December 15, 2021

**NOTICE OF SALES TAX CODE CHANGE**

Dear Merchant,

This letter is to inform you of a change to the Single Item Tax Cap and the Single Service Tax Cap. Current sales tax code language provides a tax cap on the first $12,400 of the selling price of a single item or a single service.

The sales tax code also stipulates an adjustment to the level of the cap every two years, based on the most recent Anchorage CPI data. The last adjustment was effective January 1, 2020.

Based on our review of the more recent Anchorage CPI data, effective January 1, 2022, the single item and single service cap level will be increased to $12,800. As a result, only the first $12,800 of the selling price of a single item or single service will be subject to the CBJ Sales Tax.

Previous transactions subject to the tax cap would have resulted in sales tax collected of $620. With this increase, the amount of sales tax to be collected on a "capped" transaction is now $640.

If you are a merchant who claims either the single item or single service cap exemptions, please update your system accordingly so that the correct amount of sales tax will be collected beginning January 1, 2022.

Thank you for your effort in keeping in compliance with the CBJ Sale Tax code. Please don't hesitate to contact the CBJ Sales Tax office at the email address or number above if you have any questions on this matter.

Sincerely,

Erin Russell
Revenue Officer