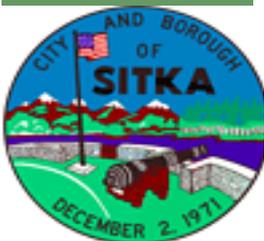


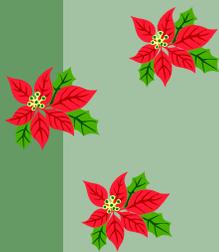
Sales Tax Updates



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 from noon on Thursday, December 23 through Friday, December 24th and all day on Friday, December 31st as well. 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

4th Quarter 2004



Extension Granted

2004 Wholesale tax exemption certificates validity will extend until January 31, 2005 in order for the Sales Tax Department to enact the new procedures.

Look for a new application in the mail.

In April of 2004, Sales tax code 4.09 was adopted by the City and Borough of Sitka's Assembly. One of the items that changed was the issuance of wholesale tax exemption procedures. We have been working to fine tune the process and unfortunately didn't have everything ready to fully go into effect before January 1, 2005. If you have previously had a wholesale tax exemption certificate in 2004, you should have received a new application by now and all businesses will need to **reapply** for a wholesale exemption. If you did not receive an application, one may be obtained on our website or at the Sales Tax Office. Each business will be issued a card that they must present to the business that they are requesting tax exemption from (similar to a senior citizen card except that only certain items will be allowed to be exempt as stated on the card). Wholesalers will need to apply each year for this wholesale exemption and will be issued a new resale exemption card with a different number. The business not charging the tax will need to document this number for each transaction on their tax exemption log or on their invoices.

4th Quarter, 2004
October, 2004
November, 2004
December, 2004
DUE January 31st

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.

SALES TAX HOLIDAY

Friday, November 26th and Saturday, November 27th, 2004 were adopted by the City and Borough of Sitka's Assembly as sales tax holidays for certain sales. Sales, except for those that are part of a continuing obligation on the buyer (I.e. phone, tv, utilities, etc.) and fuel sales, are exempt from sales tax on these designated days.

Businesses please include these sales in your gross receipts in section 1 of your sales tax return and list this exemption on line 3G labeled "No tax days". If you have any questions on how to report these days, do not hesitate to contact our offices.



Yearly Filers

4th quarter is the quarter that businesses whom have been granted yearly filing status need to file their sales tax return for the complete year. If you were granted yearly filing status mid-year, please only file your yearly return for those quarters that you began your yearly filing status. An example may be that you were approved to be a yearly filer in July 2004. You had already filed for 1st and 2nd quarter 2004 and would therefore only file your yearly tax return in 2004 for 3rd and 4th quarter. In 2005, you would file for all 4 quarters on the yearly return.

Yearly filers also need to be aware that they will have missed out on receiving the newsletter that is sent out with each quarterly return. Important information is noted in these newsletters that may pertain to your business. You may read past newsletters on our website.

Government-Funded Agencies

Per SGC 4.09.100(v), agencies or organizations which derive 80% or more of their revenue from local, state, or federal government sources are exempt from sales tax if "they qualify". Agencies that qualified last year have already been sent an application. Agencies must complete the application and submit an annual report showing their qualifications. Upon approval, these agencies will be granted a tax exempt number for 2005. If you did not receive an application, they may be obtained on our website. REMEMBER—if you are granting a tax exemption, the customer must have a city issued tax exempt number.



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