



The Vrbo Host's Guide to Lodging Tax

Renting your property or extra bedroom on HomeAway or Vrbo (both owned by the same parent company, Expedia) is a great way to make the most of your space and increase your income. While signing up with Vrbo is easy, operating a short-term rental usually presents a learning curve.

One area you'll need to understand is managing taxes. While you're probably already familiar with income taxes, operating a short-term rental requires dealing with an entirely different category of tax — lodging taxes. This guide covers the basics of what you need to know to get started.

What are lodging taxes?

Short-term rental hosts and property managers are required to collect lodging taxes from guests, then pass them on to tax authorities. Lodging taxes are typically a percentage of the cost of the stay, added to the final bill, and they may be paid to the state, county, city, or other local government tax authority.

Depending on location, lodging taxes may be referred to as occupancy taxes, hotel taxes, transient taxes, room taxes, bed taxes, tourist taxes, accommodations taxes, and more.

Collecting lodging taxes is an important part of the hosting process. Lodging tax compliance is required by law and is the responsibility of the host.

Understanding the difference between lodging taxes and income taxes

As a taxpayer in the United States, you're most likely familiar with filing income taxes every year by April 15. You generally pay these taxes to the federal government, and perhaps your state, once a year as a percentage of your annual income.

Lodging taxes, on the other hand, are paid by your short-term rental guests rather than out of your pocket. While the guest pays the tax, you as the host are responsible for collecting it and remitting it to tax authorities.

Unlike income taxes, lodging taxes are not paid to the IRS, but to state and local governments, usually each month or quarter. There is no federal lodging tax. This means that there are no national rules for lodging taxes and that the requirements that apply to you depend entirely on the exact address where your short-term rental is located.

Hi there! Need help with lodging tax for your vacation rental?

1. Registering your short-term rental with tax agencies

Before you can begin collecting lodging taxes, you need to register with tax agencies. You may receive a license or permit when you register, depending on the jurisdiction. Keep in mind that you may have to register with more than one tax agency if your short-term rental property is governed by more than one jurisdiction, such as both the city and state.

Tip: When researching taxes or registering, the state agency you need to contact is often called the Department of Revenue. At the city and county level, look for the Finance Department, Tax Collector, or Treasurer's Office — but those departments may have other names.

Sometimes, states will collect all local taxes on behalf of each city and county, so that you only have to register with one agency, but that's not universal. It's crucial to make sure you understand what's required for your specific short-term rental property.

Once you register, you're allowed to start renting and collecting taxes from guests. You should receive instructions from each tax agency on filing and remitting your returns, such as what forms you should file, when they're due, and your filing frequency.

2. Determining the amount of taxes to collect

In order to charge the correct tax rate, you need to know which tax jurisdictions govern your rental. Each jurisdiction may levy its own taxes, so you may be required to collect several different taxes from your guests.

Once you know the tax rates for each of the jurisdictions that govern your vacation rental, you add them all together to get the final rate you'll charge your guests. For example, a total tax rate of 10 percent may include 6 percent state tax, 2 percent city tax, and 2 percent county tax.

3. Collecting occupancy taxes

Lodging taxes are added to the rent amount you charge your guests and collected at the same time a guest pays the bill. For instance, if your nightly rate is \$150 and the total tax is 10 percent, you would bill your guest \$165 (\$150 for rent plus \$15 for occupancy taxes).

In some jurisdictions, Vrbo [automatically collects lodging taxes](#) for you at the time of booking and remits them to tax authorities. In other cases, the platform may collect taxes for you, but send the amount to you to remit. This applies to jurisdictions where Vrbo is obligated to collect some of the tax, and you're obligated to collect some of the tax.

You're responsible for separately collecting taxes that Vrbo doesn't collect. You may not add a tax through the tax settings page. You can:

- Make an additional payment request for the tax
- Collect that tax from the guest on arrival
- Edit the quote to add the required tax

It's best practice to keep track of the total amount you receive from guests and the tax amount paid by them so you have those funds available when it comes time for you to file your tax reports and pay any taxes owed.

Tip: Many rental operators will deposit the taxes they've received from guests into a separate bank account to ensure they have this money available.

4. Filing short-term rental tax returns

what forms you must use. Most taxes can be filed and paid online.

While most tax agencies require lodging tax returns to be filed on a monthly basis, your required frequency may be quarterly, semiannually, or even annually. Keep in mind that if you're paying taxes to more than one jurisdiction, you may have more than one filing frequency or deadline. For example, your state taxes may be due quarterly while your city taxes might be due monthly.

When you file your taxes, you'll report the amount of revenue (rent plus mandatory fees) you've received for your short-term rental for a specific period on the tax return form. You'll need to pay the correct percentage of lodging tax owed on that revenue.

Lodging tax collection by HomeAway/Vrbo

In many jurisdictions, Vrbo has agreements with tax agencies to collect taxes on behalf of hosts. In these instances, tax is collected when payment is accepted from guests. Vrbo then remits the taxes to the appropriate tax agency. **In locations where Vrbo collects taxes, the host does NOT have to collect or remit the same taxes.** Vrbo handles it for you.

However, Vrbo does not have agreements with all jurisdictions in the U.S., so they may not collect all of the lodging taxes in your area. And they may have agreements with some of the jurisdictions that govern your rental, but not others.

For example, Vrbo may have an agreement with your state but not your city, so they would collect state taxes for you from guests, but not city tax. You're responsible for any taxes they don't collect.

Keep in mind that Vrbo doesn't register your property with tax authorities or file tax returns for you — even if they collect and pay taxes for you. And some tax agencies require hosts to file tax returns even if Vrbo collects taxes on their behalf.

In Washington state, for example, hosts are required to file excise tax forms on which they report their short-term rental revenue and take the amount of tax that their short-term rental platform has collected for them as a deduction.

While Vrbo collection can make lodging taxes easier for you, it's crucial to understand that as a short-term rental host, you're ultimately responsible for lodging tax compliance. It's up to you to know what Vrbo takes care of and to fill in the gaps.

The table below provides information about the tax jurisdictions for which Vrbo currently collects and remits tax on behalf of hosts. We recommend visiting [HomeAway/Vrbo's lodging tax collection and remittance page](#) for details specific to the location of your property.

How Avalara MyLodgeTax can help

Lodging tax is usually more complicated than you initially think, and it can take a lot of time to be certain you're getting it right. Avalara MyLodgeTax can help by automating lodging tax compliance. MyLodgeTax takes care of registering your short-term rental for the correct jurisdictions, determines the exact tax rate to charge, prepares your lodging tax returns, and makes sure they're filed and paid on time.

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