

2020-11 INTERPRETATION



THRESHOLD DETERMINATION FOR ALASKA-BASED BUSINESSES

Issue:

How to determine threshold for remote seller requirements for Alaska based businesses who have an e-commerce?

Discussion:

Per the definition of Remote Seller below, Alaska-based businesses should use only their statewide remote sales (regardless of taxability of buyer) to determine economic nexus threshold. Remote sales include a brick-and-mortar store shipping supplies, products or providing services to communities where they do not have real or tangible property, inventory, or a local representative.

“Remote seller” means a seller or marketplace facilitator making sales of goods or services delivered within the State of Alaska, without having a physical presence in a taxing jurisdiction, 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.

Threshold determination for in-state sellers should consider only the remotely provided services. If the business has in-person or tangible property sales, those are considered physical presence and should be filed directly with the jurisdiction.

Threshold determination and taxation must consider point of delivery and if there is a freight forward via a common carrier. When there is a freight forward via a common carrier, the taxation is based on point of delivery to the freight forwarder.

If a business conducts solely tax-exempt sales yet meets the statewide economic nexus threshold, they are still required to register and file sales tax returns for sales into ARSSTC jurisdictions.

If a business conducts sales solely and are physically located within non-ARSSTC jurisdictions, they are not required to register with ARSSTC.

Recommendation:

Alaska-based businesses who meet the economic nexus threshold should register with ARSSTC and collect sales tax on remote sales into ARSSTC jurisdictions. The criteria threshold is based on their statewide, gross, remote sales.

Rationale:

The ARSSTC economic threshold is a statewide test and does not discriminate against place or origin. Any business that meets the threshold criteria and provides goods or services into ARSSTC participating jurisdictions. Remote sellers are required to file based on their statewide, gross annual sales, but by definition they are required to consider this based on being remote. Alaska businesses trigger the same test based on their remote sales.