



REMINDER

The sales tax rate is 6% during the months of April, May, June, July, August, and September. Rentals of Real Property for thirty or more consecutive days remain at 5%(SGC 4.09.120). Bed tax remains at 6%.

E-MAIL CONTACT

We are currently trying to create a database for e-mail reminders and notifications. If your business would like to be notified via e-mail of proposed ordinances pertaining to sales tax at Assembly meetings, reminders to file quarterly returns, and other tax related correspondence, please provide your e-mail in the change box of the quarterly return and we will be sure to include you in our database for future correspondence or better yet, e-mail your request to be added to the contact database to salestax@cityofsitka.com. We hope to have this process up and running by this fall as a service to you.

We are available to answer questions and help with filing of your sales tax quarterly returns Monday through Friday from 8:00 a.m. to 5:00 p.m. except on City recognized holidays. The City Offices will be closed Tuesday, July 4th recognizing the 4th of July Holiday. Our offices are located on the second floor of the City building in the Finance Department or we may be contacted by phone at 747-1840 or 1853.

Have a Happy and Safe 4th of July Celebration!!

BUSINESS REGISTRATION UPDATES!!!

Thank you to all that returned your business updates that we sent out last fall. If you didn't complete a business update, we will be contacting you to submit an update in the next few months. All businesses will be required to have updated their information in our new system before the end of 2006. If you are new business since the fall of 2005, you are not required to complete this form. Please help us save on postage by returning your completely filled out update or visiting our office to complete an update. You can also visit our website, download the new business registration form, complete it, and return it to the City with this quarterly return. Please mark UPDATE on the top of the business registration. No new deposits will be required on current businesses. Thank you again for your help!!!

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| 2nd Quarter, 2006 |
| April, 2006 |
| May, 2006 |
| June, 2006 |
| DUE JULY 31ST |

We're on the Web
www.cityofsitka.com
 Under the "Doing Business in the City" link



TAX MUST BE STATED & ITEMIZED ON INVOICE!!!!

Per the Sitka General Code 4.09.040 *The sales tax must be stated separately for all sales, except for sales from coin-operated or currency-operated machines, sales of drinks in a bar, sales on the dock, sales from street vending carts, admission fees, taxi fares, and other sales as determined by the Assembly of the City and Borough of Sitka.*

It has come to our attention that inclusion of sales tax in sales has become an issue. We have been aware that some people do not itemize sales tax for their rentals but we have chosen to not push this issue until recently when we became aware that sales tax inclusion is in other industries as well. As even our Sales Tax Offices have received calls from our visitors, I realize that the pressure can often be intense by angry customers who do not want to pay sales tax. However, you as a business owner are subject to the Sitka General Code and must abide by it. Sales Tax cannot be used as a bargaining tool. The Code is established in order that all businesses will operate by the same set of rules. Section 1.12.010 and 1.12.020 addresses the fact if any person violates any provisions or fails to comply with any mandatory requirement of the ordinance shall be punishable by a fine of not more than five hundred dollars for each day this violation occurs. Failure to pay the fine is a misdemeanor resulting in an additional fine of three hundred dollars and up to 30 days in jail.

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BRIEFLY EXPLAINING THE CAP!!!!

Sitka General Code 4.09.100(n) states that \$1,000.00 is the MAXIMUM amount that can be taxed by the City and Borough of Sitka per retail sale invoice or service sold by an individual unit price. This means that if you have a rental that you charge \$1,500.00 per month, the tax that you would charge to the renter would only be \$50.00 (5% x \$1,000.00). This would be reported by listing the total \$1,500.00 on line 1C and \$500.00 on line 3F (as \$500 is the amount over \$1000) leaving only \$1,000 as taxable receipts at 5% for a total to remit to the City and Borough of Sitka of \$50.00 (the amount that you charged your renter). This section of the sales tax code gets even more explicit regarding how the exemption is applied regarding when payment is received, running invoices not allowed, bundling of individual sales units for services, etc. The entire code may be read online or if you have need for further clarification, contact the Sales Tax Staff and they will help explain how this exemption pertains to your business. The bottom line however, is remember this is an exemption for your customer who purchases goods or services in excess of \$1,000.00 and thus if they qualify would only pay tax on 5% or 6% of \$1,000.00.

*PLEASE REMEMBER TO LIST YOUR ACCT. NUMBER ON ALL CORRESPONDENCE AND PAYMENTS.
*PLEASE REMEMBER TO SIGN YOUR TAX RETURNS!!!
*IF YOU HAVEN'T APPLIED FOR YOUR RESALE TAX EXEMPTION CARD, YOU STILL CAN. BUSINESSES SHOULD NOT BE GRANTING TAX EXEMPTION WITHOUT SEEING THIS CARD & VERIFYING WHAT ITEMS ARE AUTHORIZED FOR TAX EXEMPTION.
*ONLY THOSE COMPANIES WITH RESALE EXEMPTION CARDS, SENIOR CITIZENS WITH SENIOR CITIZEN EXEMPTION CARDS, THOSE BUSINESSES LISTED ON THE 2006 APPROVED GOVERNMENT SUPPORTED NON-PROFIT TAX EXEMPT AGENCIES, AND GOVERNMENT AGENCIES ARE TAX EXEMPT IN THE CITY AND BOROUGH OF SITKA. ALL OTHERS SHOULD BE CHARGED SALES TAX.

