



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?

This report updates OLR report [2015-R-0250](#).

SUMMARY

Airbnb rental charges for stays of 30 days or less are subject to the state's 15% room occupancy tax. Airbnb collects and remits room occupancy taxes on behalf of its Connecticut hosts under an agreement with the Department of Revenue Services (DRS) reached in June 2016.

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 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](#); [CGS § 12-416](#); [Form OP-210](#)).

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