



## Administrative Services/Finance

### **TRANSIENT LODGING**

This brochure is intended to help owners of vacation (short-term) rentals understand the Transaction Privilege (sales) Tax (TPT) laws that apply to their businesses. This information is based on the Model City Tax Code and the Arizona Revised Statutes, Title 42.

#### **Who is a transient lodging operator?**

- A transient lodging operator is an owner of lodging space furnished to any person on a short-term basis (less than 30 consecutive days) for a consideration.

#### **What are the Transaction Privilege Tax requirements?**

- Obtain a TPT license. All transient lodging business owners must have a license in accordance with A.R.S § 42-5042(A):

*“An online lodging operator may not offer for rent a lodging accommodation without a current transaction privilege tax license.”*

- List TPT license in all advertisements in accordance with A.R.S § 42-5042(A):

*“The online lodging operator shall list the transaction privilege tax license number on each advertisement for each lodging accommodation the online lodging operator maintains” [A.R.S § 42-5042(A)]*

- File TPT returns. All online business owners must file returns periodically.

#### **How do I obtain a TPT license?**

- You can apply for a license by visiting <https://www.aztaxes.gov/Home/WelcomeRegister>
- You can also download and fill out the Joint Tax Application here: <https://azdor.gov/forms/tpt-forms/joint-tax-application-tpt-license> and then mail the application to the Arizona Department of Revenue, PO Box 29032, Phoenix, AZ 85038

#### **Where on the advertisement do I list the TPT license?**

- You can list your license number anywhere in the property description box of the online advertisement.

#### **How often do I have file a TPT return?**

- TPT filing frequency is determined by the businesses total estimated annual combined Arizona, county and municipal TPT liability as follows:

- ❖ Annual: Less than \$2,000 estimated annual combined tax liability
- ❖ Quarterly: \$2,000 - \$8,000 estimated annual combined tax liability
- ❖ Monthly: More than \$8,000 estimated annual combined tax liability

**I conduct part or all my business through a third party who collects and remits the taxes to the Department of Revenue, do I still have to file a TPT return?**

- Yes, however, you are allowed a deduction for the portion of the gross receipts the third-party pays taxes on by using deduction code 775.

**How do I file a TPT return?**

- Visit [www.aztaxes.gov](http://www.aztaxes.gov) to file a TPT return electronically.
- You can find a step-by-step guide on how to file a return at this location:

[https://azdor.gov/sites/default/files/media/PUBLICATION\\_TPT\\_TPT2-stepbystep.pdf](https://azdor.gov/sites/default/files/media/PUBLICATION_TPT_TPT2-stepbystep.pdf)

**Are there penalties for failing to comply with these requirements?**

- Yes, the Department of Revenue may impose penalties for operating without a license and for not listing the TPT license on the advertisement pursuant to A.R.S. § 42-1121.02.
- The penalty for the first offense is \$250 and \$1,000 for a subsequent offense.

**When applying for a license I am asked the NAICS code, what is the vacation rental NAICS code?**

- The North American Industry Classification System (NAICS) for vacation rentals is 721199.

**What are the region codes I am asked for in the TPT application?**

- The region codes applicable for Lake Havasu businesses are MOH for county and LC for city.

**What business codes apply to vacation rentals?**

- For the city, the codes are 044-Hotel & 144-Additional Hotel Tax. You only need to enter the numbers.

**Additional resources:**

- TPT Tutorials: <https://azdor.gov/taxpayer-education/tpt-tutorials>
- Lodging Operators and Lodging Marketplace Publication: [https://azdor.gov/sites/default/files/media/PUBLICATION\\_OLMfactsheet.pdf](https://azdor.gov/sites/default/files/media/PUBLICATION_OLMfactsheet.pdf)

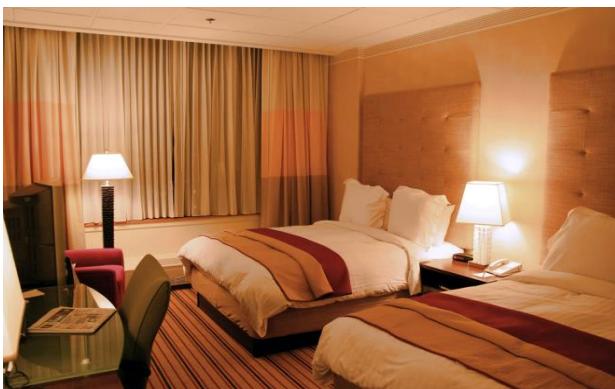
**YOU OWE TAX ON HOTELS IF:** | You are operating a hotel or vacation rental in Lake Havasu City.

**DEFINITION OF A HOTEL:** | **“Hotel”** means any public or private hotel, inn, hostelry, **tourist home, house**, motel, rooming house, apartment house, trailer, or other lodging place within the City offering lodging, wherein the owner thereof, for compensation furnishes lodging to any **transient**, except foster homes, rest homes, sheltered care homes, nursing homes, or primary health care facility.

**DEFINITION OF TRANSIENT:** | **“Transient”** means any person who either at the person's own expense or at the expense of another obtains lodging space or the use of lodging space on a daily or weekly basis, or on any other basis for less than thirty (30) consecutive days.

**LAKE HAVASU CITY TAX RATE:** | The tax rate shall be at an amount equal to two percent (2%) of the gross income from the business activity upon every person engaging or continuing in the business of operating a hotel charging for lodging and/or space furnished to any Transient. (City Code - Section 3.04-444)

**LAKE HAVASU CITY ADDITIONAL TAX FOR TRANSIENT LODGING:** | In addition to the taxes levied as provided in Section 3.04-444 above; there is an additional tax in the amount of three percent (3%) of the gross income levied per Section 3.04-447 of the City Code.



**RENTAL PERIODS:** | If a “Hotel” rents out a unit for a rental period over 30 days, no tax is due, this is considered residential rental.

If a “Hotel” rents out a unit for a rental period less than 30 days (daily/weekly) all taxes apply even if the person stays for years.

**Examples:**

*I go to a “Hotel” and sign a lease for 60 days. There is no tax because I have rented the unit for over 30 days.*

*I go to a “Hotel” and rent the unit for one week at a time and I stay for 60 days. The full tax rate applies for the 60 days.*

When filing your Arizona State Transaction Privilege Tax (TPT) you will use the following descriptions and codes:

**State/County – MOH**

**Lake Havasu City – LH**

Business Description	Region Code	Business Class	Percentage %
Transient Lodging	MOH	025	5.50%
Hotels	LH	044	2.00%
Hotels/Motel (Add'l Tax)	LH	144	3.00%
<b>Total</b>			<b>10.50%</b>

*This publication is for general information only about Transaction Privilege Tax (TPT) on income from “Hotel & Vacation Rental” activities. This is an informal and nonbinding communication.*

*For complete details, refer to Lake Havasu City Code for Privilege and Excise Taxes. In case of inconsistency or omission in this publication, the language of the Tax Code will prevail. The transaction privilege tax is commonly referred to as a sales tax; however, the tax is on the privilege of doing business in Lake Havasu City and is not a true sales tax.*

Lake Havasu City Code in its entirety can be found at:

<https://codelibrary.amlegal.com/codes/lakehavasuacity>