



# NEWS NOTES

2025 Quarter 2

## ALASKAN SUMMERS



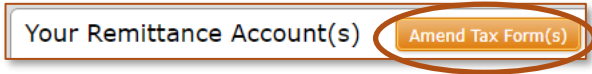
Norwegian Joy departs Juneau

photo courtesy of Kara Johnson

Summer can be a hectic time for Alaskans. The midnight sun provides motivation for work and play; be it construction, gardening, kayaking, fishing, hiking, hunting, camping, picking berries, or just soaking up well needed vitamin D. On the summer solstice, our southernmost community, Ketchikan, had 19 hours 10 minutes of daylight. Kotzebue, above the Arctic Circle, had three more hours of sun. Summers also brings millions of tourists who come up to see our amazing mountains, glaciers, and wildlife. Juneau (where Alaska Municipal Sales Tax Program is headquartered), like many of our Southeast communities, welcomes cruise ship visitors from April through September.

## Amended Returns

**AMENDED** A business can amend filings by period for one or more jurisdictions. Instructions for amendments are [here](#). Amendments are initiated through the filing portal Business Center by clicking the orange **Amend Tax Form(s)** button at the bottom of the page. A jurisdiction can be amended once per period; if additional amendments are needed, please contact us. We will review the amendment request and contact the business with the next steps.



- **Do not use amendments to change payment method** – contact staff to update a payment method
- **Do not use amendments to change data for current month** – contact staff for instructions to change data
- **Include all jurisdictions that need to be changed for the filing period** – enter new data only
- **Include borough and city for all nested jurisdiction amendments** – applies to Kenai Peninsula Borough (Homer, Kenai, Seldovia, Seward, Soldotna) and Ketchikan Gateway Borough (Ketchikan, Saxman)

A balance owing can be paid immediately upon approval of amendment(s) and [credits can be used](#) when paying subsequent filings. If the credit is larger than the next filing amount owed, contact staff to roll over the credit. **ARSSTC requests credits to be used within two months.** Unused credits will be refunded to the business via check or ACH credit.

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*The ARSSTC hosts a [website](#) dedicated to news about sales tax in Alaska and national remote sales tax news. Check it out to keep in the loop!*

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## Dutch Harbor Versus Unalaska

Have a delivery into Dutch Harbor but can't find it on the ARSSTC jurisdiction list? [Dutch Harbor is actually Unalaska](#). Unalaska is the official city name and includes both Unalaska and Amaknak Islands. Dutch Harbor is the main harbor on Amaknak Island; nearby the US military built a runway during World War II. Later, private airlines took over the airstrip. So shipping companies, airlines, and the fishing industry may use the name Dutch Harbor. Otherwise, it is called Unalaska. The post office on Unalaska Island is Unalaska, AK 99685 and the post office on Amaknak Island is Dutch Harbor, AK 99692. Deliveries to either location are considered City of Unalaska and should be assessed 3% sales tax.

## Tax Caps Across Alaska Communities

The screenshot shows the 'Alaska Sales Tax Lookup' interface. On the left, 'Tax Rate Details' lists: Alaska Sales Tax (No Tax), Kodiak Island Borough Sales Tax (No Tax), and City of Kodiak Sales Tax (9044) at 7.00%. On the right, under 'QUESTION', a list of questions is shown with '+' icons to expand details. Three questions are circled in blue: 'Is there a sales tax cap on a single item?' (Yes), 'Is there a sales tax cap on a single service?' (Yes), and 'Is there a sales tax cap on a transaction?' (Yes).

Sales tax in Alaska is unique for many reasons. One example is many communities institute a cap on how much tax can be charged on a single item, service, or transaction (multiple items on a single receipt) – a **tax cap**. Each community has their own rules and residents are acutely aware of how much tax should pay. There are unique nuances per community regarding tax caps for items or transactions. How can we keep it all straight? The [ARSSTC tax map](#) lists the information in the overview section. Click the “+” to see the details. We also provide a summary of the tax cap rules, housed on the [monthly tax rate sheets](#): select the tax rate sheet that does not have the ZIP codes. Tax caps are listed on the third sheet. For sales tax filing: report the total gross sales and anything over the cap should be listed as exempt in the “Over Threshold” category. Businesses are responsible for correcting any over-taxation by reimbursing the buyer directly.

### Tax Rates

- › [ARSSTC How to Read the Tax Rate Tables](#)
- › [ARSSTC Sales Tax Rate Sheet 1-1-25](#)
- › [ARRSTC Sales Tax Rate Sheet with Zip Codes 1-1-2025](#)
- › [ARSSTC Sales Tax Rate Sheet 12-1-24](#)
- › [ARRSTC Sales Tax Rate Sheet with Zip Codes 12-1-2024](#)

## Timely Filing Discounts

Many of our jurisdictions allow for a timely filing discount up to a certain amount (cap). A summary of discounts can be found [here](#). Our system calls this “**Timely Vendor Fee Discount**” and applies the 1-2% to the whole tax amount on line 8 on the yellow form. The cap ranges from \$30/month to \$1,000/quarter. Our system calls this “**Vendor Discount Amount over Cap**” and applies it on line 12. This field adds anything over the cap to the amount due so only the amount up to the cap is discounted.

## Vendor Cap Adjustment Workflow

Some businesses who are eligible for timely filing discounts in certain communities may see an unexpected task called “**Sales Tax Upload & Tax Filing Vendor Cap Adj.**” This task is used for background adjustments to correct jurisdiction reporting. Please do not upload any data

### Sales Tax Upload & Tax Filing Vendor Cap Adj

- ▶ [Upload Excel Data Upload for Sales Tax \(new\)](#) ⓘ
- Sales Tax Upload & Tax Filing Vendor Cap Adj**
- ▶ [Upload Excel Data Upload for Sales Tax \(new\)](#) ⓘ

to these tasks. The task will disappear from your Business Center in a few days. ARSSTC staff are working with the tax portal team to improve this process.

5	Amount of Sales Tax *	4867.00
6	Excess Tax Collected	0.00
7	Adjusted Tax *	4867.00
8	Timely Vendor Fee Discount *	97.44
9	Total Amount Due *	4769.56
10A	Late Filing Fee	0.00
10B	Interest Per Month	0.00
10C	Penalty Per Month	0.00
10D	Total Penalty & Interest Due	0.00
12	Vendor Discount Amount over Cap	48.11
13	Total Due and Payable	4817.74

## Are You Filing in Adak? Check Your Settings!

Businesses that use third-party tax compliance software are responsible for ensuring they are set up correctly to report remote sales into Alaska (and physical presence sales as appropriate). This involves making sure each [ARSSTC jurisdiction](#) is set up to tax all sales into the area and the sales are being reported to ARSSTC, not directly to the jurisdiction. Avalara users are responsible for turning on the tax for new ARSSTC communities; Avalara will not make the change on your behalf. We have a guide for [setting up in Avalara as an Alaskan remote seller](#). Other software systems have their unique requirements for filing remote versus physical. **Let us know if you need help with your compliance software settings!**

### ⇒ Is your software sending paper filings directly to a jurisdiction?

Tax filings should be sent directly to a jurisdiction only if a business has [physical presence](#) there. Over the past year, ARSSTC has conducted a research project with our members regarding remote sellers filing paper returns directly. Hundreds of paper tax returns are filed each month for businesses that are remote sellers, almost all report \$0 gross sales. Please double check your settings to ensure that only the remote sales tax return is active, and not Adak or another city. Our members do not want unnecessary \$0 gross sales reported via paper return.

*Businesses that have physical presence in a taxing jurisdiction are required to file all in-person and remote sales directly. **Let ARSSTC know where you are filing directly so we can update your account notes.***

### ⇒ Do you know what your software does with your sales into Alaska that do not fall under ARSSTC?

Depending on your settings, non-ARSSTC sales can be thrown into one of our districts as exempt sales. Our audit research found this often is Adak. Please check your “sales into Adak” to validate reporting accuracy.

### ⇒ Why Adak?

Adak is an island in the Aleutian Chain, closer to Russia than Seattle, and has a population of less than 300 people. Adak is at the top of the list of Alaska city names so it is often accidentally activated for paper filings or non-member sales. Adak receives dozens of paper filings each month reporting \$0 gross sales and hundreds of thousands of dollars in exempt sales are reported via ARSSTC each month.

Review your Alaska sales for Adak. If you see Adak sales, ask if the gross sales makes sense for a community of 300 people... If you see Adak paper reporting, ask if your company has physical presence there... **Contact ARSSTC with any questions about tax software compliance settings and we will connect you with resources to get set up correctly.**

