



CITY OF THORNE BAY

P.O. BOX 19110
THORNE BAY, ALASKA 99919
(907) 828-3380
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To: Business Owner
Re: Sales Tax Exemption Documentation

Date: August 21, 2017

To whom it may concern:

The City of Thorne Bay is conducting an audit of Sales Tax, starting with the Senior Sales Tax Exemption records for all businesses operating or conducting business within the Thorne Bay City Limits.

Thorne Bay Municipal Code 3.17.070 requires that every seller keep and preserve suitable records of all sales made by him, and such other books or accounts as may be necessary for the revenue collector to determine the amount of tax for the collection of which he is liable hereunder. Every such person shall keep and preserve these records for a period of 2 years.

The City of Thorne Bay is requiring that all businesses claiming non-taxable sales, rents or services, to Exempt Seniors, aged 65 and above with exempt card, provide records for all Senior's that received the sales tax exemption for the 3rd Quarter 2017, July 1, 2017 through September 30, 2017. This will also be required with your 4th Quarter 2017 Sales Tax Submissions (October 1, 2017 through December 31, 2017).

The Senior Sales Tax Exemption record should include the information listed below. The Exemption Record **MUST** include the Exempt Card Holder NAME and Card Number:

1. Name of the senior claiming the exemption,
2. Tax exemption card number,
3. Tax exemption card expiration date,
4. Date of sale,
5. Amount of sale

Failure to include the senior exemption record with your Sales Tax Return Form will result with the City of Thorne Bay not recognizing the exemption amount listed on your return, and the seller will be required to remit sales tax on those sales.

Thank you,

Teri Feibel, CMC
(907) 828-3380

Thorne Bay Municipal Code
Title 3 - Revenue and Finance
Chapter 3.17 - CONSUMER'S SALES TAX
Sections 3.17.100 & 3.17.110

3.17.100 Exemptions.

3.17.110 Sales tax exemption for the elderly.

3.17.100 Exemptions. The following sales and services are exempt from the sales tax:

- (a) Retail sales and remuneration for services amounting to less than one hundred twenty-five dollars in any calendar quarter; however, any sales taxes collected shall be remitted;
- (b) Casual and isolated sales not made in the regular course of business;
- (c) Sales of insurance and bonds of guaranty and fidelity;
- (d) The agreed value of new or used articles taken in trade as credit or part payment on the sale of new articles shall be deducted from the value of the article being purchased in determining the tax;
- (e) Gross receipts derived from sales, services, rentals and transactions which the municipalities are prohibited from taxing under the Constitution and laws of the United States or the state;
- (f) Gross receipts derived from sales initiated by orders received from outside the city where delivery is made outside the city by mail or commercial common carrier;
- (g) Gross receipts derived from funeral charges and services, medical, dental, optometric, hospital services, or from sales of prescription medicines oxygen used for medical purposes, blood or blood plasma, artificial devices designed or altered for the use of a particular crippled person, artificial limbs, eyes and organs, hearing aids, prescription eyeglasses, artificial teeth sold by a dentist and materials used by a dentist in treatment, crutches, and wheelchairs; provided, however, services rendered by barbers, cosmeticians and masseurs are not exempt;
- (h) (1) Gross receipts from sales, services and rentals to any nonprofit organization or nonprofit institution if such organization or institution is organized exclusively for religious, educational, or charitable purposes, and if such organization or institution has obtained a certificate of exemption as provided for in subsection (2) and displays that certificate of exemption as provided for in subsection (3) below. (2) Any organization or institution

described in subsection (1) may apply to the City of Thorne Bay revenue collector for a certificate of exemption. Such application shall be made on forms to be furnished by said revenue collector, and each applicant shall be required to furnish such information as said revenue collector may reasonably require. If the revenue collector determines that the applicant is entitled to an exemption provided for in this section, the revenue collector shall issue or cause to be issued a certificate of exemption which shall be effective as of its date of issue. The revenue collector shall endeavor to issue or deny the exemption within thirty days after the date an application is filed; **(3)** A buyer seeking to make a purchase entitled to a sales tax exemption under subsection (1) shall display a valid certificate of exemption to the seller at the time of purchase. If the buyer does not so display the required valid certificate of exemption the sale is taxable, and the seller shall collect the sales tax due on the sale.

(i) Gross receipts derived from sales, services and rentals to the United States Government, the state and its political subdivision, and municipalities, or agencies funded by these governments;

(j) Retail sales of food in school and college cafeterias and lunchrooms which are operated primarily for teachers or students and which are not operated for profit;

(k) LEFT BLANK INTENTIONALLY

(l) Gross receipts or proceeds derived from the transportation of students to and from grade or high schools in motor or other vehicles;

(m) Gross receipts derived from sales of real property, excepting the gross receipts earned as commissions by real estate agents shall be taxable;

(n) Dues or fees to nonprofit clubs, labor unions, or fraternal organizations;

(o) Gross receipts derived from veterinary services;

(p) Gross receipts or proceeds derived from sales made directly to consumers or users of newspapers;

(q) LEFT BLANK INTENTIONALLY

(r) Gross receipts derived from sales of educational services by a nonprofit institution in providing a program of learning on a formal study basis in an institution of learning which has an organized curriculum consisting of specific subjects and skills as outlined in the State of Alaska course of study as officially adopted by the State Department of Education for elementary, junior high or senior high schools, for children ages five through eighteen.

(s) Gross receipts derived from sales of day care services for children;

(t) (1) Gross receipts derived from sales where the purchase is made with food coupons, food stamps or other type of certificate issued under 7 U.S.C. Sections 2011-2025 (Food Stamp Act); and (2) Food instruments, food vouchers, or other type of certificate issued under 42 U.S.C. 1786 (Special Supplemental Food Program for Women, Infants, and Children).

(u) That part of the sales price paid by the buyer for travel and adventure services purchased outside the city which is not remitted, directly or indirectly, to the person providing or performing the service and which is a selling cost or commission or similar charge.

(v) Remuneration received for services and materials, including caskets, used or furnished for funerals;

(w) The part of the selling price of a single item of tangible personal property that exceeds seven thousand five hundred dollars (\$7,500.00). A single item is an item sold in a single sale consisting of integrated and interdependent component parts affixed or fitted to one another in such a manner as to produce a functional whole. It includes optional accessories for such items as boats and automobiles if the accessories are useful or essential for the operation or use of the item, and include in the original transaction/sale;

(x) Airfare or the air charter sales price paid for transportation of persons or on a federal airway but excluding the portions of a sale of flightseeing or round trip air/water/shore excursion travel or adventure services which are not charges for transportation of persons on a federal airway.

(y) Gross receipts in excess of ten thousand dollars derived from sales of material and labor for the clearing of land, excavation, or fill or placement of material on real property for construction of a facility, and sales of building construction materials and labor used in constructing a permanent building within the city, provided that the improvements are constructed pursuant to a valid sales tax exemption permit issued or renewed no more than one year prior to the sale of transaction being exempted from the tax. Construction materials shall include: all structural and finish materials for a permanent building used on the lot wherein the building is being constructed, and installation of infrastructure to said building such as water, sewer, power and phone and all parts to said infrastructure. Sales, to qualify for this exemption, shall be recorded by the seller, together with the date, the purchaser's name, and the sales tax exemption permit number. Any purchaser who attempts to avoid paying sales tax by using a sales tax exemption permit number for materials or labor not actually used in the structure for which the permit was issued shall

be subject to a civil penalty up to twenty-five percent of the price of the materials or labor involved in the evasive purchase. The cost of the permit will be six hundred dollars;
3.16.050. (Ordinance 05-09-06-01)(10-03-02-01)

3.17.110 Sales tax exemption for the elderly. (a) Anyone sixty-five years of age or older may apply for and be issued by the City Administrator or designee a senior citizens sales tax exemption card, for fifteen dollars, to be renewed bi-annually. This card entitles the person to be exempted from the operation of the city's consumer's sales taxes on purchases of all types of property, rentals and services, except alcoholic beverages of all types and all types of tobacco products, not for use in any trade or business. No seller within the city shall charge or collect the sales tax on exempted purchases from any person who displays such a valid sales tax exempt card. All sellers within the city shall keep records of such exempt sales and submit quarterly totals of such sales to the revenue collector, together with any other information required by law. To qualify for a tax exempt card a person must provide a copy of their Alaska ID or driver's license, and proof they have resided in Alaska, as a permanent resident for the past 12 months, received an Alaska Permanent Fund Dividend, documentation required as part of a permanent fund application or other documentation that verifies a person has established permanent residency in Alaska must be submitted to show proof of residency. (Ordinance 17-05-16-04)

(A) A spouse under 65 years of age is not eligible for the exemption and cannot purchase anything without the presence of the exempt spouse except as listed in subsection (B) of this section. **(B)** No person who has not duly applied for and received such an exemption card may use it to obtain such tax exemption. However, in the case where a person is an invalid or otherwise physically unable to leave their home or dwelling to use the card, the city may issue a special card authorizing another person to use the special card for the benefit of the invalid or otherwise physically unable person to use the card. (Ord. 12-08-07-01)