



FAQ: Exemptions

How will sellers know each Municipality's Exemptions?

The Commission has established a tax variability matrix that tracks all product exemptions by taxing jurisdiction. The exemption happens automatically within the API that is accessed by the remote retailers or accessed via the website provided by the Commission. The Commission has adopted a common set of definitions that will assist in compliance.

- Entity-based exemptions apply as follows:
 - Senior exemptions – based on each local government's definition of "senior", when they apply. If applicable only to certain sales, the software will accommodate that variation.
 - Goods for wholesale - - these entities should be using their State of Alaska wholesale license in their purchase, which vendors they purchase from should recognize and apply tax-free status. Wholesale purchases will count toward establishing the criteria threshold for vendors selling into the state, even though taxes will not be collected. Sales and value of exemption will be reportable.
 - Churches, nonprofits, and governments – where a jurisdiction exempts these entities, the exemption should apply. Sales and value of exemption will be reportable.
- Process for uploading your Exemption Certificate:
 - An Exemption Certificate Registry (ECR) will store Exemption Certificates for Remote Sellers to access.
 - ECR is an online system that buyers can access from any internet browser. ECR provides buyers with tools to find, create, and store exemption certificates for future use. An exemption certificate created through ECR can be reused from vendor to vendor.
 - Once a buyer's exemption certificates are set up in ECR, these certificates can be provided to vendors in various ways. From ECR, certificates can be emailed, downloaded, uploaded, printed, or even sent directly to vendors' exemption certificate management systems.
 - Vendors are still responsible for storing exemption certificates received through ECR.

What is the Buyer's responsibility?

It will be up to the buyer to upload their information, including locally produced certificate, if any, into their account on the ECR. Within the ECR, the buyer will direct that information to vendors. The buyer will go through the retailer's established process to set up an individual tax exemption within their account, including to download from the ECR the correct documentation for that retailer.

Miscellaneous Topics

- Seasonal tax rate – the software will include reference applicable rate changes throughout the year, as long as there is 30 days' notice. The municipality will notify the Commission of seasonal



tax rates, and the Commission will need the exact dates on an annual basis. Any tax holiday that occurs throughout the year will be noticed appropriately.

- Any inaccurate sales tax collection, including improper application of the exemptions, should be taken up first with the vendor, then brought to the Commission's attention in case of a refund being necessary.