



NEWS NOTES

2022 Quarter 4

BRRR! IT'S COLD OUTSIDE



Photo credit: Alexander Kotenko

Here in Alaska, like much of the rest of North America, the Arctic weather has brought us multi-day windstorms, snowstorm after snowstorm, and freezing temperatures. Even though the cold weather is common for us, it is still a challenge to deal with. Proper clothing and gear are essential and can be the difference between life and death in unexpected emergencies. As we pass the winter solstice, we look forward to the lengthening days that allow more time for getting out on skis, snowshoes, dogsleds, and snow machines. The AMSTP staff wishes you all a peaceful holiday season and hopes you stay warm and safe.

ARSSTC is not State of Alaska

Alaska does not have a State sales tax and the Alaska Department of Revenue (AK DOR) is not involved in sales tax remittance. They compile information about tax rates and revenue for communities across Alaska, but are not able to field questions regarding sales tax collection or filing. If a business is solely a remote seller with no physical presence in Alaska, they do not need a State of Alaska business license. If a business does have physical presence in Alaska, they are required to get a [State of Alaska business license](#). Additionally, depending on local requirements where physical presence is located, a business may have to get an additional city or borough license. Please [contact the local jurisdiction directly](#) for clarification. The managing entity for remote sales tax remittance is the Alaska Remote Seller Sales Tax Commission (ARSSTC). The ARSSTC is an independent intergovernmental organization not connected to the AK DOR. All remote sales tax must be filed through the [ARSSTC portal](#). Please ensure payments and inquiries are sent to the ARSSTC - not AK DOR.

Delivery from “the Lower 48” or Alaskan Hubs



Many companies do not deliver to Alaska. Alaskans, instead, have products delivered to an interstate shipping company (usually) in Washington, which then transports the goods to Alaska. Inside Alaska, companies supplying products to remote communities deliver the products to a local shipper for delivery. According to the [ARSSTC Uniform](#)

[Code](#): **Point of Delivery (POD) is the location where the purchaser receives the goods and takes possession of the property.** The Code explains that **transferring goods to a shipping company does not constitute receipt.** Accordingly, the POD occurs when the shipping company transfers the goods to the purchaser. If the POD is in an Alaskan taxing jurisdiction, the remote seller must collect the Alaska taxing jurisdiction’s sales tax on the remote sale and remit it through the ARSSTC tax filing portal. AMSTP staff have been working with the Washington Department of Revenue to issue guidance for both buyers and sellers regarding these rules. More information will be published soon.

Sales Price Includes Shipping



Should a seller charge sales tax on shipping and delivery charges for a customer in Alaska? For the most part, yes. The [Uniform Code](#) states that sales tax is assessed on the sales price; sales price is defined to include delivery charges. Shipping and delivery charges should be exempted if the customer or transaction is tax exempt. Some ARSSTC jurisdictions have specific exemptions for freight and shipping and delivery services by a third party shipping company which are not associated with a sale. The ARSSTC has an interpretation regarding shipping charges which can be found here: [2021.01 Shipping Charges](#).

Nested Jurisdictions – Boroughs and Cities

What is a borough anyways? It is Alaska’s version of a county.

Organized boroughs provide required and optional services on a wider geographic basis and have the authority to implement a sales tax.

Within the borough, a city may also assess tax, but not all do so. Any sales into these nested taxing cities must be assessed both borough and city tax rates. The Kenai Peninsula Borough (KPB) has five taxing cities: Homer, Kenai, Seldovia, Seward, and Soldotna. The KPB also has unincorporated non-taxing towns such as Fritz Creek or Sterling.

Ketchikan Gateway Borough has two taxing cities: Ketchikan and

Saxman. For sales tax reporting purposes with ARSSTC, gross sales and any exemptions must be listed on both borough and nested city lines. This will create an artificial duplication of gross sales but the system will calculate the correct tax.

The system requires the borough line to be equal or greater than the sum total of its nested jurisdictions. Please ensure that you are using the delivery address to determine applicable tax rates and verifying taxability through the TTR tax look up map (<https://alaska.ttr.services/>) or by using our API code. Contact us for more information on the API code.



Timely Filing Compensation

Multiple communities in Alaska allow a discount on the sales tax owed when a business files their paperwork timely. On the ARSSTC tax filing portal yellow form, this is represented on line 8 “Timely Vendor Fee Discount.” The system applies the discount to the entire amount of sales tax and subtracts it from the adjusted tax. Communities may limit how much of a discount is allowed and set a maximum discount cap. This is represented on line 12

“Vendor Discount Amount Over Cap.” The system will add back in anything over the discount cap to be included in the “Total Due and Payable” line. Don’t forget to check the vendor discounts and your total due before sending your internal payment requests – especially if you pay ACH Credit. We consistently receive payments that did not account for the discounts. Contact us for more information.

8	Timely Vendor Fee Discount *
12	Vendor Discount Amount over Cap

Which communities allow compensation?
City of Dillingham
Excursion Inlet
City of Gustavus
Haines Borough & Rural
City of Houston
City & Borough of Juneau
Kenai Peninsula Borough and nested jurisdictions
City of Kotzebue
City of Selawik
City & Borough of Sitka
City of Tenakee Springs
City of Wasilla
City of Yakutat

Does your business need a resale certificate for 2023? Get your application in before the end of the year. [Application](#) is on the ARSSTC Resources Page.