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Transient occupancy taxes are levied on facilities that provide accommodations for customers. The obvious model is a hotel or motel. But that might be the only thing that's obvious about these taxes. Like sales taxes, transient occupancy taxes — sometimes called hotel or lodging taxes — can get applied in convoluted ways by state and local governments.

Beyond hotels and motels

Besides hotels and motels, occupancy taxes get imposed on tourist camps, tourist courts, apartment homes, lodging houses, inns, bed and breakfasts, hunting camps, campsites, RV parks, vacation rentals; even dude ranches make the list in Montana. The taxes are not limited to overnight accommodations either. Meeting rooms, conference rooms, banquet halls, rooftop gardens, wedding chapels — even a berth on a vessel — may be subject to occupancy taxes.

Occupancy taxes don't stop at the cost of simple accommodations either. There are state and local occupancy tax rules about pay-per-view movies, meeting rooms, rental cribs, safe rentals, late departure fees, early arrival fees, cleaning charges, damage fees, golf course fees, laundry, valets, porters, mini bar charges and even something called “peace of mind insurance.”

The types and volume of companies associated with occupancy taxes are extensive. Whether it's the sharing sites for home vacation rentals like Airbnb or HomeAway, reservation portals like Expedia or hotels.com, major hotel chains, or even the mom-and-pop motel down by the freeway, all of these businesses are delivering occupancy services in an tax environment strewn with quirks, pitfalls, overlapping rules, and

multiple jurisdictions often administered by an agency or multiple agencies whose

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The imposition of an occupancy tax doesn't depend on whether a jurisdiction has a sales tax at all. For example, Oregon, Montana, New Hampshire, and Delaware, all states with no sales tax, collect occupancy taxes. In addition, many local occupancy taxes are administered at the local level, even in states where sales taxes are administered by the state itself. Determining proper forms, filing frequencies, regulations, and even where to send the check can be a challenge, even for tax pros.

Occupancy tax rates

Finally, the rates and fees associated with sales of occupancies vary wildly from jurisdiction to jurisdiction. You'll also note the rates are often higher than prevailing sales tax rates. Many of these occupancy regimes not only excise big taxes from consumers, they are often difficult for vendors to understand without concerted research.

The broad point? Occupancy taxes are exceptionally diverse with their own language and complexities. Besides many states that apply sales taxes to occupancy transactions, there are thousands of separate unique occupancy tax jurisdictions in the U.S. alone. For many of these, the actual taxing authority is left to local administration, sometimes by an agency more closely aligned with tourism and economic development instead of finance or tax collection.

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