

# Alaska Remote Seller Sales Tax Commission (ARSSTC)

Remote & Local Sales Tax  
- Benefits & Crossover





# About the ARSSTC

---

## Background

- In November 2019, an intergovernmental agreement was signed by 15 local governments across Alaska, establishing the Alaska Remote Seller Sales Tax Commission (ARSSTC or Commission).
- The ARSSTC provides governance over a streamlined, single-level sales tax program.
- The ARSSTC meets the standard set in *South Dakota vs Wayfair* for centralized administration so that sales tax can be captured from online sales.



# About the ARSSTC

---

## Scope

- Applies to sales shipped into a municipality by remote sellers.
- Remote sellers are those without physical presence in a municipality.
- Remote sellers will be required to collect sales tax if following threshold criteria is met:
  - \$100,000 in gross sales shipped into Alaska in current or previous calendar year.



# About the ARSSTC

---

## Municipality Impacts

- To participate in the Commission a municipality must adopt the Commission's Uniform Remote Seller Sales Tax code that provides for common definitions and a standard set of administrative rules for remote sellers.
- A municipality keeps its own sales tax rate, exemptions, and maintains local control of their sales tax code.
- Remote sales are subject to local sales tax and exemptions based on the destination address or point of delivery.
  - Sales tax should only be charged if the point of delivery is within a taxing jurisdiction that is a member of the ARSSTC.
  - For residents who live outside a taxing jurisdiction but use a post office box located in the taxing boundary, the point of delivery is the PO Box.



# Local / ARSSTC Crossover

---

- Taxation of Digital goods / services
- Point of Delivery improvements
- Taxation of Services
- Assistance with national 3<sup>rd</sup> party tax companies



# Local / ARSSTC Crossover

---

## Taxation of Digital goods / services

- At the outset of the ARSSTC, existing levy language was believed to be sufficient to tax digital goods / services.
- As the ARSSTC progressed, a clear definition of digital goods / services was needed.
- ARSSTC developed definitions in 2024 and passed on to member jurisdictions for adoption into local code.
- Adoption into local code will add clarity to taxation of remote sales of digital goods / services.
- Adoption into local code will also make it clear that local businesses have a requirement to tax digital goods / services same as remote sellers.



# Local / ARSSTC Crossover

---

## Taxation of Digital goods / services

- “Digital good” means any product delivered electronically (whether downloaded, streamed or subscribed to). A digital good generally takes the form of a license to use or store in a digital or electronic format. Digital goods are generally intangible property for purposes of this chapter.
- “Digital service” means any service delivered electronically that uses one or more software applications. Digital service includes any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service, provided the service is delivered electronically.



# Local / ARSSTC Crossover

---

## Point of Delivery Improvements

- The ARSSTC has developed thorough code language around “point of delivery”.
- If a community is interested in updating its own language to add clarity and uniformity, ARSSTC language can be used in local codes.



# Local / ARSSTC Crossover

---

## Point of Delivery Improvements

“Point of delivery” means the location at which property or a product is delivered or service is rendered.

A. When the product is not received or paid for by the purchaser at a business location of a remote seller in a Member Jurisdiction, the sale is considered delivered to the location where receipt by the purchaser (or the purchaser's recipient, designated as such by the purchaser) occurs, including the location indicated by instructions for delivery as supplied by the purchaser (or recipient) and as known to the seller.



# Local / ARSSTC Crossover

---

## Point of Delivery (continued)

B. When the product is received or paid for by a purchaser who is physically present at a business location of a Remote Seller in a Member Jurisdiction the sale is considered to have been made in the Member Jurisdiction where the purchaser is present even if delivery of the product takes place in another Member Jurisdiction. Such sales are reported and tax remitted directly to the Member Jurisdiction not to the Commission.



# Local / ARSSTC Crossover

---

## Point of Delivery (continued)

C. When the service is not received by the purchaser at a business location of a remote seller, the service is considered delivered to the location where the purchaser receives the service.

D. For products or services transferred electronically, or other sales where the remote seller or marketplace facilitator lacks a delivery address for the purchaser, the remote seller or marketplace facilitator shall consider the point of delivery of the sale to be the billing address of the buyer.



# Local / ARSSTC Crossover

---

## Taxation of Services

- Most communities tax services based on where the service is performed.
- ARSSTC taxes services based on where the service is delivered to the buyer or where the buyer makes “first use of the service”.
- ARSSTC language is vital to taxation of remote services specifically those performed electronically.



# Local / ARSSTC Crossover

---

## Taxation of Services

- The difference in service taxation will likely lead to confusing situation for AK-based service providers.
- The service provider's home jurisdiction may require its sales tax to be charged on a service; at the same time an ARSSTC jurisdiction may require its sales tax to be charged under ARSSTC rules.



# Local / ARSSTC Crossover

---

## 3<sup>rd</sup>-Party Tax Companies

- The ARSSTC has numerous connections with national 3rd party tax companies.
- ARSSTC frequently encounters remote sellers that are not correctly set up for Alaska.
- Can lead to returns being sent directly to communities in error.
- ARSSTC connections have led to improvements in set-up guidance provided to remote sellers in AK.



# Local / ARSSTC Crossover

---

## 3<sup>rd</sup>-Party Tax Companies

- ARSSTC also communicates local tax code changes to 3<sup>rd</sup> parties.
- Not just for ARSSTC communities, but for any community with a sales tax that makes changes.



# Local / ARSSTC Crossover

---

## In Summary

- Involvement w/ ARSSTC brings not just increased revenues.
- Communities will have improved access to code improvements leading to improved taxation processes for your community.



# Questions?

---