



ROOM OCCUPANCY TAX ON AIRBNB

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AIRBNB

Airbnb is an online marketplace that allows individuals (hosts) to list their homes, apartments, or spare rooms on the site and rent them out to travelers (guests). Hosts can promote their properties with titles, descriptions, and photographs and decide how much to charge per night, week, or month.

Travelers can search Airbnb's database of properties and contact hosts using an online form. They submit reservation requests and pay room charges through the website. In addition to the room charge, travelers pay a guest service fee of 6% to 12% to Airbnb. Airbnb takes an additional 3% service fee from the host for each reservation to cover the cost of processing the transaction (Folger, Jean. "[The Pros and Cons of Using Airbnb](#)," Investopedia.com).

ISSUE

Are Airbnb rental charges subject to the state's room occupancy tax? If so, are Airbnb hosts collecting and remitting the tax?

SUMMARY

Airbnb rental charges for stays of 30 days or less are subject to the state's 15% room occupancy tax, according to Susan Sherman, legislative program manager at the Department of Revenue Services (DRS). Sherman notes that DRS cannot report on whether Airbnb hosts are collecting and remitting the tax since it has not yet started auditing them.

ROOM OCCUPANCY TAX

By law, the room occupancy tax is a sales tax on the charges hotels and lodging houses impose for short-term stays (30 days or less). Under the law, a "hotel" is any building regularly used and kept open as such to feed and lodge guests that (1) receives individuals who conduct themselves properly and are able and ready to pay for accommodations when available and (2) derives a major portion of its operating revenue from renting rooms and selling food. It includes apartment hotels that are rented for fixed periods of

time, furnished or unfurnished, in which the hotel keeper supplies food to the occupants, if required. A "lodging house" is any building or portion of a building, other than a hotel or apartment hotel, in which persons are lodged for hire with or without meals, including a motel, motor court, motor inn, tourist court or similar accommodation.



The terms "hotel", "apartment hotel" and "lodging house" exclude (1) nursing homes and assisted living facilities operated by private, religious, or charitable organizations; (2) summer camps for children operated by religious or charitable organizations; and (3) lodging accommodations at educational institutions or operated by or in the name of a nonprofit organization (CGS § 12-407(a)(17)-(19)).

Taxpayers generally must file and pay the tax electronically by the 20th day of the month following the month covered by the return. (Beginning October 1, 2015, the deadline is extended to the last day of the month following the end of the filing period.) Unpaid taxes are subject to a penalty of 15% of the unpaid amount or \$50, whichever is greater, plus 1% interest for each month or partial month from the due date until the tax is paid in full (CGS § 12-414, as amended by PA 15-5, June Special Session (§ 137); CGS § 12-416; [Form OP-210](#)).

AIRBNB POLICY ON ROOM OCCUPANCY TAXES

Airbnb generally does not collect and remit room occupancy taxes on behalf of its hosts. Its website encourages hosts to learn about and comply with their state's and local government's occupancy tax laws. It suggests that hosts collect any required tax by (1) incorporating it into the nightly price, (2) adding it as an additional fee, or (3) asking guests to pay it in person (Airbnb, "[What is occupancy tax? Do I need to collect or pay it?](#)").

Airbnb is currently collecting and remitting room occupancy taxes on hosts' behalf in select locations, including San Francisco and Chicago. It also provides an opt-in feature in select locations, like Washoe County, Nevada, that allows the host to instruct Airbnb to collect (but not remit) room occupancy taxes on his or her behalf.

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