



# DID YOU KNOW?

## → Did you know that TOT and TBID is subject to more taxable revenues than simply nightly rent?

- Any mandatory fee or charge passed on to a transient occupant for the right to occupy a rental unit for 30 days or less without the intention of issuing a refund is taxable revenue.
- A security deposit, which is a returnable sum payable when something is rented to cover any possible loss or damage, is not subject to TOT and TBID and does not need to be reported as gross receipts.
- Online advertising platforms, e.g., Airbnb and VRBO, subtract a percentage of the amount paid by the transient occupant generally labeled as a host fee. This host fee is a taxable item and is to be included with the gross receipts.
- Recent audits of transient rental accounts have shown some operators are not reporting the online rental platform host fee.
- Along with online rental platform host fees, mandatory fees such as cleaning, additional occupants, linen/towel services, pet occupancy, resort, security, energy surcharges, mandatory insurance coverage, and “no show” charges are all taxable revenue and must be included in the reported gross receipts.
- Line items excluded are generally optional and include room service, food and beverage, fees for movies or video games, key deposits, optional insurance, and parking.
- Under-reported revenues are subject to penalties of 15% for the first and second month as well as 18% annual interest.

**If you have questions about taxable revenues for transient rentals, please contact the Finance Department at 760-965-3660.**