



# HOTEL/MOTEL

## Scottsdale Privilege & Use Tax

*This publication is for general information only. For complete details, refer to the City of Scottsdale Tax Code.*

*July 2013*

### **WHO MUST PAY THE TAX?**

You must be licensed and pay tax if you are located in Scottsdale and you operate a hotel/motel charging for lodging space furnished to any person.

Income includes bartered services and merchandise, as well as funds.

In addition to the privilege tax, an additional 5.0% transient tax is due on income from charges for lodging to any transient. A transient is a person who obtains lodging on a daily, weekly or any other basis for less than 30 consecutive days. If at the inception of the lease, the property has a lease or prepaid rent encompassing at least 30 days, the additional transient tax would not apply.

Other taxable activities subject to transient tax include, but aren't limited to:

- No Show Revenue
- Cancellation Revenue
- Resort Fees

### **WHEN IS TAX DUE?**

Tax is due on the 20<sup>th</sup> day of the month following the month in which the revenue was recognized.

## WHAT IS THE TAX RATE?

The tax rate for hotel/motel is 1.65% of the gross income. The additional transient tax rate is 5.0% of the gross income charged for lodging furnished to a transient. This tax does not apply to meeting rooms or banquet facilities.

## ADDITIONAL ACTIVITIES

The following activities should be included in gross income and taxed at the 1.65% privilege tax rate:

### 1. **Real Property Rentals**

When real property is rented or leased for non-lodging activities, such as meeting rooms and banquet facilities. (See the Real Property Rentals Privilege Tax Brochure.)

### 2. **Retail Sales**

Gross income from selling tangible personal property at retail is taxable. If the retail store is owned by the hotel/ motel, the hotel/motel should include retail income in gross receipts. If a store located on the property is owned by a third party, that party is responsible for remitting tax for the retail activity.

### 3. **Fees and Commissions**

Income received from the operation of vending machines, pay phones, or other amusement devices is taxable. If a third party is licensed with the city and paying tax on any of these activities, then the hotel/motel is responsible for remitting tax on the commissions received, as this income represents licensing for use of real property.

### 5. **Food and Beverage Sales**

Persons engaged in the business of sales of prepared food and drink for consumption on or off the premises within Scottsdale are taxable under the restaurant category. (See the Restaurants and Bars Privilege Tax Brochure.)

### 6. **Refundable and Nonrefundable Deposits**

“Nonrefundable deposits” for cleaning, keys, pet fees, maintenance, or for any other purpose are deemed gross income upon receipt.

“Security deposits” and other refundable deposits are deemed gross income at the time such deposits are forfeited.

### 7. **Telecommunications Services**

Charges for local or intrastate calls are taxable. Interstate transmissions charged by a provider are not taxable. High-speed Internet access fees are not taxable. A bundled price for Internet and telecommunications is taxable. Outgoing local or intrastate fax transmissions are taxable. (See the Telecommunications Privilege Tax Brochure.)

Incoming fax transmissions are taxable under job printing. (See the Job Printing Privilege Tax Brochure.)

### 8. **Tangible Personal Property Rentals**

The rental of tangible personal property is taxable. (See the Rental of Tangible Personal Property Privilege Tax Brochure.)

**9. Amusements**

Amusements provided by a hotel/motel are taxable. (See the Amusements Privilege Tax Brochure.)

**10. Rentals to Nonprofit Organizations**

Lodging rooms provided to nonprofit groups and foreign diplomats are taxable.

**WHAT DEDUCTIONS ARE ALLOWED?**

- Gross receipts derived from incarcerating or detaining inmates.

**EXCESS TAX**

If more City tax was collected than was due, the excess tax collected must be remitted to the City.

**USE TAX**

**Fixed Assets and Supplies**

This is a tax on items that were purchased, leased, or rented without paying privilege or sales tax. The purchased, leased, or rented items become taxable when they are used, stored, or consumed within the City. Most commonly, purchases, leases, or rentals from out-of-state vendors will fall into this category. The use tax does not apply to purchases or leases which are resold or re-leased in the normal course of business. (Taxable examples include bed and bath linens, furnishings, janitorial/maid supplies and equipment, and kitchen/restaurant equipment and supplies.)

**Employee Meals**

Charges made by a Hotel/Motel to its employees for meals are taxable sales. If a charge is not made for food and beverage provided to employees the cost of the items provided is not subject to City use tax.

**Complimentary Items**

Promotional or complimentary items which are served to guests without consideration are subject to City use tax based upon the cost of the items provided (items like pens, paper, complimentary breakfast, newspapers, and post-cards). **The tax does not apply to personal hygiene items like soap and shampoo.**

The City of Scottsdale use tax rate is 1.45%. Businesses are responsible for computing and paying use tax.

For more information call (480) 312-2400.  
Write or visit:  
CITY OF SCOTTSDALE  
Tax & License  
7447 E. Indian School Rd., Suite 110  
Scottsdale, Arizona 85251

World Wide Web Address  
[www.ScottsdaleAZ.gov](http://www.ScottsdaleAZ.gov)

The Arizona Tax Matrix for the Hotel/Motel Lodging Industry is included in the Arizona Department of Revenue's Taxpayer Ruling TPR 06-1 at [www.azdor.gov](http://www.azdor.gov).