

Important Updates from the Transient Occupancy Tax Program

Measure L

- Measure L was approved on November 8, 2016 by majority vote.
- Measure L increased the transient occupancy tax (TOT) rate from nine (9) to twelve (12) percent effective January 1, 2017.
- The Sonoma County Tax Collector is to administer the collection of the tax as provided in Chapter 12, Article III of the Sonoma County Code.

Implementation of Measure L

- The 12% TOT rate will apply to new bookings and in person reservations that occur beginning January 1, 2017.
- The Tax Collector will honor your previously booked/confirmed reservations at 9% (11% if subject to BIA) regardless of when the stays are actually paid so long as the stays are booked/confirmed by December 31, 2016 and they occur on or by December 31, 2017.
- In order to accommodate the above, the Tax Collector will update its quarterly Tax Returns. Look for an updated Tax Return for the January-March 2017 quarter. A generic Tax Return will be provided on the TOT website (located at: <http://www.sonoma-county.org/tax/tot/index.htm>).
- Operators will have to report Gross Rent Receipts subject to the 9% TOT rate separately from those subject to the 12% TOT rate.
- For audit purposes, Operators are required to maintain records of their pre-January 1, 2017 bookings in order to support the 9% TOT rate collected/remitted for those stays. We will request supporting documentation to support the amounts claimed at the 9% rate.
- The two tier Tax Return mentioned above will end with the October-December 2017 quarter. Any reservations made for stays after December 31, 2017 will be subject to the new tax rate (12%) regardless of when the booking took place.

Airbnb Voluntary Collection Agreement (VCA)

- Sonoma County and Airbnb, Inc. entered into a Voluntary Collection Agreement (VCA) on November 15, 2016.
- Effective January 1, 2017, Airbnb will start collecting and remitting TOT pursuant to the terms of the VCA, at the applicable rate, for all taxable booking transactions entered into using their internet-based platform.
- Airbnb will assume the role of its hosts, as the registered taxpayer of record, solely for the purpose of collecting and remitting TOT on the hosts' behalf. Airbnb does not assume the role of its hosts for any other legal or commercial purpose (short-term rental permitting, zoning, health and safety requirements, etc.).
- Airbnb will collect and remit the tax for all listings in Sonoma County. Hosts do not get to opt in or out of Airbnb collecting and remitting the TOT to Sonoma County.

- Airbnb will notify its hosts that TOT will be collected and remitted to Sonoma County as of January 1, 2017 per the terms of the VCA. It will also notify guests and hosts of the amount of TOT collected and remitted on each taxable booking transaction.
- The collection and remittance of TOT is required on all short-term rentals. The VCA does not relieve guests nor hosts of their responsibilities with regards to TOT transactions completed in other internet or web based platforms (e.g., VRBO, TripAdvisor, HomeAway, FlipKey, etc.). You are still required to collect and remit TOT for those bookings and any other bookings outside of Airbnb.
- In order to implement the VCA the Tax Collector will need updated Registration Forms. In addition, all properties that will conduct business exclusively through Airbnb are required to submit a Close Out Form.
- For those operators who will be using Airbnb and other internet or web based platforms you will be required to report your Gross Rent Receipts for all platforms and enter an adjustment for the Gross Rent Receipts reported by Airbnb.
- You will be required to supply some form of Gross Earnings Report from Airbnb to support the Airbnb adjustment entered on your Tax Return.

Note: Airbnb has stated you can view detailed information about your Airbnb bookings at any time from your Transaction History, including the gross amount charged to guests, and the amount of taxes collected and remitted on your behalf. This will be beneficial when claiming an Airbnb adjustment on your Tax Return.

- Note that although Airbnb has contractually agreed to collect TOT on your behalf you are still required to maintain accurate records of all transactions run through the Airbnb platform for audit purposes.
- Airbnb is only required to provide aggregate information on their Tax Return. Per the terms of the VCA, the Tax Collector does not have access to owner or property names, addresses, or other identifying information.
- To review the entire VCA please visit the Board of Supervisor's November 15, 2016 Minutes.
- Please see the enclosed letter for additional information/instructions.
- **Please submit an updated Registration Form or Close Out Form by January 31, 2017.**