

ADMINISTRATIVE GUIDELINES GOODS SOLD OUT OF BOROUGH

Procedure 403

CBJ 69.05.040(3) grants exemption on the following transactions:

Sales of goods and associated shipping and handling charges resulting from orders received from outside the City and Borough where goods are received by the buyer outside the City and Borough after seller ships the goods by mail or common carrier. Shipment outside the City and Borough must be verified by postal or shipping documents. If the shipment is by electronic means, shipment must be verified by the buyer's billed-to address. Common carrier means a commercial enterprise that holds itself out to the public as offering to transport freight for a fee without refusal.

This exemption is intended to only exempt sales where an order for goods is received from outside CBJ and the goods are shipped by the seller to a location outside CBJ via mail or common carrier. This exemption also applies to shipping & handling fees that the seller charges the buyer.

For a transaction to qualify for exemption under CBJ 69.05.040(3), each of the following criteria must be met:

1. The goods must be ordered from a location outside of the city and borough,
2. The seller must ship the goods to a location outside of the city and borough via mail or common carrier,
3. The place of delivery outside the city and borough must be verified by postal or shipping documents that are retained by the seller.

For purposes of this exemption, a common carrier is a commercial enterprise whose primary business activity is the transportation of goods for a fee.

Supporting Documentation Requirements

Sellers are required to document the following for each exempted transaction:

- Placement of order from outside CBJ – Examples of acceptable documentation include:
 - Telephone order log or similar documentation
 - Copy of written order form submitted by mail or fax
 - Email(s) from customer
 - Order summary from website
- Postal / Shipping documents – Examples of acceptable documentation include:
 - Postal receipt showing delivery address or tracking number.
 - Receipt from common carrier showing delivery address or tracking number.
 - Bill of lading or other shipping documentation issued to seller showing shipping / delivery address.

IMPORTANT: Failure to document both the placement of the order and the necessary postal or shipping documents will result in the exemption being denied during the course of an audit or other inquiry by the CBJ Sales Tax Office.

Additional Information

Do not use this exemption to report services performed outside CBJ, or leased / rental equipment that is physically located outside CBJ. Those types of transactions occurring outside CBJ are considered to be “not subject to” CBJ Sales Tax and should be excluded from the reported gross sales.

Do not use this exemption to exempt services that are performed in Juneau for customers that are located outside CBJ. Services performed in Juneau are subject to sales tax regardless of the customer’s physical location.

Please note: When the primary purpose of a transaction is the performance of a service, the transaction is considered to be a sale of services, even if a tangible good is produced as a result of the service being performed. Service providers performing services within CBJ on behalf of purchasers outside CBJ may not exempt these services from the sales tax under CBJ 69.05.040(3), even if the tangible good resulting from the service is delivered outside CBJ. For example, in the course of performing a service, a research analyst may gather documents, evaluate the information, and prepare a report. The purpose of the transaction is the preparation of the report, a service. Delivery of the report to a location outside of CBJ is irrelevant if the service was performed within CBJ.

If you are unsure whether a transaction qualifies for the goods ordered and delivered outside the borough sales tax exemption, please contact the CBJ Sales Tax Office for further guidance.