

# Instructions for Alaska Salmon Enhancement Tax Return

## What's New

### **Taxpayers Are Required to File Electronically**

Taxpayers are required to file electronically all tax returns and reports, unless a taxpayer applies for and is granted a waiver from that requirement, according to Alaska Statutes 43.05.045.

House Bill 375, which became effective July 1, 2016, amended the statute to include the electronic filing requirement. See the sections titled, "How and Where to File and Pay" and "Penalties" on the following pages for more information on the waiver, and potential penalties.

The Alaska Department of Revenue's Tax Division has electronic filing through Revenue Online, an online portal where taxpayers can file and pay tax returns, view tax accounts and balances, apply for licenses, upload documents, and conduct other business with the Tax Division.

Revenue Online allows the Tax Division to process refunds faster, communicate with taxpayers quicker, and to more efficiently account for information it's required to report to the Alaska Legislature.

### **Due Date Determined by Type of Business**

**Licensed Buyers** – This return must be filed and the taxes paid no later than the last day of the month following the month in which the salmon were purchased or acquired.

**Monthly Filers** – This return must be filed and the taxes paid no later than the 15th day of the month following the month in which the salmon were purchased or acquired.

**Fishermen (including direct marketers, catcher sellers, catcher exporters and catcher processors)** – This return must be filed and the taxes paid on or before March 31st of the following year.

### **Type of Return**

If this is not an original tax return please check the correct reporting box (i.e. no activity, amended or bonus). Look further into the instructions for sections describing amended and bonus returns.

### **Type of Business**

Under section titled, Type of Business, check the box that describes your business, either Licensed Buyer Monthly Filer or Fisherman.

- If a buyer or monthly filer, fill in the "month and year" you bought your fish.
- Fishermen (including direct marketers, catcher sellers, catcher exporters and catcher processors), fill in the "year" you exported or sold your fish.

### **Exempt Purchases**

Salmon purchased from government agencies, salmon hatcheries, fishing derby associations, and other organizations with "special use permits" are not subject to the salmon enhancement tax.

### **Tax Calculation**

Licensed buyers and monthly filers who purchase salmon in an established aquaculture regions must collect the tax and file on

a monthly basis. Licensed buyers and monthly filers must file a bonus return when a limited entry permit holder (as defined under AS 16.43) receives end-of-season settlement or bonus amounts for salmon previously acquired by the licensed buyer.

Fishermen that catch salmon (including direct marketers, catcher sellers, catcher exporters and catcher processors) in established aquaculture regions must pay the tax and file on an annual basis.

The information requested in the columns titled "Where Caught" is required under AS 43.76.025 and is for the purpose of determining appropriations to qualified regional aquaculture associations and does not affect the amount of your tax.

The columns titled "Purchased or Exported" represents the salmon sold in or exported from established aquaculture regions in Alaska.

### **What Records Must the Licensed Buyer Keep?**

In order to properly complete and substantiate the monthly return, licensed buyers must prepare and retain the following records:

1. Alaska Department of Fish and Game fish tickets for salmon purchased or otherwise acquired;
2. A daily journal or other record showing for each transaction:
  - the person from whom the salmon was acquired and the limited entry permit number provided;
  - the pounds and value by species of the salmon purchased or otherwise acquired;
  - the amount of salmon enhancement tax collected; and
  - the region designated under AS 16.10.375 in which the salmon were caught.

## How and Where to File and Pay

### **Filing Your Return**

Effective July 1, 2016, taxpayers are required to file their returns and reports electronically using Revenue Online at <http://online-tax.alaska.gov>, unless a taxpayer can show the Department of Revenue evidence that the taxpayer does not have the capability to submit the return or report electronically. (AS 43.05.045)

To request a waiver from the electronic filing requirement, the taxpayer must submit Form 773, the Electronic Filing Waiver Application, which is available under Forms on the Tax Division's website at [www.tax.alaska.gov](http://www.tax.alaska.gov). A taxpayer applies to the Tax Division for a waiver using the taxpayer's FEIN or SSN; once granted, that waiver applies to the tax types for which the taxpayer submits reports or tax returns.

An application for a waiver must be submitted before a return or report is due. A waiver that is granted is in effect for five years after the first tax filing due date following the date the waiver was granted. When the waiver expires, the taxpayer may apply for another waiver.

Once a waiver is granted, a taxpayer may request returns and reports on paper. Completed forms may be mailed to:

Alaska Department of Revenue  
Tax Division  
PO Box 110420  
Juneau, AK 99811-0420

## How to Pay

You may pay your taxes electronically through Revenue Online, <http://online-tax.alaska.gov>. You may also pay by wire transfer or mail in a check.

Note: If filing monthly and your combined liability is \$100,000 or more or if filing annually and your combined liability is \$150,000 or more, you must pay electronically through Revenue Online or by a wire transfer. See Alaska Administrative Code 15 AAC 05.310 for more information on the requirement.

## Pay Electronically

Revenue Online uses Automated Clearing House (ACH) debit payments. It does not accept credit cards or ACH credit transactions.

If you are making a payment using Revenue Online, follow the prompts. If you have questions, call the Tax Division at 907.269.0041.

Check with your bank before setting up a debit (ACH) payment to determine if your account has a debit block. The block (or filter) controls electronic transactions posted to bank accounts and only accepts authorized ACH debit originators.

If you have a debit block on your account, you must ask your bank to list the State of Alaska as an authorized ACH debit originator on your account, and give your bank the Department of Revenue's company ID (0000902050). If you don't give that information to your bank, your bank will reject your tax payment, and rejected payments may result in late payment penalties and interest.

## Pay by Wire Transfer

To make a payment by wire transfer, you must notify the Department of Revenue, Treasury Division by 2 p.m. Alaska Time **the business day prior** to the wire transfer settlement date.

For the notification, prepare a payment voucher on Revenue Online, and e-mail it to [dor.trs.cashmgmt@alaska.gov](mailto:dor.trs.cashmgmt@alaska.gov). The notice must include the taxpayer's name, total payment amount, tax type, tax period, purpose of the payment, and that the funds are for the Department of Revenue. If your payment covers multiple tax periods, prepare a separate voucher for each period.

Contact the Treasury Division for the State of Alaska's bank information at [dor.trs.cashmgmt@alaska.gov](mailto:dor.trs.cashmgmt@alaska.gov) or 907.465.2360. Ask your bank to initiate a wire transfer of funds through the Federal Reserve wire transfer system to be received and credited to the State of Alaska.

If you don't have e-mail or you would like confirmation that a wire transfer was successful, call 907.465.2360.

## Pay by Check

Make checks payable to the State of Alaska. If you are filing your tax return or report through Revenue Online, print off a payment voucher to mail in with your check. If you have been granted an electronic filing waiver, please mail your check with your tax return or report. In both cases, please mail to:

Tax Division  
Alaska Department of Revenue  
PO Box 110420  
Juneau, AK 99811-0420

Note: If your payment liability is \$100,000 or more for licensed buyers and monthly filers or \$150,000 for annual filers, you must pay electronically through ACH Debit or by a wire transfer. This requirement is set forth in Alaska Administrative Code 15 AAC 05.310. For information on paying electronically or by wire transfer see sections titled, Pay Electronically and Pay by Wire Transfer.

## Penalties

### Failure to File Electronically

Effective July 1, 2017, the Department shall assess a civil penalty of \$25 or 1 percent of the total tax before any payment, whichever is greater, against a taxpayer who fails to submit electronically a return or report under AS 43.05.045, unless the Department determines that failure to comply with AS 43.05.045 is due to a reasonable cause. (AS 43.05.220(f))

## Definitions

**Value** – Determined by the circumstances, there are three different definitions of value:

1. The market value as determined by the prevailing price paid to fishermen for the unprocessed fishery resource of the same kind and quality by fisheries businesses in the same region or market area where the fishery resource was caught if:
  - i) the fishery resource was caught by a person holding a direct marketing fisheries business license; and
  - ii) the fishery resource was sold to a buyer other than a licensed fisheries business.
2. For fisheries resources other than those described in 1 above, the market value of the fishery resource if caught in company-owned or company-subsidized boats operated by employees of the company or in boats that are operated under lease to or from the company or other arrangement with the company and if the fishery resource is delivered to the company.
3. For fishery resources other than those described in 1 or 2 above, the actual price paid for the fishery resource by the fisheries business to the fisherman, including indirect consideration and bonus amounts paid for fuel, supplies, gear, ice, handling tender fees, or delivery, whether paid at the time of the fisheries resource was purchased, or tendered as deferred or delayed payment.

**Aquaculture Region** – A region of the state designated by the Commissioner of Fish and Game for the purpose of salmon production, in which there exists a regional association organized for the purpose of enhancing the salmon production and licensed by the Commissioner of Fish and Game, and in which an election has been held approving the imposition of the salmon enhancement tax.

### Who Must File a Bonus Return?

Licensed in-state buyers and monthly filers making bonus payments for salmon originally acquired within an aquaculture region are required to file a bonus return. A return is due only for a month in which a limited entry permit holder (as defined under AS 16.43) receives bonus payments for salmon acquired by the buyer.

### Bonus Return Due Date

Licensed Buyers – bonus returns for must be filed and the taxes paid no later than the last day of the month following the month in which the bonus payment was made (e.g., a bonus payment made in November would be reported on a bonus return that would be due on or before December 31st).

Monthly Filers – bonus returns for must be filed and the taxes paid no later than the 15th day of the month following the month in which the bonus payment was made (e.g., a bonus payment made in November would be reported on a bonus return that would be due on or before December 15th).

### How Are Bonus Amounts Reported?

Under the Tax Calculation section, in the columns titled, “Where Caught” and “Purchased or Exported” report all salmon pounds previously listed on the original tax return for this period. Likewise, add to the value of salmon previously reported for this tax period any bonus payment amounts made for salmon previously acquired in the applicable aquaculture region(s). Calculate the tax on the revised values under column F and carry the totals of lines 1 through 7 to line 9. On line 10 indicate total taxes previously paid with the original return. On line 11 subtract line 10 from line 9. This is the tax amount due with the bonus return.

**Example:** On its original return for July of 2017, Acme Fish Company reported 200,000 pounds of salmon and a total value of \$100,000 on lines 1 through 7 in the columns titled, Purchased or Exported. Acme paid a tax of \$3,000 (\$100,000 times 3%) as calculated in the column titled, Salmon Enhancement Tax, and sub-column (F) and filed its return and payment before the due date August 31, 2017.

In December of 2017, Acme paid the fisherman from whom it originally acquired this salmon a bonus of \$15,000. To report the bonus payments Acme Fish Company checks the “Bonus” box under the section, “Type of Return” and writes “July, 2017” for the month and year the salmon were purchased. Additionally, the taxpayer writes “December, 2017” for the month and year the bonus payments were issued.

Under the Tax Calculation section lines 1 through 7, Acme reports 200,000 pounds and \$115,000 (the original value—plus

the bonus payment) in the column titled, Purchased or Exported and respectively within sub-columns (C) and (D). With column F, Acme reports a tax amount of \$3,450 (\$115,000 value times the 3% tax rate) and carries the total to line 9. On line 10, Acme lists the \$3,000 tax payment previously paid with its original return for the month of July, 2017. On line 11, Acme reports a \$450 tax due on the bonus payment (\$3,450 minus \$3,000), and remits the payment and files the bonus return on or before January 31, 2018.

### Amended Tax Returns

You can use this form to correct any errors on your original return. You should file an amended return if you:

- Reported salmon under the wrong region;
- Misstated the number of pounds of salmon; or
- Misstated the value of salmon and the misstatement was not caused from a bonus payment.

Check the Amended box in the section titled, “Type of Return”. Indicate the month and year the salmon were originally acquired.

Under the Tax Calculation section, report the correct pounds and value under the correct region. Calculate your tax in Column F and carry the total to line 9. On line 10, report the tax you paid with your original return. On line 11, subtract line 10 from line 9 to determine the additional tax due or your tax overpayment. If you owe additional tax, include payment with your amended return.

Please attach a statement with a brief explanation of the error along with a description of the change(s) being made.

### Questions

Email us at [dor.tax.fishexcise@alaska.gov](mailto:dor.tax.fishexcise@alaska.gov) or call 907.465.2320.