



CITY AND BOROUGH OF JUNEAU, ALASKA
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NOTICE OF SALES TAX CODE CHANGE
Repeal of Exemption 40 – Agent Commissions
Effective October 1, 2026

On July 27, 2026, the City and Borough of Juneau Assembly adopted **Ordinance 2026-33**, repealing the sales tax exemption under CBJ 69.05.040(40) for certain commissions paid to agents for negotiating the sale or lease of tangible personal property on behalf of the property owner.

Beginning **October 1, 2026**, these commissions are subject to CBJ sales tax unless another exemption applies.

What is changing?

Under the current exemption, a commission paid to an agent for negotiating the sale or lease of tangible personal property on behalf of the owner may qualify for a sales tax exemption when the commission is the agent's only compensation for negotiating the sale.

The exemption applies only to the **agent's commission**. It does not apply to the retail price of the tangible personal property being sold or leased.

Beginning October 1, 2026, Exemption 40 is repealed, and the agent's commission will be subject to sales tax.

The repeal does not change how the underlying sale of tangible personal property is reported. The sale of the property and the agent's commission are separate transactions.

How should these transactions be reported?

When an agent sells tangible personal property on behalf of the owner, there are two separate transactions:

1. Sale of the tangible personal property

The owner/seller reports the full retail selling price of the property as a sale. Sales tax applies to the full selling price unless another exemption applies.

The selling price cannot be reduced by the commission the agent retains or charges.

2. Agent's commission

The agent reports the commission as a sale of services to the property owner.

For transactions occurring before October 1, 2026, the commission may qualify for Exemption 40 if all exemption requirements are met.

Beginning October 1, 2026, the commission is taxable unless another exemption applies. The agent must collect sales tax from the person responsible for paying the commission and report the commission as a taxable sale.

Example: Artwork Sold Through a Gallery

An artist places a piece of artwork with a gallery to sell on the artist's behalf. The artwork sells to a customer for **\$1,000**, and the gallery retains a **30% commission of \$300**.

There are two separate taxable transactions:

1) Artist → Customer: \$1,000 Sale of Artwork

The artist is the owner/seller of the artwork and reports the full \$1,000 retail selling price. The selling price cannot be reduced to \$700 because the gallery retains a \$300 commission.

- **Artwork:** \$1,000
- **Sales tax (5%):** \$50
- **Total paid by customer:** \$1,050

The \$1,000 is reported as the artist's gross sale, and \$50 in sales tax is collected from the customer.

2) Gallery → Artist: \$300 Commission

The gallery provides a service to the artist and reports the **\$300 commission** as its a sale of services.

Beginning October 1, 2026, the commission is subject to sales tax unless another exemption applies.

- **Commission:** \$300
- **Sales tax (5%):** \$15
- **Total charged to artist:** \$315

The \$300 is reported as the gallery's gross sale, and \$15 in sales tax is collected from the artist.

If the gallery deducts its commission from the artwork sale proceeds rather than billing the artist separately, the gallery is still responsible for collecting and remitting sales tax on the commission.

Collecting Payment on Behalf of the Owner

An agent may collect the customer's payment, including applicable sales tax, on behalf of the property owner. Collecting the payment does not by itself make the agent the seller of the property.

Businesses should ensure the appropriate seller reports the underlying retail sale and that the same sale is not reported by both the owner and the agent.

Agent Sales vs. Sales for Resale

Selling property as an agent on behalf of its owner is different from purchasing property for resale.

When a business purchases tangible personal property for resale, it purchases the property from the original seller and subsequently makes its own retail sale to the customer. A qualifying purchase for resale may be exempt when the requirements of CBJ's resale exemption are met.

When a business does not purchase the property but instead sells it on behalf of the owner in exchange for a commission, the owner remains the seller of the property. The commission is a separate service provided by the agent to the owner.

What should merchants do?

Businesses that sell or lease tangible personal property on behalf of others should review their current practices before October 1, 2026.

Beginning October 1:

- Stop claiming Exemption 40 for agent commissions.
- Report commissions as taxable services unless another exemption applies.
- Collect sales tax from the person responsible for paying the commission.
- Report the full retail selling price of tangible personal property without deducting commissions or agent fees.
- Make sure the underlying sale is reported by the owner/seller and is not reported twice.
- Review consignment, agency, and similar arrangements to determine whether the business owns the property it sells or is selling the property on behalf of another owner.

If you have questions regarding this change or your sales tax filing requirements, please contact the CBJ Sales Tax Office at (907) 586-5215 ext. 4901 or by email at sales.tax.office@juneau.gov.

Sincerely,

Sales Tax Office

CBJ Sales Tax Office

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