



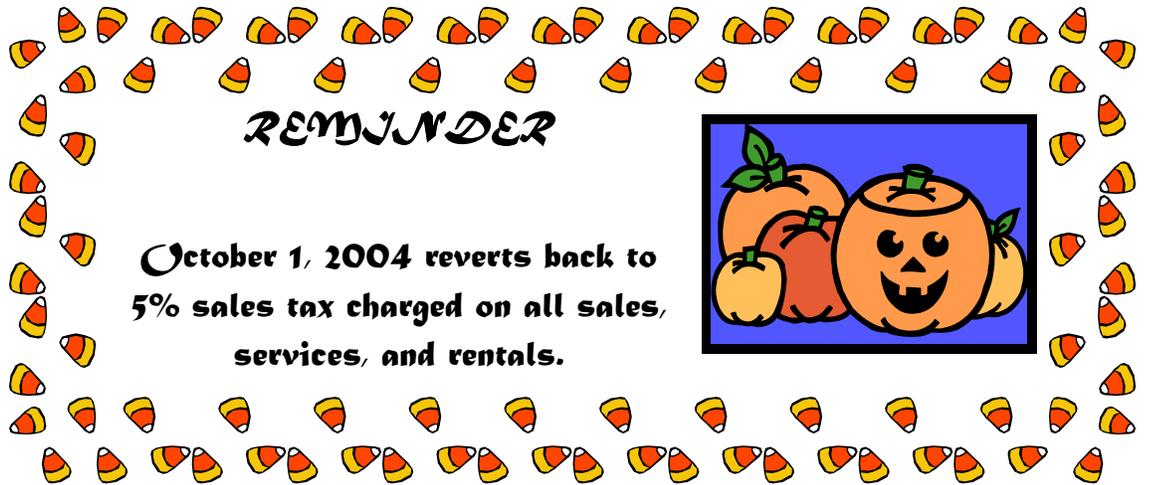
September 20, 2004



As always, 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. 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.

CITY AND BOROUGH OF SITKA

3rd Quarter 2004



REMINDER

October 1, 2004 reverts back to 5% sales tax charged on all sales, services, and rentals.



As a business owner in the City and Borough of Sitka, you have accepted the responsibility to collect sales tax and bed tax. These taxes are to be remitted on a quarterly basis unless you have requested in writing and have been granted a yearly filing status.

The City and Borough mails out pre-printed quarterly returns as a courtesy. If you do not receive your pre-printed return, you are still required to file. All tax forms may be found on-line at www.cityofsitka.com under the "Doing business in the City/Taxes" link.

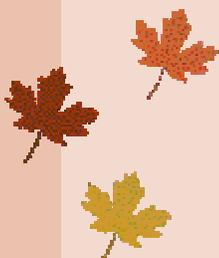
If the due date of a return falls on a weekend or a City recognized holiday, the next business day becomes the effective due date. Thus, this quarter's due date is Monday, November 1st for a return to be in our offices. Any returns dropped in the utility payment box after hours on Monday, November 1st will be considered late. Postmark dates of November 1st will be accepted.

NOTE: New penalty rates are in effect!!! A late zero return could now cost as much as \$100 to the business owner. See item 8 on the back of your sales tax return for additional information.

3rd Quarter, 2004
July, 2004
August, 2004
September, 2004
DUE NOVEMBER 1st

Special points of interest:

- *Monthly payers: payment must be postmarked or received by the 15th of the month following the month the tax was collected in order to qualify for the quarterly 3% discount. If you do not meet these requirements, you are not eligible for the 3% discount.*
- *All quarterly tax returns must be signed. If a return is not signed, it will be considered incomplete and be returned for a signature.*
- *Running invoices are not permissible to be used to attain the \$1,000 cap exemption. Items that qualify for the over \$1,000 exemption are items purchased within a 24 hour period.*





If a service provided ***crosses the boundary*** for the **seasonal sales tax** increase, the higher sales tax rate applies. Thus, if you are landscaping for a customer and you start the job in September and don't complete the job until October, the whole job will be billed at the 6% tax rate unless you separate your bill and bill for the service provided in September under one invoice and under a separate invoice bill for work done in October.



If your service in an ***ongoing monthly billable*** service (i.e. TV, phone, utilities), then 6 months are billed at the 5% rate and 6 months are billed at the 6% rate.

PROPER FILING OF RETURNS!!!!

Please complete your quarterly returns accurately. This means all **gross receipts** must be recorded in the appropriate row and column and all **exemptions** must be reported in the appropriate row and column.

For example, if you are a bank, you must include all government and senior citizen fees that are potentially taxable under the appropriate receipt category, then list that same amount under the appropriate exemption category thus reporting no tax collected on those transactions.

Another example could be a contractor or charter operator who subcontracts for another. The subcontractor must report all contracted dollars under services and then list that same amount under exemptions (wholesale) thus reporting no tax due. However, he must have applied for a wholesale exemption in order to qualify.

Wholesale exemption cards are being issued on a trial basis to a few new businesses who have requested new wholesale exemption activity. The card states what items they are exempt from paying tax on. The card is required to be shown at the time of purchase. Please record their wholesale exemption number on your exemption log. Any feedback on this new procedure would be appreciated before we put it into full swing next calendar year. Each business requesting wholesale tax exemption will still be required to complete an application process for their card but then will be issued a card that will be valid for purchases at any location within the City and Borough of Sitka for the items that are listed on their wholesale card.



Seasonal Businesses

If you anticipate no business activity for the 4th quarter 2004 and 1st quarter 2005, you may pre-file those quarterly returns so you don't risk forgetting to file and being assessed penalties on late returns. Additional forms may be found online.



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