

# CBJ SALES TAX EXEMPTION DESCRIPTIONS

June 2014

#	Current Exemption Language	Further Information
1	Casual and isolated sales not made in the regular course of business	Sales by persons who: <ol style="list-style-type: none"> <li>1. Would not be required to obtain a business license to conduct the sale,</li> <li>2. Do not hold themselves out to the public as engaged in business, and</li> <li>3. Have not leased or rented the property in their business operations.</li> </ol>
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).	
3	Sales of goods and associated shipping and handling charges resulting from orders received from outside the City and Borough where delivery is made outside the City and Borough. For goods physically delivered, delivery outside the City and Borough must be verified by postal or shipping documents, and if the delivery is by electronic means, delivery must be verified by the buyer's "billed-to" address.	Only exempts <u>goods</u> that are ordered from outside CBJ and shipped outside CBJ.
4	Reserved	
5	Sales of building or construction services or materials if: <ol style="list-style-type: none"> <li>(a) The materials become incorporated as a permanent part of a structure or site through work authorized by a building permit; and</li> <li>(b) The building or construction services are performed on-site, except for the delivery of materials to, or away from, the construction site; and</li> <li>(c) The purchaser presents to the seller an individual builder sales tax exemption card describing work that would reasonably require the building or construction services or materials for which the exemption is claimed. A person may apply for an exemption card on forms provided by the City and</li> </ol>	Specifically exempts construction materials incorporated into the structure, purchased for permitted construction jobs.  Also exempts construction services performed specific to the building permit.

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	<p>Borough. The card shall be valid for a period reasonably necessary to complete the work described thereon. The expiration date may be extended upon written application by the holder; and</p> <p>(d) Excluding all services for the repair or maintenance of real property.</p>	
6	Sale of cemetery plots, caskets, funeral and burial related items and services by a funeral home.	
7 & 8 9	<p>Sales of:</p> <p>(a) professional services and supplies by a person licensed or certified by the state of Alaska as a doctor of medicine and surgery, a doctor of osteopathy and surgery, a chiropractor, a dentist, a naturopath, an optometrist, an audiologist, a hospital, a midwife, a birth center, an acupuncturist, an occupational therapist, a physical therapist, a certified nurse's aide, or a registered or practical nurse, provided that the sale is within the scope of the state license or certificate;</p> <p>(b) controlled substances supplied and services performed pursuant to a prescription from a person listed in subsection (a) of this section.</p> <p>Sales of</p> <p>(a)counseling services by a psychologist or psychological associate, a clinical social worker, an alcohol and drug counselor, or a marital and family therapist, licensed or certified as such by the state;</p> <p>(b)assisted living services provided in accordance with an assisted living plan and in an assisted living home licensed as such by the state.</p> <p>Sales and rentals of hearing aids, crutches, wheelchairs and personal property specifically manufactured for a patient.</p>	Exempts medical services, prescription drugs, counseling services, assisted living services and medical items manufactured specifically for a patient.
10	Reserved	
11	<p>(a)Membership dues and assessments, initiation fees and donations paid to</p> <p>(1)Labor unions, fraternal organizations, and other nonprofit organizations that have obtained a 501(c) exemption certificate from the Internal Revenue Service, or</p> <p>(2)A shopping center merchants= association whose membership is restricted to, and required of, the tenants of a one-owner shopping center and their common lessor but only to the extent such payment is for the purpose of promoting the general business interests of its members.</p> <p>(b)The exemptions established by this subsection (11) do not apply to a set minimum or suggested fee charged for admission to specific functions.</p>	
		Exempts purchases and sales made by

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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.	501(c)(3) and (c)(4) organizations which have registered with the sales tax office.
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 the following: sales of pull-tab games by federally recognized Indian tribes, political subdivisions, and municipalities;	Does not exempt sales, services & rentals made by certain CBJ departments such as BRH, Capital Transit, P&R, Eaglecrest, Docks & Harbors.
14	Reserved	
15	Reserved	
16	<p>(a) Retail sales, rentals, or services at a school-approved activity, by a school-approved group, raising funds for its approved purpose.</p> <p>(b) Retail sales in school cafeterias of food or beverages not sold in such school cafeterias to the general public.</p> <p>(c) As used in this subsection, school means a public or private primary school, secondary school, or university.</p>	
17	Child day care, pre-elementary school and babysitting services.	
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.	
19	Reserved	
20	Residential rentals other than rentals to transients who occupy or rent a suite, room or rooms in a hotel-motel for fewer than thirty consecutive days for the purpose of habitation.	Exempts long-term (more than 30 day) residential rentals.
21	That part of a selling price of a single item that exceeds seven thousand five hundred dollars. For purposes of this subsection, a single item is: (A) an item sold in a single sale consisting of integrated and interdependent	Only the first \$7,500 of the selling price of a <u>single item</u> is taxed.

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	component parts affixed or fitted to one another in such a manner as to produce a functional whole. Optional accessories, including goods, services, and contracts for services, if used or essential for the operation of the item, shall be considered part of the functional whole, or (B)a single delivery of fuel oil in excess of 50,000 gallons delivered by marine transportation to a single customer.	
22	That part of the periodic selling price of a single service that exceeds seven thousand five hundred dollars. The periodic selling price is the amount owed on a calendar month or invoice basis, whichever is more frequent. Services or contracts exceeding a payment period of one calendar month are computed for sales tax purposes as though payment were to be made on a calendar month basis. A single service is an interrelated and interdependent function necessary to perform a specified action.	Only the first \$7,500 of the selling price of a <u>single service</u> is taxed.
23	Sales tax paid on leases under a lease/purchase agreement may be credited toward the payment of the tax due on the exercise of the purchase option in the same proportion as the lease payments are applied to the purchase price; provided, that there will be no refund of taxes paid on the lease.	
24	The commission charged by an agent for the sale of travel, lodging or tours to the performer of the service. The commission exemption does not apply to the retail price of the travel, lodging or tour charged to the consumer.	Primarily claimed by merchants in the tourism industry who sell tours for other companies and receive a commission in return.
25	That part of the selling price of travel and adventure services, and related services, rentals and goods, excluding lodging, sold outside but delivered within the city and borough, which is not remitted to the provider of the service and which represents a selling cost or commission or similar charge.	Exemption is not actively claimed since merchants who would claim this exemption do not have a physical presence in Juneau.
26	The following sales and services by banks, savings and loan associations, credit unions and investment banks: (a) Services associated with any deposit accounts, including service fees, NSF fees, and attachment fees; (b) Fees for the purchase of bank checks, money orders, travelers checks and similar products for payment; (c) Loan fees and points associated with loan transactions; (d) Pass-through charges on loan transactions which include sales tax; (e) Services associated with the sale, exchange or transfer of currency, stocks, bonds and other securities.	
27	Printing services resulting from orders received from outside the city and borough	

#	Current Exemption Language	Further Information
	where delivery of the printed material is made to the nonresident purchaser outside the city and borough by mail or common carrier.	
28	Sales of aviation fuel and aviation fuel delivery services at the Juneau International Airport.	
29	Fees charged for nonprofit youth day, recreation, summer and similar camps primarily serving persons under eighteen years of age.	
30	Certain sales, as set forth herein, to the official gubernatorial inaugural committee, provided the committee has been issued a temporary sales tax exemption certificate by the finance director and the certificate is displayed by the buyer at the time of purchase. Such certificate will be issued to the official gubernatorial inaugural committee for specific sales of goods, services or rentals for use in gubernatorial inaugural functions in the city and borough where the committee presents proof satisfactory to the finance director that such goods, services or rentals will be so utilized.	
31	Services sold for resale when the services are directly integrated into services or goods sold by the buyer located within the City and Borough and registered with the sales tax administrator, to another purchaser in the normal course of business, provided that the services are purchased separately for resale, and the services are identified, charged for and billed for separately from any other services.	Exempts services purchased for resale. These services must be purchased and resold separately from any other service.  A resale certificate is not used for resale of services.
32	Sales for resale of tangible personal property, as defined in CBJ 69.05.010(4), to a buyer who holds a valid resale certificate issued by the City and Borough.  A 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.	
33	Reserved.	
34	Reserved.	
35	Sales of lobbying services performed by lobbyists who are regulated by applicable state statutes and regulations.	
36	Sales of transportation and handling services for goods rendered by sellers primarily engaged in furnishing such services, where the goods are either transported from, or delivered to, a point outside the city and borough; provided, that the retail seller of	

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	goods may not exclude transportation or handling charges from the selling price of the goods.	
37	Radio, television and newspaper advertising services ordered from outside the City and Borough, provided that on the same day the same person places orders for substantially similar advertising services with advertising media in at least five other states.	
38	Sales of goods and services provided under a warranty or service contract, whether performed by the manufacturer or authorized representative of the manufacturer, and charged to third party warrantor for repairs, major maintenance, or both. Major maintenance does not include routine or scheduled maintenance attributable to normal operation of the warranted item.	Exempts goods & services charged for under a warranty.
39	<p>Transactions between entities having identical legal composition, as certified by an exemption certificate issued by the sales tax administrator. "Transactions" means retail sales, rentals of real property, rentals and sales of tangible personal property, leases including capital leases and operating leases, and services performed.</p> <p>(a) As used in this subsection, a transaction is "between entities having identical legal composition," if the following two conditions are satisfied:</p> <p>(1) One party to the transaction:</p> <p>(A) Comprises or is owned by the same persons who comprise or own the other party to the transaction, each of whom owns:</p> <p>(i) At least five percent of each legal entity that is a party to the transaction; or</p> <p>(ii) The same percentage of one party to the transaction as that person owns of the other party; or</p> <p>(B) Is a wholly-owned subsidiary or a parent corporation of the other party to the transaction; or</p> <p>(C) Is a wholly-owned subsidiary, and the other party to the transaction is a wholly-owned subsidiary, both of which are owned by the same parent corporation; or</p> <p>(D) Is a trust, the beneficiaries of which are the same natural persons who comprise or own the other party to the transaction;</p>	Exempts transactions between "related" parties. Must have identical legal composition.

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	<p>and</p> <p>(2) Neither party to the transaction is a publicly traded corporation.</p> <p>(b) Application for an exemption certificate shall be on a form specified by the sales tax administrator and shall set forth the name and address of each individual, married couple, group of individuals, or legal entity involved in the transaction; a description of the legal form of each entity; the degree of ownership held by each individual, couple, group, or entity. Any change in this information shall be reported to the manager within 15 days. Failure to report such change may result in the loss of any tax exemption for that period.</p>	
40	The commission paid to an agent for negotiating the sale or lease of tangible personal property on behalf of the owner of the property provided that the commission is the only compensation paid to the agent for negotiating the sale. The commission exemption does not apply to the retail price of the sale or lease of tangible personal property.	Exempts the commission received by a sales agent for negotiating the sale of tangible personal property.
41	Reserved	
42	Tuition payments received by a non-profit corporation providing one or more grades of elementary, middle, or high school education.	