

SECTION 27 - HOTELS, MOTELS, INNS, TOURIST HOMES, TOURIST CAMPS AND CABINS AND PRIVATE RESIDENCES AND COTTAGES RENTED TO TRANSIENTS**27-1 TAXABLE GROSS RECEIPTS****A. Retailers**

All persons engaged in the business of operating hotels, motels, inns, tourist homes, tourist camps, and similar type businesses and all persons who rent private residences, condominiums or cottages to transients for consideration are deemed to be retailers and must register with the Department and collect and remit the tax herein required to be paid. The term **“persons who rent to transients,”** as used in this Bulletin, includes:

1. owners of private residences, cottages, apartments, condominiums, (time share and interval ownership properties as hereinafter described) and similar places; and
2. real estate agents, including **“real estate brokers”** as defined in G.S. 93A-2, who rent any such accommodations to transients on behalf of the owners.

When the rental agent is liable for the tax imposed, the owner is not liable. If the owner rents such accommodations to transients, the owner is liable for the tax and must register with this Department for sales and use tax purposes.

B. Tax Rate

Gross receipts derived from the rental of any room or rooms, lodgings or accommodations furnished by any hotel, motel, inn, tourist camp, tourist cabin and any private residence, condominium (time share and interval ownership properties), cottage or any other place in which rooms, lodgings or accommodations are furnished to transients for a consideration are subject to the general rate of State tax and any applicable local sales or use tax, except as set forth in Paragraphs C. and D. of this Bulletin or as otherwise provided by the statute.

C. Rental For 90 Continuous Days

Receipts derived from the rental of any room, lodging or accommodation to the same person for a period of 90 continuous days or more are not subject to the tax, and the tax collected from any person prior to the accumulation of such 90 continuous days of occupancy by said person shall be refunded to such person by the retailer collecting the same. A retailer actually making any such refund of tax which he has paid to the Department shall be entitled to claim credit for the tax so refunded on a subsequent return filed by him with the Department.-

D. Occasional or Isolated Rental of a Private Residence or Cottage

Receipts derived from an occasional or isolated rental of a private residence or cottage by the owner for less than a total of 15 days in a calendar year are not subject to sales tax. The 14 days exclusion is applicable only to those private residences and cottages which are not made available for rental to transients. If the private residence or cottage is generally or routinely made available by the owner for rental to transients, the less than 15 days exclusions is not applicable to such rentals and all receipts therefrom are taxable without regard to the aforementioned period. When private residences and cottages are listed with real estate agents, including **“real estate brokers”** as defined in G.S. 93A-2, for rental to transients, such private residences and cottages are deemed to be generally available for rental to transients and the less than 15 days exclusion is not applicable to any receipts from such rentals to transients.

E. Time Share or Interval Ownership Property

Sales of time share or interval ownership property which can be transferred by estate, gift or devise pursuant to deeds or documents under which the owners have a fixed and continuing right to occupy such units during a specified period of time in the same manner as a person who owns or is buying a private residence or cottage are considered to be sales of real property not subject to sales or use tax. When owners of interval ownership and time share property do not occupy the property but rent it to transients or place the property in the hands of a rental agent, including “**real estate brokers**” as defined in G.S. 93A-2, for rental on their behalf to transients, such receipts are subject to sales tax and the less than 15 days exclusion is not applicable to any receipts from such rentals as explained in Paragraph D. of this Bulletin.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-264;
Issued: June 1, 1996;
Revised: June 1, 2002; October 15, 1998.

27-2 PURCHASES OF SUPPLIES, EQUIPMENT OR FIXTURES

Sales to hotels, motels, inns, tourist homes, tourist camps, and tourist cabins and other places in which rooms, lodgings or accommodations are furnished for a consideration, of any supplies, equipment, or fixtures including but not limited to linens, bathroom supplies, cleaning supplies and furniture are subject to the general rate of State tax and any applicable local sales or use tax.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-264;
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27-3 PURCHASES OF FOOD

For information regarding purchases of foods used in providing complimentary meals or snacks, refer to Sales and Use Tax Technical Bulletin 19-10.

History Note: Authority G.S. 105-164.4; 105-164.5; 105-164.6; 105-164.28;
105-264;
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27-4 GUARANTEED NO-SHOW FEES

- A.** Guaranteed no-show fees or charges made at the customary or agreed-upon room rate constitute taxable gross receipts provided the customer is entitled to the use of the room for the rental period and the room cannot be rented to another party. A rental has occurred notwithstanding that the customer may choose not to occupy the room. If, under the same circumstances, the amount of the fee is less than the customary room rental rate, the amount charged would constitute a penalty and would not be subject to the applicable sales tax.
- B.** If the party who reserved the room fails to cancel the reservation and the room is subsequently rented to another guest, any fee charged to the guest who originally reserved the room is considered a penalty and is not subject to the tax notwithstanding that the fee may be the customary room rental fee. A rental to the guest who originally reserved the room did not occur since the room was made available for rental to another party.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-264;
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