

**Transient Lodging Tax Department**  
**Frequently Asked Questions (FAQ's)**

**\*\* Disclaimer \*\***

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- 1) Q – If I file an electronic return online and I pay by check, when do I have to mail in the payment with a copy of the return?

A – You must mail the payment with a signed copy of your return enclosed by the due date. The envelope must be postmarked by the post office no later than the due date in order to avoid any late fees or penalties. It is highly recommended that you mail the envelope certified or obtain a proof of mailing from the post office.

- 2) Q – Are adjustments to taxable room revenue for rooms associated with contracted complimentary rooms, i.e. 1/25, 1/40 or 1/50, allowed as a credit to the group master based on room block pickups?

A – Adjustments to taxable room revenue to group master accounts may be allowed as described above under the following conditions:

(a) Complimentaries specifically relating to contract sales groups must be clearly detailed in the contract.

(b) Complimentary adjustments to group master accounts for room revenue must not exceed actual room charges posted to the master account.

- 3) Q – Are rebates, commissions or other subsidies to 3<sup>rd</sup> parties such as the RSCVA, a specific Convention Group, or other entities or groups (based on room block pickups) allowed as adjustments to taxable room revenue and transient lodging tax?

A – Adjustments to taxable room revenue and transient lodging tax for rebates, commissions or other subsidies (based on room block pickups) are not allowed as described above.

Note: Rebates, commissions or other subsidies to 3<sup>rd</sup> parties paid for by the guest in the room rate are taxable. Rebates, commissions or other subsidies paid to 3<sup>rd</sup> parties should be handled as an expense and should not affect taxable room revenue and transient lodging tax.

**RSCVA Regulation 3.6**, “All taxes levied by a city, town or county for use in connection with NRS 244A.597 to 244A.655 inclusive and collected by any motel, hotel or gaming establishment are public moneys from the moment of their collection and shall be held in trust by the establishment collecting such taxes for the use and benefit of the city, town or county levying such taxes or for the use of the county fair and recreation board where such revenues have been assigned or appropriated to the county fair and recreation board.”

- 4) Q – Are adjustments to taxable room revenue and transient lodging tax on group master accounts for meeting rooms, banquet functions, convention center expenses, or any other type of revenue (based on a per/night amount for room block pickups) allowed as a credit to the group master as “apportionment” or “package allotment”?

A – Adjustments to group masters are not allowed as described above.

Note: When individual guests are charged a room rate and transient lodging tax on their guest folio and pay for it, those rooms are not eligible for allocation of revenues, expenses or a package breakdown afterwards.

Packages must be set up in the property management system and revenues properly allocated at the time room and tax is posted.

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- 5) Q – Are mandatory “Bellman Gratuities” a taxable item?

A – Yes, all mandatory fees associated with the rental of transient lodging including mandatory baggage handling fees retained by the property are taxable.

- 6) Q – Are rooms included as part of a package taxable?

A – Yes, rooms included as part of a package are taxable when the guest pays a package price.

- 7) Q – How is tax calculated on rooms included as part of a package?

A – Tax on Rooms included in Wholesaler & Promotional Packages – Rooms included as part of “package” programs will be taxed on a prorated basis, depending upon the total retail value of the individual package items supplied by the licensee. Details of package cost, retail value of package components, etc., must be retained to support returns on which package revenue is reported.

Example: An example of a standard non-gaming package is an entertainment show package. The components of the package are clearly advertised to the guest as being part of the package, the value of each component determined by the Operator is added for a total retail value of the package. (See Exhibit 1)

In the retail valuation, each package component is listed and then expressed as a percentage of the total retail value of the package. For example, the room value of \$300.00 is 50% (A) of the total retail value of the package of \$600.00, and so forth for each component.

Exhibit 1

**Non-Gaming - Package with Show Tickets**

	Retail Value	
Room	\$ 300.00	50% <b>A</b>
Food	100.00	17%
Beverage	50.00	8%
Show Tickets (In-House)	<u>150.00</u>	25%
Retail Value of Package	\$ 600.00	100%

The room value of 50% is then multiplied by the package price of \$200.00 paid by the guest (B) to determine the taxable allocation of the room, which is \$100.00. The taxable allocation is multiplied by the Operator's tax rate to determine the tax owed. (See Exhibit 2)

Exhibit 2

**Non-Gaming - Package with Show Tickets**

Package Price (paid by guest)	\$ 200.00 <b>B</b>
Taxable Allocation of Room ( <b>A x B</b> )	\$ 100.00
Tax at 13.5%	\$ 13.50

Supporting documentation for all packages including, but not limited to, brochures, advertisements, etc., must be retained for audit purposes.

8) Q – Can I change the payment date for Electronic ACH payments?

A – Yes, the system defaults to the date at which the return must be submitted no later than in order to avoid a penalty. You can change the date to an earlier date any time prior to submission.

9) Q – How are audits scheduled?

A – Property audits and frequency of audits will be determined at the discretion of the Tax Administrator. Generally audits are scheduled according to the number of months since the last audit of the property.

Note: Audits will cover a three (3) year period, except as follows: If the Operator fails to secure and maintain the proper licenses, does not file tax returns as required, and/or the auditor has reason to believe that fraudulent or material misstatements, or other items as determined by the Tax Administrator have been made, the audit may cover a period of up to eight (8) years.

10) Q – Do I need a Transient Lodging License if I have only one Home/Room/Unit that I rent out?

A – At this time (October 2010) if you have one or two units, you are not required to obtain a transient lodging tax license unless you list your home, room or unit with a management company, real estate or on-line service that manages 3 or more units. The transient lodging tax license requirement applies to all Operators or owners having three or more rooms/units in the City of Reno, City of Sparks, or Washoe County.

11) Q – Is my property eligible to use the 10-Day Affidavit for long term rentals?

A – An operator classified by the fair and recreation board as a 28-day rental (property that derives at least one-third of its annual gross income from 28-day rentals exempt under this section), is entitled to an exemption for any occupant who is a natural person, that signs an affidavit of permanent residency in a form prescribed by regulation by the recreation board documenting that the room is the occupant's permanent residence and that the occupant intends to reside at the transient lodging facility for a period of at least 10 days. No rental shall be deemed to have been made for a period of 10 days or more unless the room or rooms rented to the occupant are continuously occupied by the occupant for the entire period of 10 days without any termination of the tenancy. This exemption may be used at the operator's discretion. If the occupant leaves before staying at least 10 days, the operator will owe the transient lodging tax for the period the room was occupied.

12) Q – Are deposits received from a guest subject to room tax?

A – Deposits received from a guest by a property are taxable if the deposit is retained by the property except for those guests which are tax exempt. Deposits refunded to the guest are not taxable.

Note: The Licensee must maintain accurate records proving deposits have been returned to the guest in order to avoid possible assessments.