



# Newsletter 1st Quarter 2015

## 1st Quarter Returns Due April 30th, 2015

### 1st QUARTER 2015

- \*January 2015
- \*February 2015
- \*March 2015

File by April 30th to avoid fees!  
 Businesses that generated zero revenue are still required to file sales tax returns on time.

Late filing will incur a progressive late filing fee plus penalty and interest against any tax balance owed.

### Long Term Residential Rentals

If the account's entire yearly gross receipts are exempted under Long Term Residential Rentals and the account is in good standing it can now be closed. Call us to find out if your account qualifies! All open accounts are required to file to avoid fees.

Form Must Be Signed To Close

We are available to answer questions!  
 Visit or call for any help with the filing of your sales tax quarterly returns.

Office Hours:  
 MONDAY-FRIDAY 8:00am-5:00pm

100 Lincoln Street  
 2nd Floor  
 Finance Department  
 Tax Office: Room 217



**Hardik J. Patel**  
 Tax Accountant  
 Phone: (907) 747-1853  
 salestax@cityofsitka.com



**Faith S. Harral**  
 Tax Clerk

Phone: (907) 747-1840  
 salestax@cityofsitka.com

We're on the Web  
[www.cityofsitka.com](http://www.cityofsitka.com)  
 'Business' Tab

### REMINDERS!

**6% Sales Tax**—The sales tax rate is 6% during the months of April, May, June, July, August, and September.

Rentals of Real Property (except for Long term residential units) for thirty or more consecutive days remain at 5%(SGC 4.09.120). Bed tax remains at 6%.

#### **Apply for 2015 Resale Exemption Card —**

Please remember to include the \$26.50 filing fee with your application.

Cards can only be issued if your account is current.

**Senior Citizen Exempt Cards** — These cards cannot be used to purchase alcohol, cigarettes, or tobacco products.

THIS IS FOR THE SENIOR'S PERSONAL USE ONLY

**Sales Tax Cap is \$1500.00** — The maximum sales tax per invoice is \$90.00 from April 1st to September 30th. The cap on rentals and leases applies ONLY to monthly based invoices. 4.09.100(N)

**Exempt Non-Profits** — There are two types of nonprofit exemptions; Paying tax [4.09.100(L)] and collecting tax [4.09.100(V)].

Find the list of eligible non-profit organizations on our website before applying the exemption.

If your organization is eligible and is not on our list, come in and apply!

### Government 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. The exemptions certificates are issued on a two year basis. Agencies that qualified last year have already been extended until December 31, 2015. New agencies must complete the application, remit the \$25.00 application fee, and submit an annual report showing their qualifications. Upon approval, these agencies will be granted a tax exempt number for 2015-2016. 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. The list of approved non-profits is listed on our [website](#).**

Please visit our site: <http://cityofsitka.com/business/taxes/index.html>

Running a little behind on filing your returns? Here's a few tips we hope will help:

*\*File as soon as possible, even if you can not remit the tax on that same day. This will save you the late filing fee and you will only be required to pay the penalties and interest on the sales taxes due.*

#### **1st Quarter (January, February, March) Due April 30th**

The following is a guide for #9, #10, & #11 of the Sales Tax Return form.

All payments are applied to costs, fees, penalties, and interest before taxes. 4.09.345(A)

#### **#9 on Form) Calculate the Late Fees on the Return:**

Filed On or After 5/1/15 the Late Fee is \$15  
Filed On or After 6/1/15 the Late Fee is \$40  
Filed On or After 7/1/15 the Late Fee is \$65  
Filed On or After 8/1/15 the Late Fee is \$90  
Filed On or After 9/1/15 the Late Fee is \$100

#### **#10 on Form) Calculate the Penalties on the Return:**

Filed On or After 5/1/15 the Penalty is 5%	(Multiply the Total Taxes Due by .05)	Example: \$100 Taxes will have a \$5 penalty
Filed On or After 6/1/15 the Penalty is 10%	(Multiply the Total Taxes Due by .10)	Example: \$100 Taxes will have a \$10 penalty
Filed On or After 7/1/15 the Penalty is 15%	(Multiply the Total Taxes Due by .15)	Example: \$100 Taxes will have a \$15 penalty
Filed On or After 8/1/15 the Penalty is 20%	(Multiply the Total Taxes Due by .20)	Example: \$100 Taxes will have a \$20 penalty
Filed On or After 9/1/15 the Penalty is 25%	(Multiply the Total Taxes Due by .25)	Example: \$100 Taxes will have a \$25 penalty

#### **#11 on Form) Calculate the Interest on the Return:**

Interest is 12% per annum on delinquent taxes    English: 1% each past due month.  
Count the number of days past April 30th.        Example: You are returning your form on May 15th. You are now 15 days past due.  
Formula: ( \$Sales Tax ) X ( .12 ) X ( # of Days Past Due ) / ( 365 ) = Interest Due

*\*Ensure you have added these into your final return total. Otherwise, the sales taxes will be short paid. Penalties and Interest will continue to increase based on any remaining balance.*

**Would you like to avoid paying past due fees and instead get a discount?! It's EASY! Here's how you get your discount for 2nd Quarter.**

1. Print off the Monthly Payment Coupon on our website (Found under the Business Tab, Tax Services Link, Sales Tax Forms.)
2. At the end of April, calculate how much sales tax you collected (it's ok if it's not perfect). Return the Monthly Payment Coupon and the sales taxes collected to the city by May 15th. (Be sure to write your account# and which month is being returning on the coupon)
3. At the end of May, calculate how much sales tax you collected. Again, return the Monthly Payment Coupon and the sales taxes collected to the city by June 15th. **Your account is flagged eligible for the discount!!!**
4. At the end of June, file your sales tax return as normal before July 30th. At the bottom of the blue forms it should show the payments you've made and a line to enter in your discount. Minus these credits against your tax returns due. **You just saved money!!!**

*The discount is 3% of the total quarterly tax return, up to \$100. Continue making a payment by the 15th of the following month for the first 2 months of each quarter, than file on time for the 3rd month and you will get your discount each quarter. That's a potential **savings of \$400 a year!***

### **Why Is Returning Sales Taxes To The City Required?**

The City and Borough of Sitka depends on the collection of sales taxes for an average of 30% of it's revenue. The citizens of Sitka pay their 5% or 6% to your business, trusting that it will be invested in the running and improvement of their city. It is than your fiduciary duty to return that money to the city. Using this money as revenue to run a business will often result in confusion when it comes time to return that money to the city. We advise always keeping the sales tax separate from the revenue earned in your books. This will aid in filing, qualifying for discounts, avoiding late fees, and best of all, decrease the stress at the end of each quarter.

The City of Sitka appreciates your hard work and the revenue your business generates. We at the tax office are here to help to the best of our ability. Please call us any time you have questions. Best Wishes to you all through 2nd Quarter!