make a final sales tax return within thirty days after the date of such conveyance.

B. At least ten business days before any such ~~transfersale~~ is completed, the remote seller or marketplace facilitator shall send to the Commission, by approved communication (email confirmation, certified first-class mail, postage prepaid) a notice that the remote seller's or marketplace facilitator's interest is to be conveyed and shall include the name, address, and telephone number of the person or entity to whom the interest is to be conveyed.

C. Upon notice of ~~transfersale~~ and disclosure of buyer, the Commission shall be authorized to disclose the status of the remote seller's or marketplace facilitator's sales tax account to the named buyer or assignee.

D. Upon receipt of notice of a ~~sale or transfer~~, the Commission shall send the transferee a copy of the Alaska Remote Seller Sales Tax Code with this section highlighted.

E. Neither the Commission's failure to give the notice nor the transferee's failure to receive the notice shall relieve the transferee of any obligations under this section.

F. Following receipt of the notice, the Commission shall have sixty days in which to perform a final sales tax audit and assess sales tax liability against the remote seller or marketplace facilitator ~~seller of the business~~. If the notice is not mailed at least ten business days before the ~~transfersale~~ is completed, the Commission shall have twelve months from the date of the completion of the ~~transfersale~~ or the Commission's knowledge of the completion of the ~~transfersale~~ within which to begin a final sales tax audit and assess sales tax liability against the remote seller or marketplace facilitator ~~seller of the business~~. The Commission may also initiate an estimated assessment if the requirements for such an assessment exist.

G. A person acquiring any interest of a remote seller or marketplace facilitator in a business required to collect the tax under this chapter assumes the liability of the remote seller or marketplace facilitator for all taxes due the Commission, whether current or delinquent, whether known to the Commission or discovered later, and for all interest, penalties, costs, and charges on such taxes.

H. Before the effective date of the transfer, the transferee of a business shall obtain from the Commission an estimate of the delinquent sales tax, penalty, and interest, if any, owed by the remote seller or marketplace facilitator as of the date of the transfer, and shall withhold that amount from the consideration payable for the transfer, until the remote seller or marketplace facilitator has produced a receipt from the Commission showing that all tax obligations imposed by this chapter have been paid. A transferee that fails to withhold the amount required under this subsection shall be liable to the Commission and ~~member~~taxing jurisdiction for the lesser of the amount of delinquent sales tax, penalty, and interest due from the remote seller or marketplace facilitator as of the date of transfer, and the amount that the transferee was required to withhold.

I. In this section, the term “transfer” includes the following:

1. A change in voting control, or in more than fifty percent of the ownership interest in a remote seller or marketplace facilitator that is a corporation, limited liability company, or partnership; or
2. A sale of all or substantially all the assets used in the business of the remote seller or marketplace facilitator; or
3. The initiation of a lease, management agreement, or other arrangement under which another person becomes entitled to the remote seller’s or marketplace facilitator’s gross receipts from sales, rentals, or services.

J. Subsection H of this section shall not apply to any person who acquires their ownership interest in the ongoing business as a result of the foreclosure of a lien that has priority over the Commission’s sales tax lien.

K. Upon termination, dissolution, or abandonment of a ~~corporate business entity~~, any officer having control or supervision of sales tax funds collected, or who is charged with responsibility for the filing of returns or the payment of sales tax funds collected, shall be personally liable for any unpaid taxes, interest, administrative costs, and penalties on those taxes if such ~~person-officer~~ willfully fails to pay or cause to be paid any taxes due from the corporation. In addition, regardless of willfulness, each director, member, or general partner of the ~~entity~~corporation shall be jointly and severally liable for unpaid amounts. The ~~person-officer~~ shall be liable only for taxes collected which became due during the period he or she had the control, supervision, responsibility, or duty to act for the corporation. This section does not relieve the ~~entity~~corporation of other tax liabilities or otherwise impair other tax collection remedies afforded by law.

L. A remote seller or marketplace facilitator who terminates the business without the benefit of a purchaser, successor, or assign shall make a final tax return and settlement of tax obligations within thirty days after such termination. If a final return and settlement are not received within thirty days of the termination, the remote seller or marketplace facilitator shall pay a penalty of one hundred dollars, plus an additional penalty of twenty-five dollars for each additional thirty-day period, or part of such a period, during which the final return and settlement have not been made, for a maximum of six additional periods.

**4.10.2290 Use of information on tax returns.**

A. Except as otherwise provided in this chapter, all returns, reports, and information required to be filed with the Commission under this chapter, and all information contained therein, shall be kept confidential and shall be subject to inspection only by:

1. Employees and agents of the Commission and ~~member~~taxing jurisdiction whose job responsibilities are directly related to such returns, reports, and information;
2. The person supplying such returns, reports, and information; and
3. Persons authorized in writing by the person supplying such returns, reports, and information.

B. The Commission will release information described in subsection A of this section pursuant to subpoena, order of a court or administrative agency of competent jurisdiction, and where otherwise required by law to do so.

C. Notwithstanding subsection A of this section, the following information is available for public inspection:

1. The name and address of sellers and marketplace facilitators;
2. Whether a business is registered to collect taxes under this chapter;
3. The name and address of businesses that are sixty days or more delinquent in filing returns or in remitting sales tax, or both filing returns and remitting sales tax, and if so delinquent, the amount of estimated sales tax due and the number of returns not filed.

D. The Commission may provide the public statistical information related to sales tax collections; provided, that no information identifiable to a particular remote seller or marketplace facilitator is disclosed.

E. Nothing contained in this section shall be construed to prohibit the delivery to a person, or their duly authorized representative, of a copy of any return or report filed by them, nor to prohibit the publication of statistics so classified as to prevent the identification of particular buyers, remote sellers, or marketplace facilitators, nor to prohibit the furnishing of information on a reciprocal basis to other agencies or political subdivisions of the state or the United States concerned with the enforcement of tax laws.

F. Nothing contained in this section shall be construed to prohibit the disclosure through enforcement action proceedings or by public inspection or publication of the name, estimated balance due, and current status of payments, and filings of any remote seller or marketplace facilitator or agent of any remote seller or marketplace facilitator required to collect sales taxes or file returns under this chapter, who fails to file any return and/or remit in full all sales taxes due within thirty days after the required date for that business. Entry into any agreement whether pursuant to the provisions of this chapter or otherwise shall not act as any prohibition to disclosure of the records of that remote seller or marketplace facilitator as otherwise provided in this chapter.



G. A prospective lessee or purchaser of any business or business interest may inquire as to the obligation or tax status of any business upon presenting to the Commission a release of tax information request signed by the authorized agent of the business.

H. Except as otherwise provided herein, All returns referred to in this chapter, and all data taken therefrom, shall be kept secure from public inspection, and from all private inspection.

#### **4.10.2430 Violations.**

A. A remote seller or marketplace facilitator that fails to file a sales tax return or remit sales tax when due, in addition to any other liability imposed by this chapter, shall pay to the Commission all costs incurred by the Commission to determine the amount of the remote seller's or marketplace facilitator's liability or to collect the sales tax, including, without limitation, reviewing and auditing the remote seller's or marketplace facilitator's business records, collection agency fees, and actual reasonable attorney's fees.

B. A person who causes or permits a corporation of which the person is an officer or director, a limited liability company of which the person is a member or manager, or a partnership of which the person is a partner, to fail to collect sales tax or to remit sales tax to the Commission as required by this chapter shall be liable to the Commission for the amount that should have been collected or remitted, plus any applicable interest and penalty.

C. Notwithstanding any other provision of law, and whether or not the Commission initiates an audit or other tax collection procedure, the Commission may bring a declaratory judgment action against a remote seller or marketplace facilitator believed to meet the criteria to establish that the obligation to remit sales tax is applicable and valid under local, state, and federal law. The action shall be brought in the judicial district of the ~~member~~<sup>member's</sup> taxing jurisdiction.

D. The Commission may cause a sales tax lien to be filed and recorded against all real and personal property of a remote seller or marketplace facilitator where the remote seller or marketplace facilitator has:

1. Failed to file sales tax returns for two consecutive filing periods as required by this chapter; or

2. Failed within sixty days of the end of the filing period from which taxes were due to either (a) remit all amounts due or (b) to enter into a secured payment agreement as provided in this chapter.

3. Prior to filing a sales tax lien, the Commission shall cause a written notice of intent to file to be mailed to the last known address of the delinquent remote seller or marketplace facilitator.

E. In addition to other remedies discussed in this chapter, the Commission may bring a civil action to:

1. Enjoin a violation of this chapter. On application for injunctive relief and a finding of a violation or threatened violation, the superior court shall enjoin the violation.

2. Collect delinquent sales tax, penalty, interest and costs of collection, either before or after estimating the amount of sales tax due.

3. Foreclose a recorded sales tax lien as provided by law.

F. All remedies hereunder are cumulative and are in addition to those existing at law or equity.

**4.10.2420 Penalties for violations.**

A. In the event that a penalty provided below is different from the same penalty in a member jurisdiction's sales tax code, the penalty prescribed in the member jurisdiction's sales tax code will apply.

BA. A buyer, remote seller, or marketplace facilitator who knowingly or negligently submits false information in a document filed with the Commission pursuant to this chapter is subject to a penalty of five hundred dollars.

CB. A remote seller or marketplace facilitator who knowingly or negligently falsifies or conceals information related to its business activities with the Commission or membertaxing jurisdiction is subject to a penalty of five hundred dollars.

DC. A person who knowingly or negligently provides false information when applying for a certificate of exemption is subject to a penalty of five hundred dollars.

~~D. Any remote seller or marketplace facilitator who fails to file a return required under this chapter by the due date, regardless of whether any taxes were due for the reporting period for which the return was required, shall be subject to a penalty of twenty-five dollars for the first sales tax return not timely filed. The filing of an incomplete return shall be treated as the filing of no return.~~

E. A remote seller or marketplace facilitator who fails or refuses to produce requested records or to allow inspection of their books and records shall pay to the Commission a penalty equal to three times any deficiency found or estimated by the Commission with a minimum penalty of five hundred dollars.

F. A remote seller or marketplace facilitator who falsifies or misrepresents any record filed with the Commission is guilty of an infraction and subject to a penalty of five hundred dollars per record.

G. Misuse of an exemption card is a violation and subject to a penalty of fifty dollars per incident of misuse.

H. Nothing in this chapter shall be construed as preventing the Commission from filing and maintaining an action at law to recover any taxes, penalties, interest and/or fees due from a remote seller or marketplace facilitator. The Commission may also recover attorney's fees in any action against a delinquent remote seller or marketplace facilitator.

**~~4.10.230 Remote sellers with a physical presence in the taxing jurisdiction.~~**

~~A. Sellers with a physical presence in a taxing jurisdiction and no remote or Internet-based sales shall report, remit, and comply with standards, including audit authority, of the taxing jurisdiction.~~

~~B. Sellers with a physical presence in a taxing jurisdiction that also have remote or Internet-based sales where the point of delivery is in a different taxing jurisdictions shall (1) report and remit the remote or Internet sales to the Commission; and (2) report and remit the in-store sales to the taxing jurisdiction.~~

~~C.— Sellers with a physical presence in a taxing jurisdiction that also have remote or Internet-based sales where the point of delivery is in the same taxing jurisdictions shall report and remit those remote sales to the taxing jurisdiction.~~

~~D.— Remote sellers and marketplace facilitators that do not have a physical presence in a taxing jurisdiction must report and remit all remote sales to the Commission.~~

~~E.— For all purchases the tax rate added to the sale price shall be as provided in the taxing jurisdiction's sales tax code, based on the point of delivery.~~

~~F.— A marketplace facilitator is considered the remote seller for each sale facilitated through its marketplace and shall collect, report, and remit sales tax to the Commission. A marketplace facilitator is not considered to be the remote seller for each sale or rental of lodging facilitated through its marketplace, wherein the seller is considered to have a physical presence in the taxing jurisdiction.~~

**4.10.2540 Remittance of tax—Remote seller held harmless.**

A. Any remote seller or marketplace facilitator that collects and remits sales tax to the Commission as provided by law may use an electronic database of state addresses that is certified by the Commission pursuant to subsection C of this section to determine the member jurisdictions to which tax is owed.

B. Any remote seller or marketplace facilitator that uses the data contained in an electronic database certified by the Commission pursuant to subsection C of this section to determine the jurisdictions to which tax is owed shall be held harmless for any tax, charge, or fee liability to any member taxing jurisdiction that otherwise would be due solely as a result of an error or omission in the database.

C. Any electronic database provider may apply to the Commission to be certified for use by remote sellers or marketplace facilitators pursuant to this section. Such certification shall be valid for three years. In order to be certified, an electronic database provider shall have a database that satisfies the following criteria:

1. The database shall designate each address in the state, including, to the extent practicable, any multiple postal address applicable to one location and the taxing jurisdictions that have the authority to impose a tax on purchases made by purchasers at each address in the state.
2. The information contained in the electronic database shall be updated as necessary and maintained in an accurate condition. In order to keep the database accurate, the database provider shall provide a convenient method for member taxing jurisdictions that may be affected by the use of the database to inform the provider of apparent errors in the database. The provider shall have a process in place to promptly correct any errors brought to the provider's attention.

**4.10.260 – Savings clause.**

A. If any provision of Chapter 4.10, the Alaska Remote Seller Sales Tax Code, and Chapter 4.09, Sales Tax Code is determined by the Commission or an adjudicatory body of competent jurisdiction to discriminate against a remote seller in favor of a local seller with a physical presence in the taxing jurisdiction, the discriminatory provision shall continue in effect only to the extent such provision does not discriminate against a remote seller, and the comparable code provision

applicable to a local seller will apply to a remote seller, and the remainder of Chapter 4.10 and Chapter 4.09 shall continue in full force and effect.

**4.10.27~~50~~ Definitions.**

Adoption of definitions does not compel an individual municipality to exempt certain defined items. Each municipality should specifically adopt definitions necessary for consistency to implement both brick-and-mortar sales tax code and provisions related to remote sellers or marketplace facilitators. For definitions that have no applicability to brick-and-mortar sales tax code, municipality may choose to either include definitions in the definitional section of general sales tax ordinance or adopt the common definitions by reference.

A. “Buyer” or “purchaser” means a person to whom a sale of property or product is made or to whom a service is furnished.

B. “Commission” means the Alaska ~~Intergovernmental~~ Remote Seller Sales Tax Commission established by agreement between local government taxing jurisdictions within Alaska, and the delegated tax collection authority.

C. “Delivered electronically” means delivered to the purchaser by means other than tangible storage media.

D. “Delivery Charges” means charges by the seller of personal property or services for preparation and delivery to a location designated by the purchaser of personal property or services including, but not limited to, transportation, shipping, postage, handling, crating and packing.

~~ED.~~ “Entity-based exemption” means an exemption based on who purchases the product or who sells the product. An exemption that is available to all individuals shall not be considered an entity-based exemption.

~~FE.~~ “Goods for resale” means:

1. The sale of goods by a manufacturer, wholesaler, or distributor to a retail vendor, and sales to a wholesale or retail dealer who deals in the property sold for the purpose of resale by the dealer.

2. The sale of personal property as raw material to a person engaged in manufacturing components for sale, where the property sold is consumed in the manufacturing process of, or becomes an ingredient or component part of, a product manufactured for sale by the manufacturer.

3. The sale of personal property as construction material to a licensed building contractor where the property sold becomes part of the permanent structure.

G. “Lease” or “rental” means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental may include future options to purchase or extend.

H. “Local Sale” means a sale by a seller with a physical presence in a taxing jurisdiction, where the point of delivery is a location within the same taxing jurisdiction.

I. "Marketplace" means a physical or electronic place, platform or forum, including a store, booth, internet website, catalog or dedicated sales software application, where products or services are offered for sale.

JF. "Marketplace facilitator" means a person that contracts with remote sellers to facilitate for consideration, regardless of whether deducted as fees from the transaction, the sale of the remote seller's property, product or services through a physical or electronic marketplace operated by the person, and engages:

1. Directly or indirectly, through one or more affiliated persons, in any of the following:
  - a. Transmitting or otherwise communicating the offer or acceptance between the buyer and remote seller;
  - b. Owning or operating the infrastructure, electronic or physical, or technology that brings buyers and remote sellers together;
  - c. Providing a virtual currency that buyers are allowed or required to use to purchase products from the remote seller; or
  - d. Software development or research and development activities related to any of the activities described in (2) subsection (J)(2) of this subsection, if such activities are directly related to a physical or electronic marketplace operated by the person or an affiliated person; and
2. In any of the following activities with respect to the seller's products:
  - a. Payment processing services;
  - b. Fulfillment or storage services;
  - c. Listing products for sale;
  - d. Setting prices;
  - e. Branding sales as those of the marketplace facilitator;
  - f. Order taking;
  - g. Advertising or promotion; or
  - h. Providing customer service or accepting or assisting with returns or exchanges.

K. "Marketplace seller" means a person that makes retail sales through any physical or electronic marketplace that is operated by a marketplace facilitator.

LG. "Member jurisdiction" means a taxing jurisdiction that is a signatory of the Alaska Remote Seller Sales Tax ~~Intergovernmental~~ Agreement, thereby members of the Commission, and who have adopted the Alaska Remote Seller Uniform Sales Tax Code.

MH. "Monthly" means occurring once per calendar month.

~~NJ.~~ “Nonprofit organization” means a business that has been granted tax-exempt status by the Internal Revenue Service (IRS). ~~An association, corporation, or other organization where no part of the net earnings of the organization inures to the benefit of any member, shareholder, or other individual, as certified by registration with the IRS.~~

~~QJ.~~ “Person” means an individual, trust, estate, fiduciary, partnership, limited liability company, limited liability partnership, corporation, or any other legal entity.

~~PK.~~ “Physical presence” ~~for the purpose of section 4.10.050~~ means a seller who establishes any one or more of the following within a memberlocal-taxing jurisdiction:

1. Has any office, distribution or sales house, warehouse, storefront, or any other place of business within the boundaries of the memberlocal-taxing jurisdiction;
2. Solicits business or receiving orders through any employee, agent, salesman, or other representative within the boundaries of the memberlocal-taxing jurisdiction; ~~or engages in activities in this state that are significantly associated with the seller’s ability to establish or maintain a market for its products in this state;~~
3. Provides services or holds inventory within the boundaries of the memberlocal-taxing jurisdiction;
4. Rents or leases property located within the boundaries of the memberlocal-taxing jurisdiction.

A seller that establishes a physical presence within the local taxing jurisdiction in any calendar year will be deemed to have a physical presence within the memberlocal-taxing jurisdiction for the following calendar year.

~~QL.~~ “Point of delivery” means the location at which property or a product is delivered or service is rendered.

1. When the product is not received or paid for by the purchaser at a business location of a remote seller in a member-taxing jurisdiction, the sale is considered delivered to the location where receipt by the purchaser (or the purchaser’s recipient, designated as such by the purchaser) occurs, including the location indicated by instructions for delivery as supplied by the purchaser (or recipient) and as known to the seller;
2. When the product is received or paid for by a purchaser who is physically present at a business location of a remote seller in a member-taxing jurisdiction the sale is considered to have been made in the member-taxing jurisdiction where the purchaser is present even if delivery of the product takes place in another member-taxing jurisdiction. Such sales are reported and tax remitted directly to the member-taxing jurisdiction and not to the Commission;
3. When the service is not received by the purchaser at a business location of a remote seller, the service is considered delivered to the location where the purchaser receives the service.

~~43.~~ For products or services transferred electronically, or other sales where the remote seller or marketplace facilitator lacks a delivery address for the purchaser, the remote seller or

marketplace facilitator shall consider the point of delivery the sale to the billing address of the buyer.

**RM.** “Product-based exemptions” means an exemption based on the description of the product and not based on who purchases the product or how the purchaser intends to use the product.

**S.** “Professional services” means services performed by architects, attorneys-at-law, certified public accountants, dentists, engineers, land surveyors, surgeons, veterinarians, and practitioners of the healing arts (the arts and sciences dealing with the prevention, diagnosis, treatment and cure or alleviation of human physical or mental ailments, conditions, diseases, pain or infirmities) and such occupations that require a professional license under Alaska Statute.

**TN.** “Property” and “product” and “good” means both tangible property, an item that can be seen, weighed, measured, felt, or touched, or that is in any other manner perceptible to the senses; and intangible property, anything that is not physical in nature (e.g., intellectual property, brand recognition, goodwill, trade, copyright and patents).

**UQ.** “Quarter” means trimonthly periods of a calendar year; January—March, April—June, July—September, and October—December.

**VP.** “Receive” or “receipt” for purposes of section 4.10.030 and definition of “Point of delivery” means

1. Taking possession of property or product;
2. Making first use of services;
3. Taking possession or making first use of digital goods, whichever comes first. The terms “receive” and “receipt” do not include temporary possession by a shipping company on behalf of the purchaser.

**WQ.** “Remote sales” means sales of goods or services by a remote seller or marketplace facilitator.

**XR.** “Remote seller” means a seller or marketplace facilitator making sales of goods or services for delivery delivered within the state of Alaska, without having a physical presence in a the ~~member~~ taxing jurisdiction in which delivery is being made, or conducting business between taxing jurisdictions, when sales are made by Internet, mail order, phone or other remote means. A marketplace facilitator shall be considered the remote seller for each sale facilitated through its marketplace.

**YS.** “Resale of services” means sales of intermediate services to a business where the charge for which will be passed directly by that business to a specific buyer.

**ZT.** “Sale” or “retail sale” means any transfer of property or product or any provisions of service(s) for consideration for any purpose other than for resale.

**AAU.** “Sales price” or “purchase price” means the total amount of consideration, including cash, credit, property, products, and services, for which property, products, or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

1. The seller's cost of the property or product sold;
2. The cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
3. Charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
4. Delivery charges;
5. Installation charges; and
6. Credit for any trade-in, as determined by state law.

~~BBV.~~ "Seller" means a person making sales of property, products, or services, or a marketplace facilitator facilitating sales on behalf of a seller.

~~CCW.~~ "Services" means all services of every manner and description, which are performed or furnished for compensation, and delivered electronically or otherwise ~~into~~outside the taxing a ~~member~~ jurisdiction ~~(but excluding any that are rendered physically within the taxing jurisdiction)~~, including but not limited to:

1. Professional services;
2. Services in which a sale of property or product may be involved, including property or products made to order;
3. Utilities and utility services not constituting a sale of property or products, including but not limited to sewer, water, solid waste collection or disposal, electrical, telephone services and repair, natural gas, cable or satellite television, and Internet services;
4. The sale of transportation services;
5. Services rendered for compensation by any person who furnishes any such services in the course of his trade, business, or occupation, including all services rendered for Commission;
6. Advertising, maintenance, recreation, amusement, and craftsman services.

~~DDX.~~ "Tax cap" means a maximum taxable transaction.

~~EEY.~~ "Taxing jurisdiction" means a local government in Alaska that has a sales tax ~~that has a sales tax and is a member of the Alaska Remote Sellers Sales Tax Commission.~~

~~FFZ.~~ "Transferred electronically" means obtained by the purchaser by means other than tangible storage media.

#### **4.10.2860 Supplemental definitions.**

For the purpose of this Chapter, the Commission shall may promulgate supplemental definitions that are incorporated into this remote seller sales tax code, provided they are not in conflict with or



contrary to definitions set forth in the general sales tax ordinance of the member jurisdiction.  
Supplemental definitions are available at [www.arsstc.org/code](http://www.arsstc.org/code). Provisions of the supplemental  
definitions that are amended, deleted, or added prior to or after the effective date of the latest  
amendment to this chapter shall be applicable for purposes of this chapter on the effective date  
provided for such amendments, deletions, or additions, including retroactive provisions.

\* \* \*

**5. EFFECTIVE DATE.** This ordinance shall become effective the date after the day of  
its passage.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
Alaska, this 8<sup>th</sup> day of June, 2021.

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Steven Eisenbeisz, Mayor

ATTEST:

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Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> reading 5/25/2021

2<sup>nd</sup> and final reading 6/8/2021

Sponsor: Administrator