



**Marjorie
Parmelee, Clerk**
**Brenda Calkins,
Accountant**

SALES TAX CHANGES

On January 22, 2013, the City and Borough of Sitka's Assembly passed Ordinance No. 2012-46A amending into the Sitka General Code 4.09 known as the Sales Tax Code in several areas. It is recommended that you go the website to review the changes in their entirety but a few changes are highlighted below most of the others are just amendments to clarify wording in the existing code.

- ⇒ Subsections in SGC 4.09.100 entitled "Exemptions" amended as follows -
 - D entitled "Dues and Fees" to include nonprofit organizations with IRC 401(c) exemption certificates
 - F entitled "Freight and Wharfage" to clarify delivery services within the City and Borough of Sitka are taxable.
 - J entitled "Medical and Veterinary Services" to clarify exemptions
 - O entitled "Public Food" is renamed "School Sales," and adds other sales, rentals and services in addition to food and beverages
 - R entitled "Telephone and Telegraph" is deleted
 - T entitled "Long-Term Motor Vehicle and Equipment Rentals" is deleted
 - W entitled "Child Care" is renamed "Child and Adult Dependent Care"
 - Z entitled "Youth Camps" expands to include nonprofit youth recreations, summer and similar camps primarily serving persons under 18 years of age
- ⇒ SGC 4.09.220,230,240 are all amended to clarify exemption certificates, add fees, and enforcement clauses. A \$25.00 issuance fee will be charged for every exemption certificate.
- ⇒ SGC 4.09.345 details how payments will be applied in the future. This is a new procedure so we cannot stress the importance of timely filing, paying and communication with our staff in order to avoid being assessed penalties and interest on your accounts.
- ⇒ SGC 4.09.350 adds a late filing fee to go along with penalty and interest on late paid returns.
- ⇒ SGC 4.09.395 is a new section adding a general penalty provision for failing to comply with any section of the sales tax code.

As per the Ordinance, these changes will go into effect February 21, 2013.

Resale Tax Exemption Cards

The applications for Resale Tax Exemption Cards have already been mailed out and for those applications that we have received, cards for 2013 have also been mailed out. If you did not receive an application, you may obtain one on our website or in our offices; if you did not receive your cards, please contact us. After February 21, 2013, you will now be charged \$25.00 for issuance of your current calendar year resale cards. Apply now to avoid these fees for this year.

All businesses must request to see a **current** resale card with a new number in order to not charge their customers sales tax in 2013. FOR IDENTIFICATION, the color of the resale cards are GOLD for 2013.

BE REMINDED if you do not have a current card for 2013, you will be required to pay sales tax on your purchases.

CIGARETTE TAX INCREASE FOR 2013

CIGARETTE AND TOBACCO PRODUCTS LICENSE EXPIRES DECEMBER 31, 2012



Per Sitka General Code 4.26.020(B), the cigarette tax will be adjusted yearly based upon the annual Consumer Price Index for the municipality of Anchorage from the United States Department of Labor Statistics and determined to be the percent change to the current year from the average of the first and second halves of the prior year, and will be effective January 1st of each year. This adjustment has not been made in prior years due to the insubstantial increase but has been determined to be applied for this year. **The new rate for 2013 shall be \$.0594 per cigarette (or 59.4 mills).**

Applications for renewal have been mailed out to those with existing licenses however, if you are importing tobacco products, manufacturing, or selling in the City and Borough of Sitka and did not receive a license application, one may be obtained on our website or in our offices. You are required to be licensed and report your activity per SGC 4.26.

NO SALES TAX DAYS

Friday, November 23th and Saturday, November 24th, 2012 were adopted by the City and Borough of Sitka's Assembly as a no sales tax holiday for certain sales. Sales, except for fuel sales and those that are part of a continuing obligation on the buyer (i.e. phone, tv, utilities, etc.), are exempt from sales tax on this designated day.

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

Yearly Filers

January is the time that businesses who have been granted yearly filing status need to file their sales tax return for the entire previous calendar year. Please complete your yearly tax return with all sales including residential rents and exemptions for the entire 2012 calendar year.

Yearly filers may also want to consider visiting our website and reading past newsletters for current happenings or you can always provide us with your email to receive correspondence and filing reminders. Email us at salestax@cityofsitka.com in order to get your email address on our electronic distribution list.



Gov't-Funded Non-Profit Agencies



Per SGC 4.09.100(v), Nonprofit organizations that qualify as tax exempt under IRC section 501(c) and derive fifty percent or more of their gross revenue from local, state, or federal government sources are exempt from sales tax if approved. 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 2013. If you did not receive an application, they may be obtained on our website. Apply now to avoid the \$25.00 fee for this calendar year.

REMEMBER—if you are granting a tax exemption, the customer must have a city issued tax exempt number. The list of approved non-profits is attached and updated regularly on our [website](#).

TAX CAP REMINDER

On October 1, 2012, the sales tax "cap" increased to \$1,500.00 from the former \$1,000.00. Now the maximum tax charged per invoice would be \$75.00 during October through March (5% tax rate time) and \$90.00 during April through September (6% tax rate time).

HAPPY VALENTINE

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

4th Quarter, 2012

October, 2012

November, 2012

December, 2012

DUE January 31st

NEW PROCEDURE IN EFFECT FEBRUARY 21, 2013 REGARDING APPLICATION OF PAYMENTS

Beginning February 21, 2013, when a sales tax return is remitted and there is a tax balance left owing, penalties and interest will be immediately applied if the due date has past. If you were denied a discount / exemption or had a math error on your return, penalty and interest will be assessed and it will be your responsibility to amend the return in order to correct any errors to remove the penalties. If no amendment is made, payment in full will be expected and penalties and interest will continue to be assessed as per SGC 4.09.350. File early in order to avoid unnecessary penalty and interest being assessed.