

CITY OF ROANOKE – COMMISSIONER OF THE REVENUE **SHORT TERM RENTAL TAX - IMPORTANT FILING INFORMATION**

~What is the short term rental tax?

The short term rental tax is a tax on the total amount charged to each person for the rental of short term rental property excluding any state and local sales tax paid under the provisions of section 58.1-600 et seq., Code of Virginia. The short term rental tax is a 'trust tax.' This means that the taxes are collected from customers and temporarily held in trust before being remitted to the City of Roanoke. Please remember that 'trust taxes' collected and held for remittance cannot be used for any other financial obligation.

~How do I know if I must collect and remit short term rental tax?

A person (sole proprietor, partnership, LLC, Corporation) is engaged in the short-term rental business if:

1. Eighty (80) percent or more of gross rental receipts of the business during the preceding year arose from transactions involving the rental of short term rental property, other than heavy equipment property as defined in this section, for ninety-two (92) consecutive days or less, including all extension and renewals to the same person or a person affiliated with the lessee; or,
2. Sixty (60) percent or more of gross rental receipts of such business during the preceding year arose from transactions involving the rental of heavy equipment property for periods of two hundred seventy (270) consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee. For purposes of this section, 'heavy equipment property' means rental property of an industry that is described under Code 532412 or 532490 of the 2002 North American Industry Classification System as published by the United States Census Bureau, excluding office furniture, office equipment, and programmable computer equipment and peripherals as defined in section 58.1-3505A.16., Code of Virginia.
3. Based on Virginia State Code 58.1-3510.5, every person (sole proprietor, partnership, LLC or Corporation) engaging in the short term rental business activity is required to file the Short Term Rental Annual Certification Form
4. Any person who grosses less than four thousand dollars (\$4,000) *in any year* in short term rental receipts from such business shall not be deemed to be engaged in the short term rental business for purposes of local short term rental tax.

~When do I need to register as a short term rental business?

Every person (sole proprietor, partnership, LLC, Corporation) engaging in the business of short term rental shall file an application for certificate of registration with the Commissioner of the Revenue's Office for each place of business in the City from which short term rental business will be conducted by the applicant. The application must be filed within thirty (30) days of beginning short term rental business activity.

~What is the tax rate for the short term rental tax?

1. The tax rate for short term rental (92 consecutive days or less) is one (1) percent of total gross rental receipts.
2. The tax rate for short term rental 'heavy equipment' (270 consecutive days or less) is one and one half (1.5) percent of total gross rental receipts.

~What are the filing requirements for the short term rental tax?

1. ALL businesses with a rental classification on their City of Roanoke Business License are required to file an annual certification form listing total gross receipts from all business classifications/activity and total gross receipts from all rental activity in the preceding year (business license class codes: 1380 – lease/rent under 90 days & 0964 – lease/rent over 90 days). The annual certification form is due on or before January 31 for the prior tax year (ex. Gross receipts for tax year 2017 are due on or before January 31, 2018).
2. Qualified businesses must file the quarterly form with the Commissioner of the Revenue's Office on or before the 15th day of April, July, October and January.
3. A legal USPS postmark will be accepted as timely filed/paid (metered mail is not considered timely filed). If the filing/payment due date falls on a weekend or holiday, the next business day becomes the due date.

~What is exempt from the short term rental tax?

Exemptions to the short term rental tax are:

1. Rentals to the Commonwealth of Virginia, to any political subdivision of the Commonwealth, or to the United States.
2. Rental of durable medical equipment as defined in subdivision 10 of section 58.1-609.10, Code of Virginia.
3. Rentals exempt from the Virginia Sales and Use Tax pursuant to Chapter 6 of Title 58.1, Code of Virginia, are exempt from the local short term rental tax.
4. Trailers as defined in 46.2-100, Code of Virginia, and other tangible personal property required to be licensed or registered with the Department of Motor Vehicles, Department of Game and Inland Fisheries, and the Department of Aviation are excluded from the local short term rental tax.
5. Although documentation to verify/prove exemptions is not required at the time of filing, it may be requested by the Commissioner of the Revenue's Office at any time.

~How is business personal property tax assessed on short term rental equipment?

1. If your business is required to file and remit the quarterly short term rental tax, the rental inventory (items, equipment, etc... rented to others) is not taxable on the annual Business Personal Property filing form. Although an inventory list of rental items is not required with the quarterly short term rental tax filing, the Commissioner of the Revenue's Office may request it at any time.
2. If your business does not meet the requirements to file and remit the quarterly short term rental tax, the rental inventory (any/all items rented to others) is taxable for the annual business personal property tax. A list of all items **MUST** be included with the annual business personal property filing form and include a description of the item, the purchase/received date, and the original cost. The annual filing for the business personal property tax form and detailed fixed asset list is due on or before February 15.

~Where can I get more information?

For more information about the business taxes administered by the City of Roanoke Commissioner of the Revenue's Office, please visit our website at www.roanokeva.gov – Government – Elected and Appointed Officials – Commissioner of the Revenue, or contact the Commissioner's Business Tax Center at (540) 853-2524