



CITY OF WASILLA

Finance Department

290 East Herning Avenue

Wasilla, Alaska 99654-7091

Phone (907) 373-9080 Fax (907) 373-9085

July 16, 2021

IMPORTANT NOTICE – EFFECTIVE IMMEDIATELY

WASILLA MUNICIPAL CODE CHANGES

Dear Business Owner:

On June 14, 2021, the Wasilla City Council passed [Ordinance Serial 21-13](#) amending Wasilla Municipal Code ([WMC 5.16 Sales Tax](#)) to create certain uniform provisions for the collection and remittance of sales tax in alignment with the Alaska Uniform Remote Seller Sales Tax Code pursuant to WMC 5.16.225, Alaska Uniform Remote Seller Sales Tax Code adopted by reference. Information on the three significant changes is explained below.

POINT OF DELIVERY

What was changed?

Definitions - Point of Delivery [WMC 5.16.020](#) was amended to change the sourcing of taxation for services from origin-based (where the service is performed) to destination-based (where the service is received); if those locations are different. This definition determines the location where a service is taxed.

Why the clarification?

This change reduces potential duplication of sales tax between taxing jurisdictions around the State.

Changes were made to align (WMC) 5.16 Sales Tax with the Alaska Remote Sellers Sales Tax Commission's (ARSSTC) sales tax code and with other ARSSTC member jurisdiction's tax codes to unify sourcing of sales tax on services.

What should you do?

Service-based businesses should read through the attached information regarding the sourcing of sales tax. Additional information with specific industry examples is also available on our website www.cityofwasilla.com. Retail, manufacturing, and other non-service-related businesses should not be affected by the recent sourcing changes, however; it is always recommended to review the [sales tax code](#) and business practices to ensure proper sales tax collection, reporting and recordkeeping. The changes became effective upon adoption and should be implemented by sellers as soon as reasonably possible, but no later than October 31, 2021. Internally, the effective date of the implementation should be noted by the businesses. Sales tax collected in error according to the amended code, during transition, must either be remitted to the city as collected or refunded to the customer.

REAL ESTATE COMMISSIONS

What was changed?

Rules Applicable to Particular Business or Occupations [WMC 5.16.045](#) was amended for Real Estate Sales Commissions to source sales tax for commissions and fees on real estate sales to the location of the property sold, rented, or managed. Brokerages located in the city may continue to have other tax requirements for services provided to their agents or clients when point of delivery is inside the city. Brokerages/agents, title companies and property managers should read the industry brochure for Real Estate Agencies located on our website.

Why the clarification?

This change reduces potential duplication of sales tax between taxing jurisdictions around the State. Changes were made to align (WMC) 5.16 Sales Tax with the Alaska Remote Sellers Sales Tax Commission's (ARSSTC) sales tax code and with other ARSSTC member jurisdiction's tax codes to unify sourcing of sales tax on services.

What should you do?

Businesses providing services, real estate brokerages/agents, management companies, and title companies should review business processes to ensure that sales tax is collected at the correct point of delivery as amended. The changes became effective upon adoption and should be implemented by sellers as soon as reasonably possible, but no later than October 31, 2021. Internally, the effective date of the implementation should be noted by the businesses. Sales tax collected in error according to the amended code, during transition, must either be remitted to the city as collected or refunded to the customer.

DUE DATES & FILING FREQUENCY

What was changed?

Tax Returns-Contents-Penalty for Delinquency [WMC 5.16.120](#) was amended changing language pertaining to due dates and allowing for filing periods other than monthly beginning in **January 2022**. Businesses may request to change filing frequency to quarterly status if the seller's prior year taxable sales are under \$150,000 and the seller has remitted timely filings for the prior year. Businesses with less than \$6,000 in taxable sales and have remitted timely filings for the prior year may request to change to an annual filing status.

Why the clarification?

Changes to filing frequency and due dates were made to facilitate the expanded options provided by our new sales tax and licensing platform, MUNIRevs. Businesses making payments online, can now make timely payment after business hours until 11:59 on the last day of the month following the reporting period. Payments processed after 11:59 on the last day of the month will be considered late and subject to late filing fee, penalty, interest, and loss of credit for prompt payment.

Payments made in person, by mail or the drop box must still be received in our office by close of business on the due date or *the last business day prior to the due date* when the due date falls on a weekend or City, State or Federal Holiday.

What should you do?

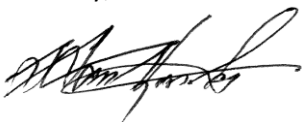
Continue to file timely. The city will notice all businesses that meet the filing frequency criteria near the end of 2021. Businesses that wish to change their frequency will submit a 'Request to Change Filing Frequency' form. The form will be available next quarter and must be approved by the Finance Director. Seller will be notified of the approved request and change will become effective with the January 2022 tax period. Requests will not be available until then and all sales tax accounts will remain a monthly status unless requested and approved.

Have questions?

Classes pertaining to the changes above will be held both online and in person. Please consider having your bookkeeper, accountant or sales tax preparer attend one of our informative sessions. Visit the [Sales Tax Information](#) page of our website www.cityofwasilla.com for additional information, sourcing examples, class times and registration requirements.

If you have questions or would like to sign up to attend a sales tax class, please email salestax@ci.wasilla.ak.us or contact Maureen Graham our Sales Tax Accountant/Auditor at 907-373-9079.

Sincerely,



Troy Tankersley
Finance Director