



**Alaska Remote Seller Sales Tax Commission
Board Meeting
August 18, 2021 11:00 am – 1:00 pm**

Attendees:

- Jeff Rogers
- Mike Tvenge
- Stephanie Queen
- Scott Bloom
- Melissa Haley
- Troy Tankersley
- Brandi Harbaugh

1. Call to order
2. Approval of the Agenda
3. Approval of the Minutes
 - a. 6.22.2021 Meeting minutes
4. Policy Committee Report
 - a. Report by Maureen Graham, City of Wasilla
5. New Business
 - a. Approval of new Interpretation 2021-05 – Remote Services & Sourcing
 - b. Approval of revised Interpretation 2020-10 – Entity & Product Based Exemption Certificates
 - c. Due date complications within MUNIREvs
6. Information / discussion items
 - a. ARSSTC Hearing Committee
 - b. MUNIREvs corporate update
7. Comments
8. Adjournment



**ARSSTC Board Meeting
June 22, 2021 9:00 am – 11:00 am, Virtual**

Board Present:

- Scott Bloom, City of Kenai
- Melissa Haley, City of Sitka
- Brandi Harbaugh, Kenai Peninsula Borough
- Stephanie Queen, City of Soldotna
- Jeff Rogers, City and Borough of Juneau
- Troy Tankersley, City of Wasilla

Board Absent:

- Mike Tvenge, Kodiak

Others in Attendance:

- Kara Johnson, AMSTP Sales Tax Administrator
- Clinton Singletary, AMSTP Sales Tax Director
- Sean Kelley, KPB

1. Call to order
 - a. Meeting started at 9:02am.
2. Approval of the Agenda
 - a. no objection to agenda.
3. Approval of the Minutes
 - a. 5/12/21 Board meeting minutes approved, no objection.
4. New Business
 - a. Approval of revised Interpretation 2020.05 – Sourcing of Goods

Edited interpretation to update language around the sourcing of goods. Biggest change was inserting language that point of delivery is not impacted by which party to the transaction hired the common carrier.

Reemphasized that temporary possession by common carrier does not mean delivered. Cleaned up and clarified in examples that the delivery to the purchaser.

How would a seller who does not deal with delivery “know” that the delivery is ultimately in Alaska. Look to billing address. Outreach to registered sellers and other non-registered companies to discuss sourcing. Work with TTR to flag common carriers. Have we worked with Washington and have discussions with them? No recent conversations with Washington DOR.



Motion by Stephanie Queen, Second by Melissa Haley to approve revisions to 2020.05. No objections. Motion passed.

b. Approval of new Interpretation 2021.03 – Digital Goods & Services

This is becoming a more common question as sellers register. Have started audit of “Other” exemption category and learned digital subscriptions are being exempted. Will send final interpretation to sellers. Recommendation from legal counsel is to strengthen definitions around services to address confusion.

Focuses on remote services, have concern about approaching a local business and telling them they need to learn tax codes from around the state and tax appropriately. Need to further discuss Alaska-based service providers.

Juneau is working to pass update to local code to say services provided by Juneau-based business that deliver service outside of Juneau are not subject to Juneau taxes. Doing this to align with Uniform Code. Sitka’s sales tax code is vague, goal to make updates that align with Uniform Code. Wasilla recently updated their code regarding services.

Important to have codes aligned with guidance in place before approaching Alaska-based companies. KPB does not consider remote sale if there is a brick-and-mortar presence in Borough.

Appreciate the clarification of billing address, it is easy to get lost in the complexities. Gains of consistent rules that allow us to tax outside companies outweigh losses of in-jurisdiction services

Motion by Melissa Haley, Second by Troy Tankersley to approve Interpretation 2021.03. No objections. Motion passed.

c. Approval of revised Filing Frequency Policy

Revision to filing frequency based on feedback from sellers. Quarterly changed from \$6,000 taxable to \$10,000 taxable sales within previous 12 months or less than 12 individual transactions. Boat dealer may sell few items but high value items, seasonal business. Makes sense to go quarterly. Annual if have fully exempt from sales tax in previous 12 months.

Wasilla amended code to allow for quarterly filing. Concern for business if have to file different frequencies with different systems.

Amend policy to address communities that do not allow reduced filing frequency. Exception could be made after special approval by affected communities.

Motion by Troy Tankersley, Second by Brandi Harbaugh to approve revised filing frequency policy as amended. No objections. Motion passed.



d. Board expectations on seller registration extension requests

Many Alaskan-based businesses have difficulties with tax collection. Industry-specific software can be limited in capacity to charge multiple tax rates. Many of these businesses have never had to collect sales tax and might not have the staffing needs. Current Uniform Code allows for a 90-day grace period. Concern as we approach Alaskan-based businesses who have tax collection challenges:

- Don't want to change business practices
- Don't want to invest in new software
- Don't want to train/pay staff to handle

Companies meet the threshold, thousands of dollars in sales, not millions. What are the consequences if they don't comply? Set tax liability date and could in theory conduct an audit and do an estimated sales tax. Many companies met nexus last year, we are working with them on soft compliance approach.

The burden to update software is because of the Commission. But with low volume, high-cost transactions, doesn't seem like it is very burdensome to look up rates manually. If high-volume, low-cost items, then would be more burdensome.

Maybe need to increase threshold?

Board Request for extension document – 30 days at a time. 2 officer signatures. Business must document issues faced and progress made.

Commission has larger national companies that are not complying. Should address large companies from out of state before targeting smaller Alaskan-based businesses.

Formalize extension policy and bring back to Board.

e. Board representation on Policy Committee

There is Board representation on Finance Committee, should we have that structure for Policy Committee? Yes, good idea to have liaison. Board members are not in position to take on additional responsibility. At next Board election we can appoint someone. Maybe a better solution is to identify a liaison to attend Board meetings and speak for Policy Committee. Liaison would give report at beginning of Board Meeting.

f. Unregistered sellers who are collecting tax

Reviewed by Policy Committee

Goal is to address the scenario where a resident in community was charged sales tax and contacts local jurisdiction who says business is not registered with either jurisdiction or Commission. Also scenario where jurisdiction receives a check in mail from unregistered company.

Whose responsibility is it to pursue business for registration? The Commission or the jurisdiction?



Jurisdiction is taxing authority, Commission is only for remote sales. Taxing jurisdiction to do first outreach to determine if physical presence or remote seller. If remote seller, then notify the Commission who pursues registration.

Board requested legal opinion from legal counsel regarding voluntarily collection.

g. Protest Refund Form

For resident who was incorrectly charged tax and the buyer was not able to work out with business. Resident can apply for refund through the Commission. Commission works with seller and makes adjustment in MuniRevs system.

5. Comments

Troy - Wasilla working through conversion process with MuniRevs. Most of software issues have been worked out. Slight issues with timing of revenue versus posting to General Ledger. Tax payers are thankful for online filing capacity. Does not integrate with General Ledger – need to summarize monthly transactions and manually post to GL.

Jeff asked if Commission annual meeting will be during AML annual conference or AFOG. It will be during AML annual conference.

Conversations by Board about possible statewide sales tax – should Commission take an official position or engage as the Commission? State would likely take over tax collection for all physical presence and remote sales. Board agreed to stay engaged, keep watching the August special legislative session, may need to have a meeting before then to formalize ideas.

Brandi would like update from AML staff on MuniRevs reporting improvements and process for checking KPB & borough cities' gross sales validation.

6. Adjournment 11:05am

Memorandum

To: Alaska Remote Seller Sales Tax Commission Board
From: Maureen Graham, Policy Committee Member & Board Liaison
Date: 8/12/21
Re: Report of Policy Committee Meeting Discussion Topics for June- August 2021

In our meeting on 7/20/21, I agreed to volunteer for the position as liaison between the Policy Committee and the ARSSTC Board. Please find a summary of the discussion of our committee meetings below.

The Policy Committee meetings held on 6/22/21 and 7/14/21 primarily focused on Interpretation 2021.05 carried over from our meeting on 6/15/21.

Interpretation 2021.05.

Clinton suggested the need to focus on the physical presence portion as well as the point of delivery to narrow the focus of the types of business scenarios to use for examples or interpretation.

There was discussion of the term 'service rendered' and the term 'received' and 'receipt' and that the service is not necessarily received where it is rendered.

There was disagreement from a jurisdiction on the interpretation. The jurisdiction felt Accounting and other Professional Services point of delivery should be where the service provider provides or 'renders' the service and felt that is where the client received the service. Since the jurisdiction's code uses many of the same terms as the ARSSTC code, we struggled on how to move forward. This then led to discussion between the differences in both text and interpretation between the local jurisdiction's tax code and uniform remote tax code.

To illustrate the problem an example was used of an accountant in KPB that prepares taxes for someone in Wasilla. If KPB's local code or interpretation says the service is taxed at the office, but the ARSSTC remote code says it is taxed based on where the purchaser receives the service, the seller meets the ARSSTC thresholds, and the client receives their tax return online or by mail in Wasilla, there is a conflict. A second similar example was offered for online IT services. An IT provider in Texas provides IT service remotely into Wasilla and meets the ARSSTC thresholds. The uniform code says that the service is taxed where it is received, in Wasilla. If the IT provider was in KPB instead of Texas, the remote code still says it is taxed in Wasilla. In both cases the remote seller is treated the same whether in or out of state.

If the local code determines tax at the point of origin (where performed) and the remote code at point of destination (where received), the result will be a double tax. In our examples, KPB tax **and** Wasilla tax would be charged to the client in Wasilla. Karl had indicated that may be okay, as we are not discriminating against the remote (or out of state) seller, however, it is not ideal and could invite legal challenge from the local seller that must collect two taxes or a purchaser that must pay them.

The consensus for most in the group was that changing the local codes to destination sourcing is going to be challenging but necessary to move forward. The 148+ page SSUTA sourcing rules was brought to our attention by Karl and shared with Clinton that discusses sourcing of services at great length reaffirming the fact it is a complex subject. Karl suggested including the True Object Test to help determine the delivery location of a service.

Clinton's focus was that the committee work on the interpretation of the uniform code as adopted then work on helping the transition of member jurisdictions that may change their codes and any conflicts for those that may not.

Discussion then focused on remote sales of services provided into member jurisdictions with regards to the changes made and adopted to the uniform code below:

"Point of delivery" means the location at which property or a product is delivered or service is rendered.

C. 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.

D. 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 of the sale to be the billing address of the buyer.

Most of the discussion was centered on Advertising and Legal Services as these are services that are not taxed in many other states so there is not a lot of guidance. It was felt by most that section C in the definition supported sourcing the tax to the location of the recipient of the service when the client was not at the business location of the seller. The definition of Receipt/Receive supported that the "first use of service" was where the client is and not where the provider is, however, it was not unanimous. When sourcing the tax in this manner it will cause many of these transactions to fall into the remote category as with many of these professional services, the client does not visit the office of the service provider. It was expressed that if the billing address is used as the location of tax the jurisdictions may lose a lot of revenue as many corporate addresses are out of state. It was countered that the uniform code supports sourcing where the service is received if that can be determined or is known to the seller and use of the billing address should be used in absence of that location. Again, it was reiterated that physical presence of a seller in the jurisdiction would be reported to the jurisdiction, even if the sale were made by remote means.

Example: Law office in Anchorage with a second location in Palmer provides services to clients in Wasilla and Palmer and meets the uniform code thresholds. The services received by clients located in Wasilla would be sourced to Wasilla and paid to the ARSSTC, but the services received by clients in Palmer would be subject to Palmer and remit directly to Palmer.

In our example, if the address known to the seller is the client's Wasilla office location, but the billing address is the client's corporate office address in Seattle, the code would support the location received as the Wasilla location. If the service involved emailing a document and it was known that the person emailed is in Wasilla, would section D of the definition superseded section C?

Karl suggested that an amendment may be needed in for code to clarify the interpretation and make clear the hierarchy of the location at which to tax. (similar to the SSUTA, if not at the business location, then at the point of receipt known to the seller, if unknown then use the billing address)

The following topics in bold were on the agenda and discussed at the meeting held 7/20/21:

Allowing MLM Companies to file through Commission Portal

Clinton started us off on the topic of what would be entailed to allow MLM companies that have physical presence to file with the commission. He noted memos from the attorney offered the jurisdictions would need to "opt in" to allow the ARSSTC code, not the local code, to be administered as it effects due dates, penalty, interest, etc. In order to provide a reduced cost of collections for these accounts, there would be some upfront cost by MUNIREvs to develop a way to track those revenues from the MLM's that have physical presence.

A few in the group did agree that MLMs are challenging to administer, and it is difficult for the MLM to know where the representatives have physical presence because we have so many taxing jurisdictions. Concern was expressed that we may get push back from filers that simply do not want to have to file in multiple jurisdictions even when they *know* they create physical presence because it is *easier* then filing multiple returns.

Some of us noted we are experiencing MLM's registering with the commission, so the local jurisdictions remove them from their systems, only to find a couple months into it that they do have presence in one or more jurisdictions and then they end up re-registering with the local jurisdictions, even in the case that they may *not* have physical presence because they are not sure.

It was agreed this is a subject of interest and to continue to investigate it. Questions to consider were: Is it an all in or out for MLM's or each jurisdiction would opt in/out? Is it worth doing if we are split? Are there legal challenges for filers other than MLM's?

Interpretation 2021-04- Sales Price

Most of the discussion regarding this was inclusion of sales tax in the price is not allowed by the ARSSTC code although it is on the templet as an exemption on the sales tax return, something that may need to be corrected. Many of the streaming services and subscriptions are currently not separately stating the sales tax. This interpretation is meant to clearly state that tax must be separately stated or that the tax rate must be stated to the customer if the price does include tax to make it clear to the purchaser, the ARSSTC and the jurisdictions where the tax is being collected on the purchase.

The other items in the interpretation did not draw much discussion. It was felt that it clearly communicated to the sellers' common questions many local jurisdictions receive.

There were a few additional items that were suggested to add to the list. Clinton will add core charges and some others TTR may have suggested, make some adjustments to the summary, and bring it back to the committee for approval at the next meeting.

Revision to 2020-10 Entity-Based Exemption Certificates

ARSSTC Code 090(I) requires sellers document the exemption authorization card presented by the buyer at time of purchase. Many members do not issue tax exemption certificates. The interpretation revision would add a clause for this circumstance allowing a purchaser to provide other proof they qualify for the exemption and relieve the responsibility of obtaining a certificate in jurisdictions that do not issue them. Example: for a senior exemption obtaining copy of their driver's license; for a nonprofit providing copy of the IRS determination letter. A list of jurisdictions that issue certificates is on the ARSSTC website.

This brought us into discussion of the Commission potentially managing exemptions for communities that do not currently do them. It was suggested the jurisdictions could send the commission a list of our exemption biannually to provide sellers that may not have the option of uploading them individually. Building on that, another suggestion was to take that list of exemption holders and numbers and give a buyer the option of downloading a certificate copy from the ARSSTC website or TTR website (like the current export feature for an address outside city) that would print off a "uniform exemption certificate" that would have the name of the holder, the number (or numbers) issued by the jurisdiction along with the name of the jurisdiction (or jurisdictions) on it. It was offered up to poll our jurisdictions to see if this may be an option and warrant further discussion.

It was agreed we would put the revision forward to the board "as is" to get something in place for businesses to use currently and continue with the other ideas suggested to see if we can revise later with improvements to the process.

I am happy to answer any questions the board may have. If there are suggestions or requests on future presentation of this report to the board, please let me know.



To: ARSSTC Board

From: Clinton Singletary, Statewide Municipal Sales Tax Director

Date: August 18, 2021

Re: Background on Interpretation 2021-05

As you may remember, a significant part of the Uniform Code updates earlier this year was clarification to the taxation of remote services. This clarification included both a change to the definition of services and the definition of point of delivery such that remote services would clearly be sourced using the destination-based approach.

These clarifications in the Uniform Code to destination-based sourcing introduced conflict between the Uniform Code and member jurisdiction's own code languages and historical treatment of local services. Member jurisdictions generally focused on where the service in question is physically performed rather than the destination. Our guidance to members was to focus on adopting the Uniform Code updates first, to secure our taxation of remote / online service providers such as streaming services. Then the member should look towards modifying their treatment of local services to remove the conflict and likelihood of a local service being subject to two sales taxes; one sales tax from the member jurisdiction where the service is performed, and one sales tax from the destination jurisdiction as a remote service.

Multiple member jurisdictions have begun the process of revising their treatment of services for alignment with the Uniform Code, and one (City of Wasilla) has already adopted changes converting their sourcing of services to destination based. In helping Wasilla work through their changes, it became necessary to develop guidance for remote sellers outlining how services are defined and sourced under the Uniform Code. This guidance is important for service providers located in Alaska, and especially so for those located in member jurisdictions.

The Policy Committee met several times over the last couple of months to work through and finalize Interpretation 2021-05. Working through this process brought to the forefront a difference between how Kenai Peninsula Borough interprets their local code's treatment of services and how 2021-05 & the Uniform Code deals with services. KPB's code sources services using essentially the same code language as the Uniform Code, but KPB interprets the language differently than 2021-05 does.

As a result, KPB's Policy Committee representative could not approve of 2021-05 as presented, but the Policy Committee was ready to bring this to the Board for additional discussion and final review.

Next Steps

If / when the Board approves 2021-05 either as presented or modified, here is the proposed outreach plan for service provider compliance:

1. Notify Anchorage & Fairbanks professional service providers of their possible compliance requirements.
2. Notify Seattle / WA state professional service providers of their possible compliance requirements.
3. Notify local service providers in member jurisdictions that have modified their local ordinances to destination sourcing of services.

This approach puts the initial focus on service providers who are not in a taxing jurisdiction and would not be facing the need to collect two sales taxes for different taxing jurisdictions.



Interpretation 2021-05

REMOTE SERVICES AND SOURCING / POINT OF DELIVERY

Issue:

When is a service considered to be a remote service and how is the point of delivery determined?

Applicable Uniform Code Sections:

Section 270 of the Uniform Code provides the following definitions:

Remote Sales – means sales of goods or services by a remote seller or marketplace facilitator.

Remote Seller – means a seller or marketplace facilitator making sales of goods or services for delivery within the State of Alaska without having a physical presence in the member jurisdiction in which delivery is made.

Services – means all services of every manner and description, which are performed or furnished for compensation, and delivered electronically or otherwise into a member jurisdiction including but not limited to:

- A. Professional services;
- B. Services in which a sale of property or product may be involved, including property or products made to order;
- C. 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;
- D. The sale of transportation services;
- E. 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;
- F. Advertising, maintenance, recreation, amusement, and craftsman services.

Point of delivery – means the location at which property or a product is delivered or service is rendered.

- C. 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.
- D. 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 of the sale to be the billing address of the buyer.

Receive or receipt – for purposes of section .030 and the definition of “point of delivery” means:

- A. Taking possession of property or product;
- B. Making first use of services; or
- C. Taking possession or making first use of digital goods, whichever comes first.



Interpretation 2021-05

Physical presence – for purposes of section .050 means a seller who establishes any one or more of the following within a member jurisdiction:

1. Has any office, distribution or sales house, warehouse, storefront, or any other place of business within the boundaries of the member jurisdiction;
2. Solicits business or receiving orders through any employee, agent, salesman, or other representative within the boundaries of the member jurisdiction;
3. Provides services or holds inventory within the boundaries of the member jurisdiction;
4. Rents or leases property located within the boundaries of the member jurisdiction.

A seller that established physical presence within the local member jurisdiction in any calendar year will be deemed to have a physical presence within the member jurisdiction for the following calendar year.

Interpretation

Per the above definitions in the Uniform Code, a service is taxable as a remote sale if the seller does not have a physical presence in the member jurisdiction in which the service is delivered. Physical presence would be established in the member jurisdiction if, during the course of performing a service, the service provider physically visits or physically performs a service within the jurisdiction. This physical presence will carry-forward to the next full calendar year.

Point of delivery for services is considered the place where the service is rendered. The concept of “service rendered” is used to help convey the fact that the agreed upon service which is deliverable to the purchaser has in fact been delivered to the purchaser. The location where the “service is rendered” is the location where the purchaser receives the service. It is important to note that the location where the service is physically performed is not necessarily the same location as where the “service is rendered”.

Finally, the location where the purchaser first takes receipt of services is the location where the purchaser “makes first use of services” as found in the definition of “receive or receipt” in the Uniform Code.

It is important to note that sales of goods or services are sourced in the same manner under the Uniform Code in that both are taxed based on the destination principle i.e. where the purchaser takes receipt. This approach of using the same sourcing principle regardless of type of transaction is beneficial to help avoid the debate over whether the transaction is a sale of goods or services.

Summary:

Services are considered to be “remote sales” if two primary conditions are met:

- 1) The service is delivered into a taxing jurisdiction that is a member of the ARSSTC and,
- 2) The service provider does not have physical presence in the member jurisdiction where the service is received by the purchaser.

Services are frequently performed in multiple locations over the course of the service. For example, some services may require a visit to the customer’s place of business or other location. Then the remainder of the service may occur in the service provider’s office. Under the Uniform Code, only one location determines the



Interpretation 2021-05

applicable sales tax; the point of delivery i.e. where the purchaser receives the service and first makes use of the service.

If the point of delivery is in an ARSSTC member jurisdiction, and the service provider has not created a physical presence in the member jurisdiction, then the service is a remote sale. If the point of delivery is in a jurisdiction where the service provider has created physical presence, then the service is not a remote sale.

Example Services

Following are some example types of services that may be categorized as either remote sales or local sales. These examples are only provided as a general resource. If a transaction is not specifically addressed in these examples, please contact the ARSSTC for a more formal determination of your transaction.

Several of these example service scenarios involve the performance of a service with a physical or electronic good as the end result of the service. This type of transaction is called a “mixed transaction” and generally calls for analysis using the True Object Test.

For reference, the True Object Test is typically used to help determine if a transaction is the sale of a good or the sale of a service. This test is most used by taxing jurisdictions that don’t tax services but do tax sales of goods. Some “mixed transactions” contain elements of both a service and a good so the True Object Test is used to help determine taxability.

When applying the True Object Test to these example transactions, a particular transaction may be best categorized as the purchase of a good (tangible or intangible) rather than a service. However, as stated earlier in this Interpretation, the Uniform Code sources goods and services using the same destination principle.

For purposes of determining where the purchaser takes receipt in these example transactions, the location where the purchaser receives the resulting physical or electronic good can be used as the point of delivery of the transaction, even if the true object of the transaction is not the resulting good.

Advertising Services

- Digital / electronic advertising
- Television advertising
- Radio advertising
- Print media advertising

Each of these types of advertising services typically involve the preparation & publication of either a digital audio/visual advertisement or an electronic document for use in print media.

In general, each of these advertising services are physically prepared & published at the seller’s business location. However, the end result of the rendered service, a digital copy of the ad itself, is typically delivered to the purchaser electronically. As a result, the point of delivery would be the purchaser’s billing address.



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Accounting Services – services rendered typically involve the preparation of a tax filing, tax return or other financial document.

- If purchaser receives the rendered service at the office of the service provider, the point of delivery is the office location.
- If purchaser receives the rendered service at an address known to the seller, the point of delivery is the purchaser's address known to the seller.
- If purchaser receives the rendered service electronically or a delivery address is not known to the seller, the point of delivery would be the purchaser's billing address.
- If purchaser receives the rendered service in physical form, but not at the office of the service provider, the point of delivery is the address where the purchaser receives the rendered service.

It is important to note that if during the provision of its services, the service provider physically visits the subsequent point of delivery, physical presence will have been established at the point of delivery. Once the seller has established physical presence in the jurisdiction where the point of delivery is located, sales into that jurisdiction would not be considered remote sales.

Legal / Attorney Services – services rendered could include client representation at a legal proceeding, legal analysis for client, preparation / review of legal documents.

- If purchaser receives the rendered service at the office of the service provider, the point of delivery is the office location.
- If purchaser receives the rendered service at an address known to the seller, the point of delivery is the purchaser's address known to the seller.
- If purchaser receives the rendered service electronically or a delivery address is not known to the seller, the point of delivery would be the purchaser's billing address.
- If purchaser receives the rendered service in physical form, but not at the office of the service provider, the point of delivery is the address where the purchaser receives the rendered service.

Appraisal Services – services rendered typically involve the preparation of an appraisal report for either the property owner or lending company.

- If purchaser receives the rendered service at the office of the service provider, the point of delivery is the office location.
- If purchaser receives the rendered service at an address known to the seller, the point of delivery is the purchaser's address known to the seller.
- If purchaser receives the rendered service electronically or a delivery address is not known to the seller, the point of delivery would be the purchaser's billing address.
- If purchaser receives the rendered service in physical form, but not at the office of the service provider, the point of delivery is the address where the purchaser receives the rendered service.

It is important to note that if during the provision of its services, the service provider physically visits the subsequent point of delivery, physical presence will have been established at the point of delivery. Once the



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seller has established physical presence in the jurisdiction where the point of delivery is located, sales into that jurisdiction would not be considered remote sales.

Architect / Engineering services – services rendered typically involve the preparation of designs or an engineering report and may also include one or more site visits during the service. The provision of the final design(s) or report(s) to the purchaser is considered the rendering of the service.

- If purchaser receives the rendered service at the office of the service provider, the point of delivery is the office location.
- If purchaser receives the rendered service at an address known to the seller, the point of delivery is the purchaser's address known to the seller.
- If purchaser receives the rendered service electronically or a delivery address is not known to the seller, the point of delivery would be the purchaser's billing address.
- If purchaser receives the rendered service in physical form, but not at the office of the service provider, the point of delivery is the address where the purchaser receives the rendered service.

It is important to note that if during the provision of its services, the service provider physically visits the subsequent point of delivery, physical presence will have been established at the point of delivery. Once the seller has established physical presence in the jurisdiction where the point of delivery is located, sales into that jurisdiction would not be considered remote sales.

Real estate agent services – services rendered typically involve advertising and negotiating the eventual sale of real property on behalf of the owner or buyer of the property.

- The real estate agent services are considered rendered where the property is located.
- If the real estate agent visited the property location during the provision of its services, physical presence in the property location's local jurisdiction would have been established.
- Establishing physical presence in the property location's jurisdiction causes the real estate agent services to no longer be a remote sale.



2020-10 INTERPRETATION

ENTITY-BASED & PRODUCT-BASED EXEMPTION CERTIFICATES

Issue:

What documentation should be obtained by remote sellers entity-based exemptions (senior citizen, non-profit, government) and product-based exemptions?

Discussion:

The Uniform Code Section 090(I) requires that sellers obtain proper documentation for tax-exempt sales.

“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.”

It is important to note that not all sales tax exemptions require a buyer to present an exemption certificate. Typically, exemption certificates are required for certain entity-based exemptions such as nonprofit, government or senior citizens. Sales for resale are considered product-based exemptions and are typically based on a resale certificate issued to the buyer.

Sales tax exemption certificates for both entity-based and product-based exemptions are typically issued by the member jurisdiction where the exempt entity is located. However, not all member jurisdictions have the capacity to issue exemption certificates for their entity-based or product-based exemptions.

A list of our current member jurisdictions with the exemption certificates that they issue is available on our website www.arsstc.org. If there is an exemption category for which a member jurisdiction does not issue an exemption certificate, the remote seller is relieved of the responsibility of obtaining a certificate to exempt a transaction. The remote seller should simply verify the reason the customer is claiming exemption, verify the exemption category is allowed in the member jurisdiction and report the exemption accordingly.

Recommendation:

Member jurisdictions are responsible for issuing exemption certificates for the applicable exemption categories in their sales tax code.

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.



To: ARSSTC Board

From: Clinton Singletary, Statewide Municipal Sales Tax Director

Date: June 22, 2021

Re: Filing / remittance due date complications

Background

The Uniform Code sets the due date for filing and remittance as the last day of the month. If the last day of the month falls on a weekend or holiday, the due date is extended to the next business day. This has been in place since the inception of the Commission.

This approach does not cleanly fit within MUNIREvs as it was not built to allow for a flexible due date. In speaking with MUNIREvs further about this, they stated a significant software re-write would be required to properly handle the Uniform Code's due date language. MUNIREvs' "best practice" recommendation was for the Commission to remove the next business day language from the Uniform Code, primarily because all filings are submitted electronically through the portal, and the seller does not have to rely on coming into or contacting the tax office on a business day.

Since that conversation was had with MUNIREvs in early spring 2021, AML staff have been operating as if Uniform Code didn't allow for a flexible due date. But if questioned by a seller, we have allowed filings to be considered timely under the Uniform Code language.

Summary

AML staff is looking for Board approval to continue as we have been until the next round of Uniform Code updates, at which point we will recommend the weekend / holiday due date extension be removed from the Uniform Code.

If the Board desires that the Uniform Code language be followed, we will revisit the issue with MUNIREvs to determine the best approach for a software solution.



To: ARSSTC Board

From: Clinton Singletary, Statewide Municipal Sales Tax Director

Date: June 22, 2021

Re: Proposal for ARSSTC Hearing Committee

Discussion

Over the last few months, AML staff have worked through multiple conflicts with member jurisdictions. These conflicts are generally the result of AML staff applying the Uniform Code to a situation, and a member jurisdiction disagreeing with the application for varying reasons.

In working through these conflicts, AML staff has come to the realization that there is no mechanism in either the Intergovernmental Agreement or the Uniform Code to work through differences of interpretation between members and the ARSSTC. If AML staff cannot reach resolution with the member, there is no independent 3rd party in place to make the final determination.

The primary concern with not having a resolution mechanism is that a resolution must be reached to maintain uniformity across member jurisdictions for all remote sellers.

The simplest approach may be for the ARSSTC Board to fill the role of hearing both sides of the conflict and making the final determination. A second option is to form a new ARSSTC Hearing Committee consisting of member jurisdiction representatives, ideally from member legal departments.

Summary

AML staff is requesting direction from the Board either 1) to establish a Hearing Committee of ARSSTC Members or 2) the Board agreeing to serve in this role.



To: ARSSTC Board

From: Clinton Singletary, Statewide Municipal Sales Tax Director

Date: August 18, 2021

Re: MUNIRevs Corporate Update

On August 6th, AML met with the MUNIRevs team including Erin Neer. Erin announced that MUNIRevs had been purchased by a company called GovOS, but all MUNIRevs staff would be retained.

The president of GovOS, Kevin Lafeber, was on the call as well and re-emphasized GovOS's commitment to maintaining the quality of service that MUNIRevs currently provides. He also emphasized that as a part of GovOS, more resources would be available to MUNIRevs than currently available such as additional programmers and support staff.

Overall, both parties presented the buyout as beneficial for all involved, which is not surprising. We don't know anything more at this point, but Mr. Lafeber stated GovOS would be in contact with us at a later date to discuss further, including discussing the other tools that GovOS has available.

AML is hopeful that this will be a positive move and will allow us to better serve the Commission and its members. We'll keep the Board apprised of any notable developments as the transition progresses.