



City of Nome

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To: Mayor & Nome Common Council
From: Bryant Hammond, City Clerk
Date: August 5, 2022
RE: NCO Chapter Regarding Tax Audits

As requested at your July 25, 2022 Regular Meeting, below is the Nome Code of Ordinances chapter regarding tax audits:

17.10.130 Tax Audits

(a) The assessor is not bound to accept a sales tax return as correct. He or she may make an independent investigation of all retail sales transactions. In such case, the assessor may make his or her own valuation of the taxable property, which shall be prima facie evidence in a court of law.

(b) For the conduct of an investigation, the assessor or his or her agent may enter any premises during reasonable hours, and may examine all books, records and other documents and property that may reasonably lead to the discovery of evidence of retail sales transactions. A person shall, upon request, furnish to the assessor or his or her agent every facility and assistance for the purposes of the investigation.

(c) An assessor may examine a person on oath. Upon request during reasonable hours, the person shall present himself or herself for examination by the assessor.

(d) Each seller liable to collect and pay sales tax shall maintain for a period of six years all books, records and other documents containing evidence of retail sales transactions, and shall produce any and all said books, records and other documents for examination and inspection at any reasonable time by the assessor.

(e) In the event the assessor, upon completion of an audit, discovers more than five hundred dollars in additional sales taxes due from a merchant resulting from a merchant's failure to accurately report sales and taxes due thereupon, the merchant will bear responsibility for the cost of the audit. The audit fee assessment will be in addition to interest and penalties applicable to amounts deemed to be delinquent by assessor at the time of the conclusion of the audit but shall not exceed one thousand dollars.

(f) A merchant may appeal audit assessments and penalties. The appeal will be conducted in a manner that is consistent with the appeal procedures set forth in NCO Sections [17.10.110](#)(d) and (e). (Ord. O-20-02-01 § 10, 2020; Ord. O-12-09-02 § 14, 2012; Ord. O-93-6-6 § 1 (part), 1994)