Who is required to pay hotel/motel tax?

The Springfield City Code Chapter 70, Article V, requires hotels, motels, and tourist courts to pay a tax equal to 5% of the gross rental receipts paid by transient guests for sleeping accommodations. Since the tax is on the hotel or motel and not the customer, there are no exemptions from the tax. Each business owner makes the decision as to whether or not they pass the tax on to their customers.

How does the City Code define hotel, motel, and tourist court?

Hotel, motel and tourist court mean any structure or building, under one management, which contains rooms furnished for the accommodation or lodging of guests, with or without meals being so provided, and kept, used, maintained, advertised or held out to the public as a place where sleeping accommodations are sought for pay or compensation by transient guests or permanent guests, and having more than eight bedrooms furnished for the accommodation of such guests.

What is a non-transient guest?

A non-transient guest is a person who occupies a room for more than thirty-one (31) consecutive days. An organization who rents a room for 32 days or more for various individuals to use does not qualify as a non-transient guest and gross receipts for the room rental are not deductible.

Are room rentals to sales tax exempt customers exempt from hotel/motel tax?

No. Since the tax is on the hotel, motel, or tourist court and not the customer, there are no exemptions from the tax. Each business owner makes the decision as to whether or not they pass the hotel/motel tax on to the customer.

Payment of tax; Deadline

Hotel/motel tax is due on or before the twentieth (20th) day of each month based on the gross daily rental receipts collected during the preceding month. Payments received after the twentieth (20th) will be assessed a 5% penalty charge for the portion of the month remaining. For each and every month thereafter, an additional five percent (5%) of the license tax will be added until the tax is fully paid. The total penalty will not exceed twenty-five percent (25%).

Payments sent through the mail must be postmarked on or before the twentieth (20th) of the month in order to avoid incurring penalty charges. Payments postmarked after the twentieth (20th), or payments delivered to the License Division after the twentieth (20th), will be assessed a penalty charge.   During months that the twentieth (20th) falls on a weekend or a legal holiday, payments will be accepted, without penalty, the following business day.

Late payments; Penalties

City Code Section 70-266(a) states, "The director of finance (director) may require security in the nature of a bond, letter of credit, cash deposit, or other similar security in the amount of the estimated monthly payment from any person who has been delinquent in the payment of the license tax more than two (2) times or by more than thirty (30) days. In addition to the penalties provided in this section, any person required to pay to the city the license tax defined in this article shall be subject to all other provisions of this chapter not specifically provided for in this section or in conflict herewith."   Therefore, a bond, cash deposit, or other similar security may be required of any hotel/motel operator who remits more than one late payment within a twelve (12) month period or who remits one payment more than thirty (30) days after the payment deadline.

In any case in which the tax, interest, or penalty is not paid when due, Section 70-266(d) allows the Director of Finance to file a notice of lien in the Greene County Recorder's office naming the person liable for the unpaid tax. A lien may also be placed upon the land where the hotel/motel is located.

Examples

The examples on the following pages illustrate three methods that might be used to compute the license tax. The ordinance does not require any particular method. It simply requires that a tax equal to 5% of the gross rental receipts be paid to the City. It is left to each business to decide whether or not it wants to pass the tax on to its customers. Please note the following examples are based on a sales tax rate of 8.1%. If your rate differs or changes, these examples may not be valid. If you have questions regarding the rates, please contact the License Division at (417) 864-1617.
Note: From this point forward, all establishments that are required to pay the hotel/motel tax will be referred to as a hotel.

Example A: Hotel elects not to pass the hotel tax on to the customer

In this example, the licensee elects not to pass the hotel tax on to the customer. The hotel tax is calculated by adding the basic room rate to the applicable sales tax due and multiplying this total by 5%. Example A shows hotel tax on total gross rental receipts which is <u>not</u> passed on to the customer.

Customer Receipt		Hotel Tax paid by hotel to City	
Basic Room Rate:	$ 50.00	Total gross receipts collected by hotel:	$ 54.05
State, County, City Sales Tax: (Room Rate x 0.081)	$ 4.05	Hotel tax rate:	5%
Total Paid by Customer to Hotel:	$ 54.05	Amount of tax hotel pays to City: (Total gross x 0.05)	$ 2.70

Note: The total amount collected from the customer, including sales tax, must be used when calculating the hotel tax owed to the City.

Example B: Hotel elects to pass the hotel tax on to the customer by itemizing it on bill after sales tax is calculated

In this example, the licensee passes the hotel/motel tax on to the customer by itemizing it separately on the bill after sales tax has been calculated on the basic room rate. Therefore, the amount passed on to the customer for the hotel/motel tax is included in the gross room rental paid by the customer. The hotel/motel tax is calculated by adding the basic room rate, the applicable sales tax, and the amount of hotel/motel tax passed on to the customer and multiplying this total by 5%. **When the hotel/motel tax is passed on to the customer by itemizing it separately on the bill after the sales tax has been applied, the licensee would calculate the amount to pass on to the customer by adding the basic room rate to the sales tax amount and multiplying the total by 5.26%.** This percentage is derived from the current hotel/motel tax rate and the current sales tax rate. If either of those rates change, this percentage may also change. The licensee still only pays 5% to the City for the hotel/motel tax but on a larger figure than if he had not passed the tax on to the customer.

Customer Receipt		
Basic Room Rate:	$	50.00
State, County, City Sales Tax: (Room Rate x 0.081)	$	4.05
Hotel Tax passed on to customer: [(Room Rate + Sales Tax Charged) x .0526]	$	2.84
	$	**56.89**

Hotel Tax paid by hotel to City		
Total gross receipts collected by hotel:	$	56.89
Hotel tax rate:		5%
Amount of tax hotel pays to City: (Total gross x 0.05)	$	2.84

Note: The total amount collected from the customer, room rate, sales tax, and hotel tax passed on to the customer, must be used when calculating the hotel tax owed to the City.

Example C: Hotel passes the hotel tax on to the customer by building the tax into the basic room rate

In this example, the licensee passes the hotel/motel tax on to the customer by building the license tax into the basic room rate. Therefore, the amount passed on to the customer for the hotel/motel tax is included in the gross room rental paid by the customer. The hotel/motel tax is calculated by adding the basic room rate (which includes the hotel/motel tax passed on to the customer) to the applicable sales tax and multiplying this total by 5%. When the hotel/motel tax is passed on to the customer by including it in the basic room rate, the licensee would calculate the amount to pass on to the customer by multiplying the basic room rate (not including hotel/motel tax) by 5.71% to arrive at the room rate figure and adding the appropriate sales tax to the new room rate**.** This percentage is derived from the current room tax rate and current sales tax rate. If either of those rates change, this percentage will change. The licensee still only pays 5% to the City for the hotel/motel tax but on a larger figure than if he had not passed the tax on to the customer.

Pre-Invoice Hotel Calculations:		
Basic Room Rate:	$	50.00
Multiplied by:		0.0571
Amount of hotel tax to be built into basic rate:	$	2.86
New room rate:	$	52.86
(Basic Room Rate + Amount of built in hotel tax)		

Note: The total amount collected from the customer, the new room rate and sales tax, must be used when calculating the hotel tax owed to the City.

Customer Receipt			**Hotel Tax paid by hotel to City**		
Room Rate with built in Hotel Tax:	$	52.86	Total gross receipts collected by hotel:	$	57.14
State, County, City Sales Tax:	$	4.28	Hotel tax rate:		5%
(Room Rate with built in Hotel Tax x 0.081)					
Total Paid by Customer to Hotel:	$	57.14	Amount of tax hotel pays to City:	$	2.86
			(Total gross x 0.05)		