

2020-09 INTERPRETATION

WHO IS RESPONSIBLE FOR ISSUING REMOTE SELLER RESALE CERTIFICATES?

Issue:

Who is responsible for issuing resale exemption certificates to remote sellers?

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, but some will only issue resale certificates to businesses with physical presence in the jurisdiction. Other jurisdictions do not have staff capacity to issue resale certificates. The ARSSTC has now encountered remote sellers who need a resale certificate, yet they do not have physical presence in any jurisdictions.

Recommendation:

Businesses which have physical presence in a taxing jurisdiction in Alaska should obtain a resale exemption certificate from that jurisdiction. Businesses which have no physical presence in a taxing jurisdiction in Alaska should obtain a resale exemption certificate from ARSSTC. The Policy Committee has developed a robust resale certificate application that meets the criteria for jurisdictions.

Rationale:

Jurisdictions are responsible for physical presence sales tax and should therefore issue resale exemption certificates to sellers with a physical presence in their jurisdiction. ARSSTC is responsible for remote sales tax and should therefore be responsible for issuing resale exemption certificates to remote sellers. The ARSSTC resale exemption certificate shall be honored by all sellers throughout Alaska.