

## **Business License and Sales Tax Frequently Asked Questions**

Please refer to the Municipal Code 5.16 for detailed explanations ([www.codepublishing.com/ak/wasilla.html](http://www.codepublishing.com/ak/wasilla.html))

### **Business License Questions**

#### **1.) Do I need a City of Wasilla Business License?**

A license is required for all businesses either located in the City or selling, renting or providing service inside the City. The business license registers the business to collect the City sales tax. Before engaging in business in the city, a person shall first apply to do so, and pay the required fee. A license is issued for each line of business and for each location that is inside the City limits. There is no charge for a secondary license for businesses under the same name with multiple locations in the City or for businesses with multiple lines of business. Nonprofit organizations conducting business are required to obtain a city business license at no cost. The City offers two types of licenses, annual and a special event license good for seven consecutive days. Application may be made online at <https://wasilla.munirevs.com/>

#### **2.) Do I have to apply online?**

It is **strongly** recommended to apply for the business license online. Accounts registered receive all communications regarding sales tax filings, renewals, and other communications from the City via email. Paper sales tax returns are no longer mailed. They may be obtained in the Finance Department or from the City website. Accounts without a registered user will receive all other communications from the City by U.S. mail, which may not be received as timely.

#### **3.) Do I need any other licenses to do business in Wasilla city limits?**

Possibly. The State of Alaska and the Matanuska-Susitna Borough have licensing requirements. Businesses are encouraged to check requirements and exemptions to assure compliance with their statutes. The Finance Department has state and borough license applications on hand, but we do not process them in our office. They are processed at their respective addresses listed on the applications.

#### **4.) How long is the City of Wasilla business license good for?**

The annual license is valid through December 31<sup>st</sup> of each calendar year. The special event license is good for seven consecutive days from the date of the event.

#### **5.) Do I have to display the city license?**

The city license shall be displayed prominently at the place of business; any seller who has no regular place of business shall display such license upon request.

#### **6.) If I sell my business, can I transfer the license to the new owner?**

No, licenses are non-transferable. If you close a business you are required to surrender your old license to the city, submit a final sales tax report and report this closure **IN WRITING**.

#### **7.) If it's close to the end of the year, will I have to obtain a new license the following year?**

Newly established businesses applying for a city business license after December 1<sup>st</sup>, each year, will be issued a license valid through the following calendar year.

#### **8.) Is the information on the Business License confidential?**

The personal information obtained from owners, members and officers is kept confidential. All other information on the license application is public knowledge.

## **Sales Tax Questions**

### **1.) If I fail to remit sales tax, can I lose my license?**

Yes, the license may be revoked or suspended if the seller fails to remit delinquent sales taxes, penalty and interest within thirty (30) days after notice. It is unlawful for a seller to engage in business without a current city business license.

### **2.) Do I have to charge and collect the city sales tax?**

Yes, the city of Wasilla sales tax is imposed and collected pursuant to the authority granted by Alaska Statutes (Section 29.45.700 et. Seq.) This sales tax is to be liberally construed and includes all sales, rentals and service activities delivered or received in the City.

### **3.) Does everyone get charged sales tax?**

Yes, everyone is charged sales tax. Only those payers who have evidence of a current City of Wasilla sales tax exemption, obtained through the Finance Department at City Hall, will not be charged. The Seller should retain proof of each exemption that is granted.

### **4.) What is the most sales tax charged on a sale?**

The first \$500 of a sale or transaction is taxed at the current 2.5% rate. This equates to cap of \$12.50 per transaction. A single payment for services that span more than one month shall be allocated pro rata to each one-month period for the term of the transaction. The cap would apply to the pro rata amount.

### **5.) May I pay the sales tax myself and not charge the customer?**

Please read WMC [5.16.100](#) Collection of sales tax---Addition & separate statement or call the Sales Tax Administrator at (907) 373-9088 for further information regarding this option.

### **6.) What if I didn't collect any sales tax during a month?**

A business must file the required sales tax returns and remit payment each month. All sales inside the City must be reported. Businesses with no sales or only exempt sales are required to file a zero return. Failure to report will result in an estimation of tax due and a violation fine of \$50, in addition to penalty, interest and fees associated with late tax.

### **7.) What if I don't pay the city the sales tax I charged my customers?**

The city follows a regular request pattern for the remittance of the sales tax. Failure to pay the tax results in the revocation of your business license. Returns received after the due date or incomplete returns unable to be processed by the due date are subject to a late fee of \$25.00. Delinquent sales tax is subject to penalty of 5% for each month late up to a 20% penalty, as well as 15% daily interest. A \$50.00 ordinance violation is assessed for each month that is not reported and the City must estimate the tax due. Per WMC [5.16.180](#) D a lien may be placed against your real and personal property for delinquent sales tax. The city employs Cornerstone Credit Services to handle its collections.

### **8.) When must I submit the sales tax to the city?**

The first of each month, or designated filing period, a tax return is added to your MUNIRev account. An email notice is generated to all users on the account that the return is available in the business center to file by the due date. Tax returns and payments may be filed online until 11:59pm on the due date. Additionally, tax returns and payments may be filed in person, by mail or the drop box. Paper tax returns may be obtained from the Finance Department or the City's website. Please include the account number with payment and the tax return to ensure proper credit to your account. When submitting in person, by mail or drop box, returns **and** payments must be **received in our office** by close of business on the due date. When the due date falls on a weekend or City or Federal holiday payments must be made **last BUSINESS day prior** to the due date. Postmarks are **not** considered and drop boxes are checked at 5:00 p.m. on the last business day of the month. All returns and/or

payments received after the due date are considered delinquent and subject to penalty, interest, late fees and loss of prompt pay credit. For your convenience, a remittance schedule is available in our office and the website.

**9.) What if I don't receive a sales tax form?**

Sales tax returns are added to your MUNIRev account each month or designated filing period. If a return is not assigned, please contact the Finance Department to request one. The Seller is responsible to file the return on time. Paper returns are available online and in the Finance Department for those Sellers that do not create an online account or wish to file or pay online.

**10.) Is there a way to file less often than every month?**

Per [WMC 5.16.120](#) a sales tax return is due each month. Sellers may request to change their filing period to quarterly or annually beginning in January 2022 by submitting a request form. Sellers must have filed taxes in the previous year timely with taxable revenues under \$150,000 for quarterly or under \$6,000 for annual to qualify. If approved, the Seller will be notified by the City the effective date of the change. The Finance Director may change the frequency of a Seller with written notice to the Seller if they no longer meet the criteria above, designated in subsection B of WMC [5.16.120](#).

**11.) What if I turn in my sales tax after the due date? Can the penalty be waived?**

If all the delinquent tax, penalty and interest are paid within 45 business days after the date of delinquency or penalty the taxpayer may request in writing that the Finance Director waive the penalty **ONE TIME** in any period of 12 consecutive months. See WMC [5:16:120-150](#) for more details.