



# HOTEL/MOTEL

City Business Code  
Hotels (044)  
Hotel/Motel - Additional Tax (144)

## **Scottsdale Privilege & Use Tax**

*This publication is for general information only. For complete details, refer to the  
Model City Tax Code located at  
<https://azdor.gov/model-city-tax-code>*

**July 2025**

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

You must be licensed and pay tax if you are located in Scottsdale, and you are charging for lodging space furnished to any person on a short-term basis (less than 30 consecutive days).

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

The governor signed Senate Bill 1131 into law on August 1, 2023. This bill will make residential rental non-taxable (business class 045) beginning **January 1, 2025**. This bill **does not** apply to health care facilities, long-term care facilities, hotels, motels, short term rentals, or other transient lodging businesses. Long term rentals by a hotel, short term rental or other transient lodging business are reported under business class 044.

## 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 CITY TAX RATE?

The City of Scottsdale tax rate for hotel/motel is 1.70% of the gross income. The additional transient tax rate is 5.0% of the gross income charged for lodging furnished to a transient. The transient 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 1.70% 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.

### 4. 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.)

### 5. 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.

### 6. 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.)

## 7. Tangible Personal Property Rentals

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

## 8. Amusements

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

## 9. Rentals to Nonprofit Organizations

Lodging rooms provided to nonprofit groups are taxable.

## 10. Foreign Diplomats

Foreign diplomats are taxable as there is no deduction or exemption in the Model City Tax Code.

## 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 1.50%. Businesses are responsible for computing and paying use tax.

For more information call (480) 312-7788.

Write or visit:

CITY OF SCOTTSDALE

Business Regulations

7447 E. Indian School Rd., Suite 230

Scottsdale, Arizona 85251

[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).