

**ADMINISTRATIVE GUIDELINES**  
**COMMISSIONS ON TRAVEL, LODGING OR TOURS**  
**Procedure 424**

*The commission charged by an agent for the sale of travel, lodging or tours to the performer of the service. The commission exemption does not apply to the retail price of the travel, lodging or tour charged to the consumer.*

For the purposes of this guideline, the following terms shall bear the following meanings:

“Principal” means any person who authorizes an agent to conduct the principal’s business.

“Agent” means any person other than an employee authorized to conduct the business of a principal. Examples of agents include but are not limited to independent contractors, manufacturer’s representatives, brokers, consignees, and auctioneers.

“Commission” means any consideration received by an agent for the service of selling goods, services, or rentals for a principal. Consideration includes any payment and/or the market value of any goods, services or rentals provided by the principal in exchange for the agent’s selling services.

“Engaged in business” means making retail sales, rendering services or making rentals. All businesses engaged in business in the City and Borough of Juneau are required under CBJ 69.05.170 to register with the CBJ sales tax office

A “sale made by an agent” is one in which an agent sells goods, services, or arranges rentals for a principal. In return for selling the goods, services or rentals, the principal pays the agent a commission. The sale of the good, service or rental through an agent generates two transactions.

All persons performing services within the city and borough of Juneau for consideration must register with the sales tax office and collect and report the tax on the sale of their services.

Travel agents have historically been compensated for their services through sales commissions paid by other travel industry service providers. These types of commissions are specifically exempted from the sales tax.

CBJ exempts commissions charged on the sale of travel, lodging, adventure and similar related services. The intent of the CBJ assembly in allowing this exemption, CBJ 69.05.040(24), was to avoid placing a tax burden on an industry that was unable to collect the tax from its customers. Travel agents had testified that they had no control over the commissions they received because other service providers in the travel industry set commission rates, leaving travel agents with no mechanism for collecting the tax.

However, recent reductions in airline commissions have prompted local travel agents to rethink the way they do business. Several local travel agencies have begun imposing service charges on their clients in an attempt to make up for lost commissions. These service charges are not exempt under CBJ 69.05.040(24). Service charges imposed by local travel agencies for services performed within CBJ are directly controlled by the travel agency imposing the fees. As a result, travel agencies must collect, report, and remit the sales tax due on all service fees charged for services they perform within CBJ.

Sales tax **is due** on the selling price of all travel and adventure services performed within the city and borough of Juneau. The principal, or service provider, is liable for the collection of the sales tax due on the selling price of the service. The agent must collect the sales tax on the selling price of the service from the buyer and pass the sales tax through to the principal. The principal must then report and remit the sales tax to the sales tax office at the time of filing its sales tax return. The agent should not report the sale of the principal's service on its sales tax return.

Sales tax is not due on the sale of travel and adventure services performed entirely outside the city and borough of Juneau, but is due if parts of a sale, service, or rental occur both inside and outside the city and borough.