



2nd Quarter 2009



REMINDER

As the busy summer months are ahead of us, please be reminded 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 except for Long Term Residential Rentals which are tax exempt). Transient Room Tax (or known as Bed tax) remains at 6%.

Have a great summer!!!!

Items to consider

- 1) **Contracted Employees.** By IRS standards, you are your own business entity. You are required to pay employer taxes on wages and you can write off your expenses. Therefore, the City and Borough of Sitka recognizes you as a business as well. You are required to register this business with the City and report your business activity on a sales tax return even if you have no taxable sales. Your report would show total gross income received and an exemption for wholesale if you are contracted to an employer who is submitting the tax that they receive from their customers. If you have any questions, please contact our offices and we can further explain your procedures.
- 2) **Pre-paid Phone Cards.** If you sell pre-paid phone calls, please be advised that they are taxable. Although long distance minutes are exempt from sales tax because the card cannot separate out minutes used versus fees charged, the entire phone card is taxable.
- 3) **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 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.

2nd Quarter, 2009
April, 2009
May, 2009
June, 2009
DUE JULY 31ST

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

Fish Box Tax Reminder

It's that time again!!! As we approach our busy summer season, processors and charter operators are reminded of Ordinance No. 06-38 effective January 1, 2007 imposing a sales tax of "a flat rate of ten dollars per fish box... on packaged fish and/or seafood caught or taken and retained by fish charter customers as part of the fish charter." The ordinance also explains that the "tax shall be paid by the fish charter customer, collected by whoever packages the fish and/or seafood caught or taken by the fish charter customer, and is in addition to any sales tax paid based on the cost of the charter." This provision is included in Section 4.09.010(C) of the Sitka General Code. Contact the Sales Tax offices for more clarification and sample log

sheets to aid you in documenting this tax.



**** ALERT ****

regarding

RESALE CARDS



Businesses are reminded that the items that they have been granted on their resale cards for tax exemption must be resold or used in the production of a product that will be resold. Improper usage of the resale card could result in cancellation of the card and/or fines. **HAVE YOU OBTAINED YOUR CURRENT 2009 RESALE CARD???** 2008 CARDS ARE NOT VALID AND TAX SHOULD BE ASSESSED IF THESE ARE PRESENTED!!!!

Also, businesses are reminded to verify on the card that the item that is being purchased as tax exempt is listed on the resale card as a tax exempt item. **YOU MUST SEE THE CARD BEFORE YOU GRANT A TAX EXEMPTION.** If the business has a charge account, a copy of the card should be left with the billing department so the billing department can verify the tax exemptions prior to the billing statement being issued. Businesses are required to be able to properly document their tax exemptions that are claimed on their sales tax returns or may be liable for the additional tax owed.



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 Friday, July 3rd in recognition of Independence Day. 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.

Please Remember

*LIST YOUR ACCT. NUMBER ON ALL CORRESPONDENCE AND PAYMENTS.

*SIGN YOUR TAX RETURNS!!!

*BUSINESSES SHOULD NOT BE GRANTING TAX EXEMPTION WITHOUT SEEING THE 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 2009 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 UNLESS THE SALE/SERVICE IS EXEMPT PER SGC 4.09.100.