

**KETCHIKAN GATEWAY BOROUGH
RESIDENTIAL CONSTRUCTION SALES TAX REFUND**

FREQUENTLY ASKED QUESTIONS

1. Who may use this provision in the Borough Sales Tax Code? Anyone who is building a new home or "substantially" remodeling or adding onto an existing dwelling that is the taxpayer's primary residence may apply for the refund. This means that if you need to apply for a zoning permit for the work to be done you probably qualify. Approvals are made on a case by case basis.

2. What qualifies? Anything which is a permanent part of the residence qualifies. Appliances do not qualify, but a furnace or heating system does. The Code is specific on this.

3. What if part of the house is a rental? That prorated share of the house which is designated as a rental in a duplex is not eligible for the refund. Your refund would be reduced by the percentage of the square footage which is rental property.

4. Can I have a contractor do the work? Yes, a contractor can provide all labor, tools and plans, but you must purchase the materials and pay sales taxes on those materials yourself in order to be refunded the cost of the materials. This does not mean that the contractor cannot pick up materials for you, just that you must pay the materials yourself.

5. Is sales tax paid outside the Borough eligible? NO, only sales taxes paid to the Ketchikan Gateway Borough are refundable.

6. What do I need to submit? We need copies (or the originals) of all receipts for the materials used, along with an adding machine tape or computer spreadsheet of the sales taxes paid. These should separate City and Borough paid taxes. Any tools or supplies purchased should be marked on the receipts and appropriate adjustments made. Borough staff then reviews the tapes and receipts for accuracy and processes the paperwork for the refund.

7. How long do I have to submit the refund? You have two years from the date of the issuance of a zoning permit to complete the construction. While there is no limit in the code as to how long you may take to complete the application, a preliminary application should be made at the time of issuance of the zoning permit. This starts the clock on the two years. When the work is done you should submit the receipts and tapes or spreadsheet as soon as possible.

8. What if I buy part of the materials and a contractor buys some? The sales tax on the materials you buy will be refunded, but not on the contractor purchased items.