

Alaska Remote Sellers Sales Tax Commission

2021 Quarter 1 Update and Overview

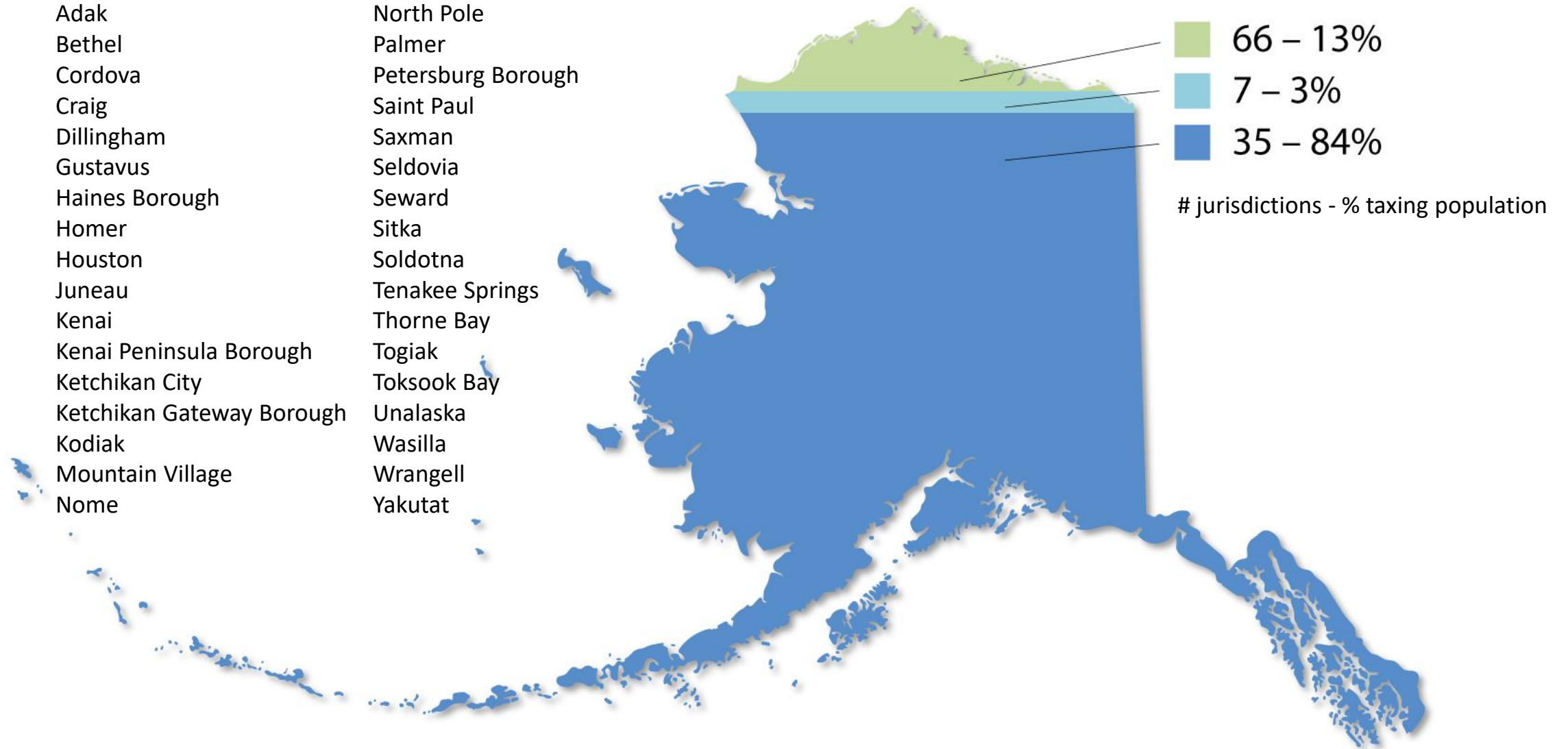
May 25, 2021



Jurisdictions to Date

Adak
Bethel
Cordova
Craig
Dillingham
Gustavus
Haines Borough
Homer
Houston
Juneau
Kenai
Kenai Peninsula Borough
Ketchikan City
Ketchikan Gateway Borough
Kodiak
Mountain Village
Nome

North Pole
Palmer
Petersburg Borough
Saint Paul
Saxman
Seldovia
Seward
Sitka
Soldotna
Tenakee Springs
Thorne Bay
Togiak
Toksook Bay
Unalaska
Wasilla
Wrangell
Yakutat



Jurisdictions

- ✓ 112 taxing communities in Alaska

32% of Alaska's population

- ✓ 35 communities across Alaska have adopted the Uniform Code

85% of taxing population

- ✓ 7 other communities have joined the Commission and are working towards adopting the Uniform Code

3% of taxing population

- ✓ 69 communities ARSSTC is pursuing to join the Commission in 2021

13% of taxing population

Alcohol Jurisdictions to Date

- Anchorage
- Bethel
- Craig
- Dillingham
- Juneau
- North Pole



Sellers

**Sellers Registered to date:
1,083**

- May: 47
- April: 80
- March: 72
- February: 62
- January: 89

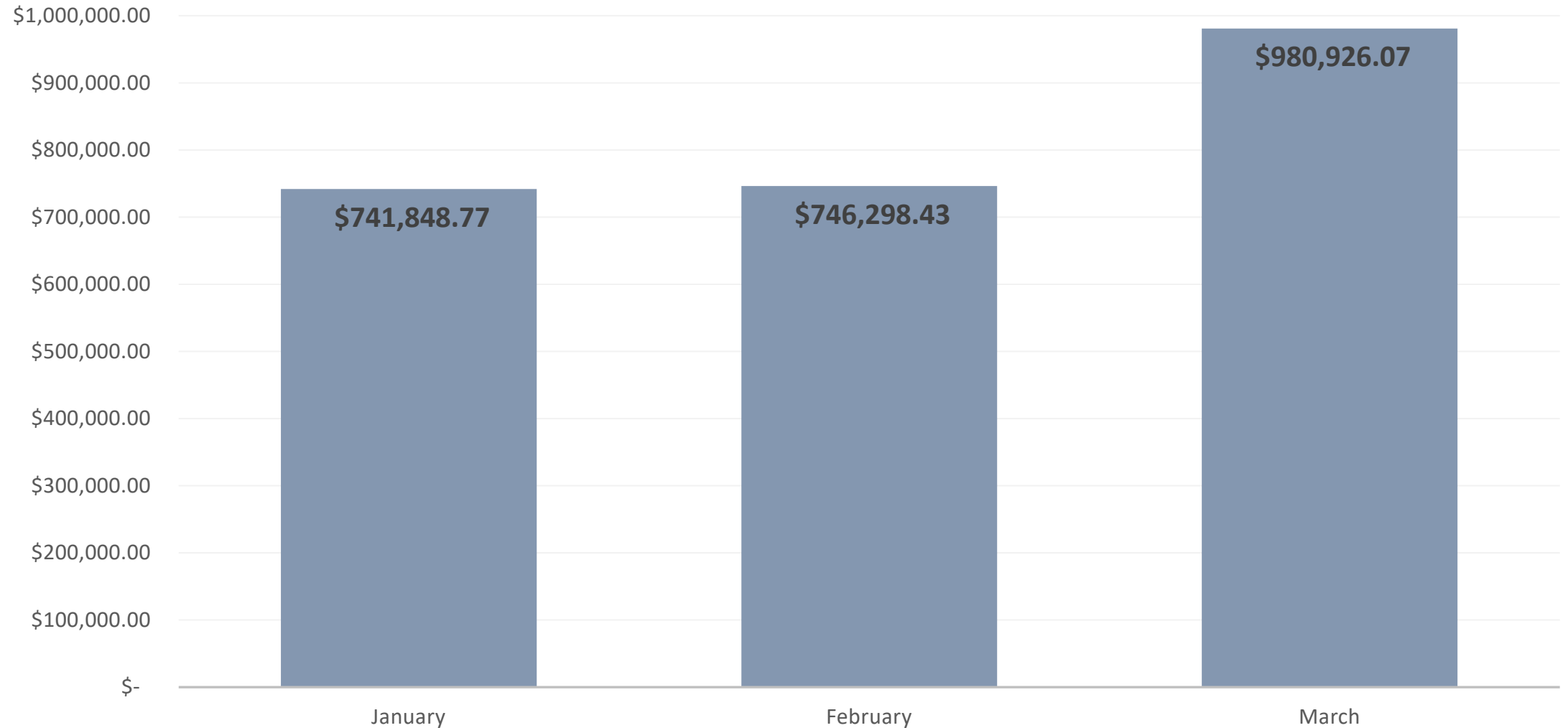
2020 Total: 713



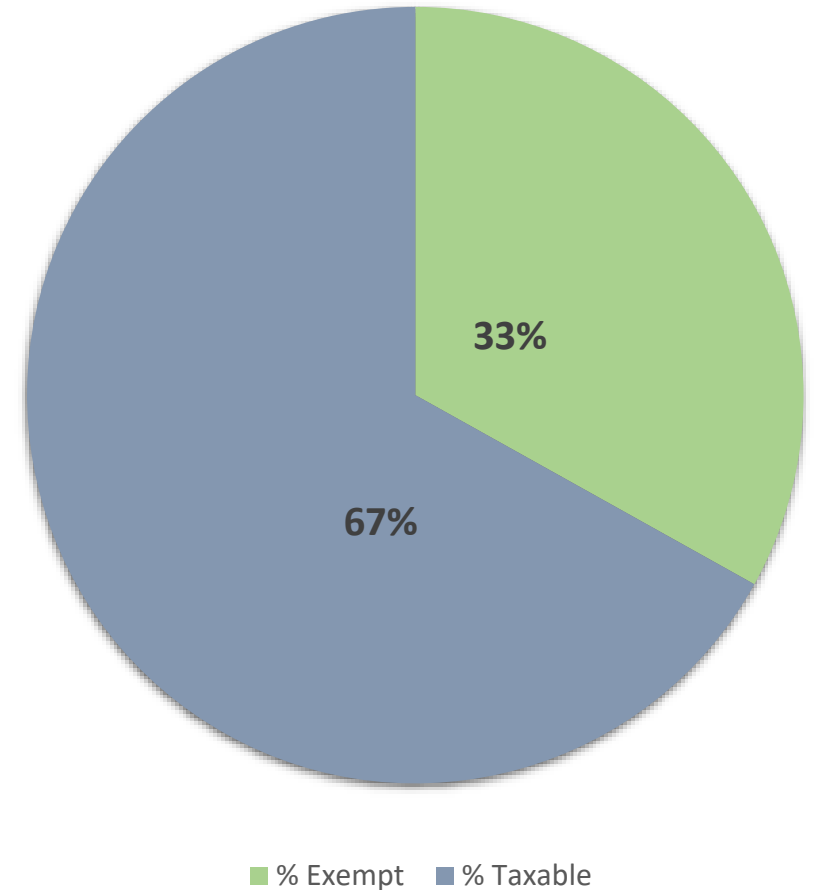
Top Sellers for 2021Q1

1. Amazon.com Services LLC (MPF)
2. Apple, Inc.
3. Microsoft Corporation
4. Target Corporation
5. Walmart.com USA, LLC
6. Recreational Equipment, Inc.
7. Nordstrom, Inc.
8. BestBuy.com, LLC
9. Ash Grove Cement Company
10. Spenard Builders Supply, LLC
11. Univar Solutions USA, Inc.
12. Cascade Columbia Distribution Company
13. Nike Retail Services, Inc.
14. Poshmark, Inc.
15. Backcountry.com, LLC
16. QVC, Inc.
17. Zulilly, LLC
18. ContextLogic, Inc.
19. Zappos.com, LLC
20. Midway Arms, Inc.

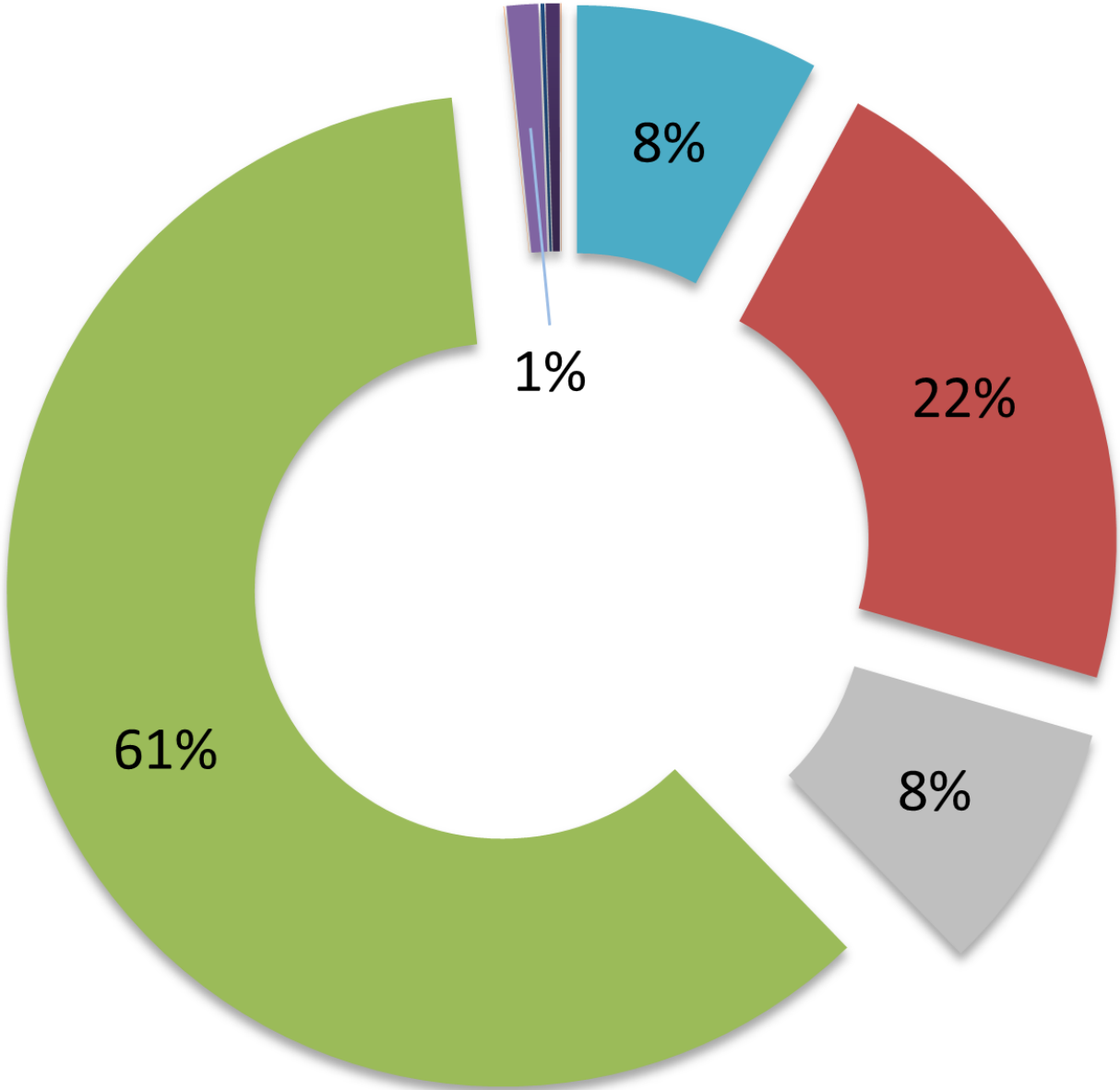
2021Q1 Sales Tax Revenue (by filing period)



2021Q1 Exempt versus Net Taxable (by filing period)



2021Q1 Exemption Breakdown



- Government
- Other
- Purchase Threshold
- Resale
- Construction/ Contractor
- Non-Profit
- Senior Citizen
- Tax Free Day
- Tax in Gross
- Outside Jurisdiction
- Long Term Rental
- Non-Prepared Food

2021Q1 Updates and Successes

TTR Updates

- Local administrators are being trained by TTR to submit sales tax code updates through the new TTR administrative portal
- Working with USPS to address ZIP+4 challenges
 - Not all ZIP codes in AK have a +4 that coincides with municipal boundaries
- Working with Shopify to address incorrect sales tax assessment
 - Shopify's software is strictly ZIP code based
 - Lack of +4s can lead to incorrect sales tax assessment

2021Q1 Updates and Successes

MUNIREvs Updates

- Improved MUNIREvs reporting
 - Fee Report
 - Used by AML staff to more easily show revenues & fees by member jurisdiction.
 - Jurisdiction Batch Summary report
 - Has been modified to fix several errors.
 - Working with MUNIREvs for complete revision
 - Improved accuracy / functionality of other reports
- Penalty & interest waiver tool has been installed
- Filing template review to clean-up & verify each jurisdiction's allowed exemption categories

2021Q1 Updates and Successes

Program Updates

- Seller registration outreach has seen positive growth
 - Over 1,000 sellers registered to date
 - Large sellers registered in 2021Q1 include Apple Inc, Etsy Inc, Bed Bath & Beyond, Bass Pro Shops, Cabela's, Peacock TV, Staples, Vudu TV, Old Navy/Gap, Sephora.
 - A number of Alaskan powersports and vehicle dealers have registered
 - Multiple alcoholic remote sellers have registered
- Clarified rules regarding tax on shipping and developed outreach materials
- Administrator Roundtable training and discussion session
- Revision to the Uniform Remote Seller Sales Tax Code approved by ARSSTC Board on February 24, 2021
- National Association of Counties (NaCo) achievement award application
- Refund process established w/ first overpayments refunded to several sellers

2021Q1 Challenges

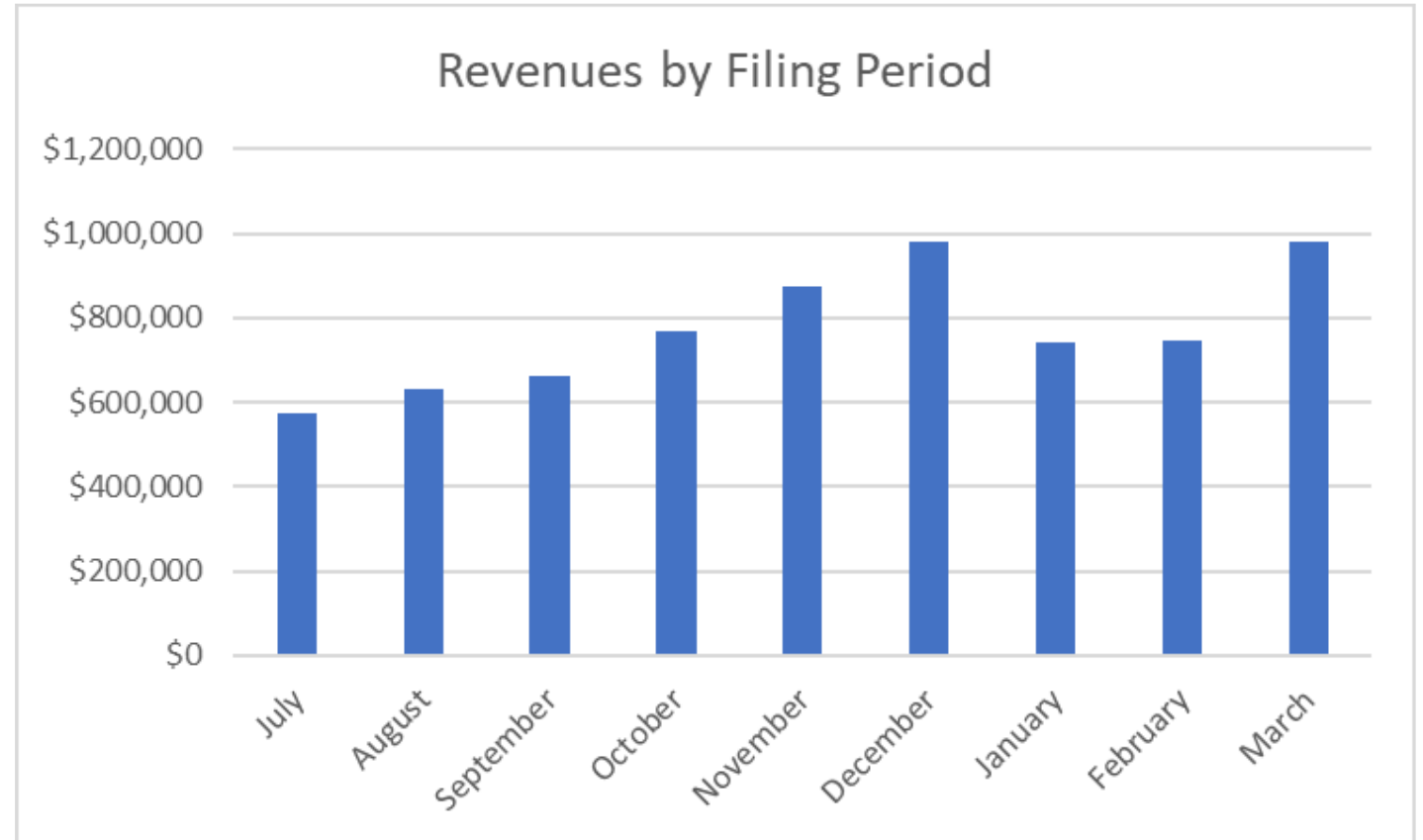
- Industry-specific accounting/sales software does not accommodate multiple tax rates
 - Some AK sellers are relying on software not designed as a sales tax system, such as Quickbooks
- Technological challenges with MUNIRevs filing portal for sellers
 - Reporting discrepancies led to discovering issue related to web browser used by seller.
 - MUNIRevs no longer supports Internet Explorer due to IE being phased out by Microsoft.
- Reconciling challenges when the filing due date falls on weekend or holiday
 - The Uniform Code allows the filing due date to move to the following business day, in the following month.
 - Sellers can file for next month as soon as the 1st, making it difficult to reconcile revenues by filing period.
- Quarterly tax filing when the rate changes during the quarter
- Customers located outside jurisdiction boundaries being charged the incorrect rate
- Identifying point of delivery for services

Program Goals for 2021

- Develop audit / compliance program
- Update ARSSTC.org website
- Continued MUNIRevs report improvement
- MUNIRevs amended return module implementation
- Continue registration outreach to Alaskan-based remote sellers, using an industry-specific approach
- Continue targeting large national remote sellers for registration compliance
- Continue working with jurisdictions to join ARSSTC and adopt Uniform Code

FY21 Revenue Projections

<i>Filing Period</i>	<i>Total Revenues</i>
July	\$572,368
August	\$632,325
September	\$662,707
October	\$769,706
November	\$874,031
December	\$981,897
January	\$741,849
February	\$746,846
March	\$981,446
<i>9 Month FY21 total:</i>	<i>\$6,963,175</i>



Questions?

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