

## 2020-10 INTERPRETATION



### WHO IS RESPONSIBLE FOR ISSUING ENTITY-BASED EXEMPTION CERTIFICATES?

#### Issue:

Who is responsible for issuing exemption certificates for entities (seniors, non-profit, government)?

#### Discussion:

The Uniform Code Section 080.I. requires that sellers obtain proper documentation for tax-exempt sales, this is usually in the form of a resale card:

“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.”

Exemptions are managed by jurisdictions. Some jurisdictions do not have staff capacity to issue exemption certificates. Per the ARSSTC remote sellers sales tax rules, any valid exemptible purchase needs to have an exemption certificate that can be on file with the seller and provided to ARSSTC per an audit review.

#### Recommendation:

Jurisdictions are responsible for physical presence sales tax and should therefore issue the exemption certificate. For those jurisdictions that do not have staff capacity to administer entity-based tax exemption cards, Alaska Municipal League (AML) can provide assistance. This falls outside the Commission’s remit but may be addressed by AML through the Alaska Municipal Sales Tax Program as a shared service based on a relevant fee schedule.

#### Rationale:

As much of Alaska’s commerce occurs through remote sellers, it is imperative these exempt buyers are able to obtain valid exemption certificates. AML has the staff capacity to help implement exemption certificates for jurisdictions that need assistance. This advances overall compliance in Alaska and strengthens local governments.