

FAIRBANKS NORTH STAR BOROUGH
Treasury/Budget Division
809 Pioneer Road
PO Box 71320
Fairbanks AK 99707 1320
(907) 459-1441

HOTEL-MOTEL ROOM TAX INFORMATION

CERTIFICATE OF REGISTRATION

A Certificate of Registration for the Hotel-Motel Room Tax has been issued to your business, as required by the Fairbanks North Star Borough Code 8.48. **The Hotel-Motel Room Tax Certificate of Registration must be prominently displayed at the place of business.** A certificate is non-assignable and non-transferable and must be surrendered to the Borough upon ceasing to do business at the location specified. If the business is continued at the same location, but there is a change in the form of organization, such as a single proprietorship to a partnership, the admission or withdrawal of a partner, or any other change, the operator making such change must surrender the certificate to the Borough for cancellation and apply for a new certificate. When there is a change of location/address for the operator's place of business, a new certificate of registration will be issued. Reference Code 8.48.050.

TAX REPORTING REQUIREMENTS – Reference Code 8.48.090

Monthly – All operators must complete monthly reports for the first year. See Chapter 8.48.090(A, B & C)

Quarterly – An operator who always has a tax liability of under \$1,000 a month and who, for one year, has timely remitted the taxes and timely filed the reports as required by law may file with the director a written request to remit taxes and file reports quarterly. See Chapter 8.48.090(C)

ZERO Reports – All operators must file a report with the Borough, even if the report indicates no taxable rentals have been made and no taxes have been collected, unless the operator has applied for and been granted inactive status. See Chapter 8.48.090(A).

NO ADVANCE FILINGS – Reports that are filed before the end of the filing period will not be accepted from any operator, regardless of the circumstances.

******* PLEASE RETAIN THESE INSTRUCTIONS FOR FUTURE REFERENCE *******

To obtain additional forms or answers to any questions regarding this matter, please feel free to contact the Treasury/Budget Division (T/B) at 809 Pioneer Road or call (907) 459-1441.

INSTRUCTIONS FOR COMPLETING THE HOTEL-MOTEL ROOM TAX REPORT

When completing this report the **account number** (found on certificate), **business name**, and **period ending date** must be provided in the space available at the top left of the form. This information must match what is shown on your Certificate of Registration.

In the upper right corner indicate the **ending date of the reporting period** (i.e. 03/31/2090) and mark whether this is a **monthly or quarterly** account.

Please inform T/B of a change of address in writing or by phone.

If you are closing a business and submitting a Final Report, please inform T/B in writing and state where the business books will be located. The Certificate of Registration must be surrendered with the Final Report.

1. **“Gross Hotel-Motel Room Tax Sales”** – All rental sales for the reporting period.
2. **“Exempt Sales”** – see Ordinance Chapter 8.48.040. *Backup documentation is required for all Exempt Sales.*
 - A. Employer 90-day Non-taxable sales – rent paid directly by an employer for a room to be used or occupied by his employee or employees on a rotating bases for 90 consecutive days or more at the operator’s registered place of business. Proof of each exemption must be included with the report.
 - B. Monthly non-taxable room sales – sales on rooms occupied 30 or more days, are to be entered in this section. Proof of each exemption must be included with the report.
 - C. All non-taxable room sales, other than long-term non-taxable room sales (items 2A and 2B) are to be entered in this section. Proof of each exemption must be included with the report. Exemptions could include the following:
 - Rent paid directly to the operator using a purchase order or other means of DIRECT PAYMENT by an exempt organization. (NOTE: Employees traveling on a reimbursement basis are not exempt from taxation.)
 - Rent paid by a foreign government that is exempt from taxation by law or by treaty on behalf of a guest who is an officer or employee of the foreign government.
3. **“Total All Taxable Sales”** – Line 1 – Lines 2A, 2B, and 2C of report
4. **“Taxes Due 8%”** – Taxes to be remitted is 8% (.08) of Total All Taxable Sales (Line 3)

5. **“Penalties”** – See reverse side of the report form, Ordinance Chapter 8.48.100 and Ordinance Chapter 1.20.
Important Note: Failure to file a timely report and remit payment with the report can result in a Late Report Penalty as well as additional penalties and interest charges. Any delinquency of an account will require quarterly filers to resume filing on a monthly basis.
6. **“Interest”** - Interest is computed on “Taxes Due” at a simple interest rate of 1.25% (.0125) per month delinquent. Interest will **not** be prorated on a daily basis but applied on the 16th day of each delinquent month.
7. **“Less 2% Collection Compensation”** – This deduction may be taken only if the report is filed and remitted (paid) on time **and** if there are no past due balance from previous reporting periods. This credit is 2% (.02) if the taxes collect and shall not exceed \$250 per month. See Chapter 38.48.090(G).
7. **“Total Liability”** – Balance of Line 4 – Line 7 of report, or if the report is delinquent, Line 4 + 5A, 5B, 5C & Line 6.
9. **“Minus Credit or Add Outstanding Liability”** – Any prior credit, outstanding balance, or corrections on the account would be reflected here.
10. **“Net Taxes Due”** – The sum of Line 8 & Line 9 of report.

TO BE CONSIDERED VALID THE REPORT MUST BE SIGNED AND DATED.

MONTHLY & 90-DAY RENTALS

Hotel-Motel Room Tax should be charged up through 29 days. When occupancy commences on the 30th day, the rental is no longer subject to the room tax and it is considered a monthly rental. The operator of the business must adjust/credit the billing by the amount of room tax previously paid.

EXAMPLE

Week # 1 (3rd week of first month)	\$100.00 <u>8.00</u> \$108.00	Rental 8% Tax Total Due
Week # 2 (Last week of first month)	\$100.00 <u>8.00</u> \$108.00	Rental 8% Tax Total Due
Week # 3 (1st week of second month)	\$100.00 <u>8.00</u> \$108.00	Rental 8% Tax Total Due
Week # 4 (2nd week of second month)	\$100.00 <u>8.00</u> \$84.00	Rental Credit Total Due
Week # 5 (3rd week of second month)	\$100.00 <u>(32.00)</u> \$68.00	Rental Credit (\$8 x 4 weeks) Total Due

For reporting purposes on the above example, if the rental occurs in two reporting periods, that portion on which the tax was charged should be reported in the first report in which the rental took place; however, when it becomes necessary to refund the taxes paid to the renter by crediting his account, the adjustment needs to be reflected in the reporting period that it occurs (the second month). The entire amount of the rental for the first 29 days and any thereafter should be shown on Line 2B (Monthly Non-Taxable Sales) thus reducing the current tax liability by the amount of the refund given.

Following is an example of the methodology above.

EXAMPLE

First Month Report

1. Gross Hotel-Motel Room Tax Sales	200.00
2. Exempt Sales	
A. Employer 90-Day Non-Taxable Sales	0.00
B. Monthly Non-Taxable Sales	0.00
C. Other Non-Taxable Sales	0.00

Second Month Report

1. Gross Hotel-Motel Room Tax Sales	300.00
2. Exempt Sales	
A. Employer 90-Day Non-Taxable Sales	0.00
B. Monthly Non-Taxable Sales	500.00
C. Other Non-Taxable Sales	0.00

This will create a credit against any taxable sales.

(This is a simplistic example created to give a visual example and does not reflect what actually may occur.)

If an operator knows prior to billing the renter that a he/she will be a permanent resident (occupancy for 30 days or more), the room tax should not be charged the tax and the rental income is to be reported on Line 2B (Monthly Non-Taxable Sales) of all the Hotel-Motel Room Tax Reports involved.

INACTIVE STATUS

In order to qualify for inactive status an operator must:

- 1. Make a request to T/B in writing 30 days prior to the desired inactive period.**
 - The operator shall make a request for inactive status on a Hotel-Motel Room Tax Report ensuring that in the report is received 30 prior to inactive date.
- 2. Be a minimum of 90-day inactive period.**
 - The Borough will only allow an operator to be in inactive status for a period of 90 days or greater.
- 3. Turn in Hotel-Motel Room Tax Certificate of Registration.**
 - Prior to the inactive status the operator must turn in the certificate of registration to T/B. The operator must pick up their certificate prior to going back into active status and display it as required.
- 4. Ensure all advertising reflects unavailability during the time of inactivity.**
 - Any and all advertising must show the facility is unavailable during the period of inactive. If T/B discovers advertising that contradicts the inactive status requested, then the operator must file back reports and will be subject to all late fees, fines, penalties and interest.

No reports will be required to be filed while an operator is in an inactive status. If the operator inadvertently has a guest during that period, a report must be filed for that month. As long as the report is timely filed and taxes are paid, no penalties will be assessed.