CITY AND BOROUGH OF JUNEAU, ALASKA
Finance Department – Sales Tax Division
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INFORMATION FOR NEW MERCHANTS

Sales Tax Rate 5% - Hotel/Motel Room Tax Rate 9% - Liquor and Marijuana Tax Rate 3%

CONGRATULATIONS on your new business venture in CBJ. The Sales Tax Office hopes this brief outline will acquaint you with your obligations under the sales tax ordinance.

YOU HAVE NOW ACCEPTED THE RESPONSIBILITY TO COLLECT THE SALES TAX:

All merchants are required to collect sales tax, at the time of purchase, at the rate of 5% on all sales of goods, all services and all non-residential rentals. (Rentals include commercial real property & tangible personal property.)

An additional tax of 3% must be collected on all retail sales of alcoholic beverages or marijuana products. This means that retail sales of alcoholic beverages and marijuana, in whatever form, are taxed at the combined rate of 8%.

An additional tax of 9% will be collected on all room rentals (stays of less than 30 days duration). This means hotel / motel / bed & breakfast rooms are taxed at the rate of 14%.

Under the sales tax ordinance, there are 37 exemptions from the sales tax. It is the responsibility of the "buyer" to provide proper documentation to the merchant that the sale is exempt from the sales tax. It is the merchant's responsibility to document the exempt transaction.

REPORTING REQUIREMENTS (CBJ 69.05.170)

Filing of Tax Returns and Payment of Tax - Every seller of goods or provider of services or rentals must file a return for each reporting period, *regardless of the level of sales or the amount of tax due*.

Merchants should obtain proper forms in ample time to report and remit within the time prescribed by Sales Tax ordinances. Paper forms are available on our web page at: https://juneau.org/finance/sales-tax-forms.

Online Filing and Payment: Sales tax returns can also be filed online through the CBJ eGovern portal. Filing online provides immediate confirmation that your return has been submitted and allows you to pay electronically. More information is available at https://juneau.org/finance/sales-tax-online-payment .

Sales tax payments can be submitted using:

- Paper Check
  - No fee for checks mailed, placed in a designated dropbox, or brought in to City Hall
- ACH / eChecks (Online)
  - Payments may be made directly from a checking or savings account.
  - There is no fee for eCheck payments.
- Debit and Credit Card Online
  - Visa, MasterCard & Discover Cards are accepted.
  - A convenience fee of 2.95% per transaction applies to debit and credit card payments.

Report is Required - Even if your business has not transacted any business, made any sales or received any business income, you are still required to file a timely tax report.

Returns Due - Monthly, quarterly, and annual sales tax returns are due on the last day of the month following the applicable reporting period. If the due date falls on a weekend or CBJ-observed holiday, the deadline is extended to the next business day.

Late Filing Fee – Returns filed after the due date will be assessed a $25.00 late filing fee, whether or not the merchant reports taxable sales. Paper and emailed returns are considered filed on the date received by CBJ. Online returns are considered filed on the date and time they are submitted.

Late Payment Penalty – A late payment penalty of 5% per month, or any fraction thereof, will be assessed on the unpaid tax balance, up to a maximum of 25%. Mailed, drop box, and in-person payments are considered made on the date they are received by CBJ. Online payments are considered made on the date and time they are submitted.

Interest – Interest accrues on the unpaid tax balance at an annual rate of 12%.

Deposits - If your business collects more than $1,000 in sales tax in a one-month period, you are required to deposit the estimated sales tax collected by the fifteenth of the following month. If the fifteenth of the following month is on a weekend or holiday, the deposit is due on the following business day. **The deposits are in addition to the quarterly sales tax filings, not in place of them.** Merchants who deposit all monies due are still required to file a quarterly sales tax return, when due, to be considered timely.

Method of Accounting - Merchants are required to use the same basis of accounting for sales tax purposes, cash or accrual, as used for reporting federal income tax.

RECORD KEEPING AND AUDITING (69.05.090)

Supporting records must be maintained for a period of three years. Failure to maintain adequate records to support exemptions claimed will result in the loss of deduction for that particular transaction. A seller shall make available for review all relevant records, books and other documents upon request by the Sales Tax Auditor.

CHANGES IN ADDRESS OR OWNERSHIP

Please notify the Sales Tax Office of any changes to the information provided on the registration form. This will ensure timely mailings and data integrity.

Termination of the Business - A final sales tax report must be filed within 15 days of closing.

Sale of Business--Successor liability (69.05.130) - The seller must file a final return within 15 days of the sale. The buyer can be held liable for any unpaid tax, penalty and interest on account of the business operations of the former owner.

RESPONSIBILITIES OF THE MERCHANT

It is your responsibility to comply with the laws and regulations that pertain to your business environment in which you operate. We have included in your new merchant packet information on the most commonly used sales tax exemptions. Please review all the information, and if you are still uncertain of how the tax applies in general or to specific transactions, please call or write the Sales Tax Office.

We appreciate your efforts in collecting and remitting sales tax in compliance with our ordinances. Please call or email the CBJ Sales Tax office if you have any questions.

Phone: (907)586-5215 x 4901 **Email**: sales.tax.office@juneau.gov.

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INTERPRETATIONS OF SELECTED SALES TAX EXEMPTIONS

This has been prepared by the Sales Tax Office to assist you in the interpretation, qualification, and documentation of the most commonly granted sales tax exemptions. As a merchant, you are required to be familiar with each exemption and to determine if your customer meets the qualification for exemption. As a merchant, you should also be aware that granting sales tax exemptions improperly may cause you to incur the sales tax liability for the sale including penalties and interest.

Exemption 2 – Prohibited by State or Federal Law: This sales tax exemption includes sales prohibited from taxation because of federal or state restriction, such as WIC and sales paid for by food stamps. These sales are exempted separately from sales made *to* a government unit. (For sales made to a government unit, please see Exemption 13 below).

Exemption 3 – Goods and Services Sold Out-of-Borough: You must document that the customer sent in the order and payment from outside the city and borough via mail or phone, and you must document the shipping of goods, or delivery of services, out of the city and borough by mail, electronic transfer, or common carrier. If the shipment and/or delivery is by electronic means, shipment and/or delivery must be verified by the buyer's "billed to" address. The Sales Tax Office suggests you develop a phone log to document phone orders.

Exemption 12 - Nonprofit organizations: This is only for organizations that qualify for a Section 501c (3) or 501c (4) nonprofit status with the IRS and are registered as such with the Sales Tax Office. Nonprofit organizations can purchase a Nonprofit Exemption Certificate from the Sales Tax Office. The application fee is $20.00. The exemption certificate bears a 3-digit exemption number, and this number is the required documentation. The Sales Tax Office suggests for repeat nonprofit customers that the merchant maintain a copy of the nonprofit exemption certificate on file. A listing of qualifying nonprofit organizations is now available from the Sales Tax Office.

Exemption 13 – Governments: This is for the Federal government, State of Alaska, municipal governments, and federally recognized Indian tribes. Individuals who purchase with their own funds for later government reimbursement may not take this exemption. Only direct sales paid by government check, government Purchase Order, or specified government credit cards qualify. Document the Purchase Order requisition number as the required documentation. For additional information on the qualifying governmental credit cards, please call the Sales Tax Office.

Exemption 18 - Senior citizen cards: Senior citizens who display a valid CBJ Senior Citizen Exemption card at purchase qualify. Senior cards issued by other municipalities will not be valid for CBJ purchases. The Senior Citizen Exemption card must be purchased from the CBJ Sales Tax Office. The card cost is $20.00 per card. The replacement fee for lost cards is $5.00 per card.

Only the person who is actually issued the card may use it for exempt purposes. For example, a husband may not use a wife's card. Purchases must be for the senior's own personal consumption. **Seniors only qualify for exemption on purchases of grocery foods, electricity, heating fuel, CBJ water/sewer, and garbage/recycling collection**. The card number (format SNR-XXXXX) and cardholder's signature is the required documentation. Cards expire every few years and *an expired card does not qualify for the exemption*. Merchants are required to ask to see the senior card, not just ask them to provide their number.

Exemption 32 - Sales of Goods for Resale: Individuals or companies with a valid CBJ resale of goods certificate may purchase goods for resale if the material is the type of goods they are in the business of selling. Merchants must apply for a resale certificate and pay the applicable fees each year through the sales tax office. The face of the card states the business name, type of business activity, and the types of purchases which the business is authorized to make for resale. The card number (R-26-XXXXX for calendar year 2026) is the required documentation.

For customers you bill on account, you may keep a copy of the resale of goods certificate on file instead of viewing the card for each purchase. However, you are responsible for verifying that the types of goods purchased correspond to the categories listed on the face of the card. Note: This card may not be used for purchases of services for resale.

APPLICABLE LAW:

CBJ 69.05.040(2) "Sales, services, rentals and transactions which the municipality is prohibited from taxing under the Constitution and laws of the United States or the state of Alaska, including but not limited to the following:

(a) Sales of insurance and bonds of guaranty and fidelity, and the commissions thereon;

(b) Sales to or by federally chartered credit unions;

(c) Sales of goods made with food coupons, food stamps, or other type of certificate issued under 7 U.S.C. 2011-2025 (Food Stamp Act), or made with food coupons, food vouchers or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children)."

CBJ 69.05.040(3) "Sales of goods and/or the performance of services and associated shipping and handling charges resulting from orders received from outside the City and Borough where goods and/or services are received by the buyer outside the City and Borough after seller ships the goods and/or delivers the service by mail, electronic transfer, or common carrier. Shipment and/or delivery outside the City and Borough must be verified by postal or shipping documents. If the shipment and/or delivery is by electronic means, shipment and/or delivery 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."

CBJ 69.05.040(12) "Sales, services and rentals to a buyer, or made by a seller, organized and administered solely by an organization that has a current 501(c)(3) or 501(c)(4) exemption ruling from the Internal Revenue Service and an exemption certificate from the finance director, provided, this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. This exemption does not apply to the sale of pull-tab games."

CBJ 69.05.040(13) "Retail sales, services, and rentals of real or tangible personal property to or by the state, a Rural Education Attendance Area or like entity, a federally recognized Indian tribe, or a municipality. This exemption does not apply to

(a) sales of pull-tab games by political subdivisions and municipalities, or

(b) retail sales, services, and rentals of real and tangible personal property by the City and Borough of Juneau listed in this subsection (13)(b):

(1) Bartlett Regional Hospital sales, services, and rentals;
(2) Capital Transit passenger fares and passes;
(3) Sales of municipal real property, gravel, and minerals;
(4) Parks and Recreation Department sales, services, and rentals;
(5) Eaglecrest Ski Area sales, services, and rentals;
(6) Hagevig Fire Training Center sales, services, and rentals;
(7) Juneau International Airport sales, services, and rentals;
(8) Sewer Utility and Water Utility sales, services, and rentals;
(9) Port and Harbor sales, services, and rentals authorized by Title 85 of this code."

CBJ 69.05.040(18) "Sales of goods, services, and rentals as set forth in Section 69.05.045 to persons issued, or authorized to use, a valid city and borough senior citizen sales tax exemption card who display the card at the time of sale. A senior citizen sales tax exemption card does not exempt the sale of alcoholic beverages from sales tax."

CBJ 69.05.040(32) "Sales for resale of tangible personal property, as defined in CBJ 69.05.010(4)."

CBJ 69.05.010(4) " 'Sale for Resale' means the sale of tangible personal property to a buyer whose principal business is the resale of the property whether in the same or an altered form and who holds a valid resale certificate issued by the city and borough of Juneau."