

Lodging guide

Lodging guide

The department created this guide to help lodging businesses better understand which Washington state taxes apply to them.

Here are some examples of lodging:

- Bed & breakfast houses.
- Hotels.
- Motels.
- Personal home and room rentals (less than 30 days in a row).
- Recreational vehicle (RV) parks.
- Resorts.
- Rooming/boarding houses.
- Short-term rentals.
- Summer camps.
- Trailer camps.

For more information or questions about Washington excise (business) taxes, please [contact us](#).

Updated October 2021

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Amenities

Amenities

Lodging businesses often provide other services in addition to lodging.

Retail services

Some amenities are defined as retail sales or services, so they are subject to the Retailing business and occupation (B&O) tax and you must collect sales tax; lodging taxes may also apply. Examples of retail services common to lodging businesses include:

- Food services.
- Gift shop sales.
- Vehicle parking.
- Telephone calls.
- Faxing and copying.
- Laundry and dry cleaning services.
- Charges for using meeting and banquet rooms.
- Charges for providing indoor or outdoor space to hold events.
- Video, movie, or game rentals.

Lodging businesses with restaurants should refer to our [restaurant guide](#) for more information. Lodging businesses, such as campgrounds, with general/grocery stores should refer to our [convenience store guide](#).

Lodging business that allow timeshare members to use their points in exchange for lodging should refer to our Tax Topic article titled [Timeshare agreements](#).

Other services

Some amenities are not considered retail sales. These types of charges are subject to B&O tax under the Service and Other Activities classification. Retail sales tax does not apply.

Examples of guest charges that are subject to the Service and Activities B&O tax classification include:

- Resort fees.
- Charges for Internet access.
- Deposits kept as a penalty for late cancellations.
- Self-service or coin operated laundry machines owned by the lodging business.

References

- [Chapter 82.04 RCW](#)
- [WAC 458-20-165](#)(201)
- [WAC 458-20-166](#)

Common retail sales tax exemptions, deductions, and credits

Common retail sales tax exemptions, deductions, and credits

En español: [Excepciones, deducciones y créditos comunes del impuesto sobre la venta minorista](#)

Русский язык: [Общие освобождения, вычеты и отсрочки уплаты налога на доходы от розничных продаж](#)

普通话: [常见的零售业销售税免税、扣除和抵免项目](#)

한국어: [일반 소매 판매세 면제, 공제 및 세액 공제](#)

Tiếng Việt: [Các khoản miễn trừ, khấu trừ và tín dụng thuế tiêu thụ bán lẻ phổ biến](#)

Retail sales tax exemptions

Diplomatic exemption: Certain foreign officials are exempt from paying retail sales tax. To receive the exemption, the person must present an exemption card at the time of purchase. See [Tax Topic Foreign Diplomats Tax Exemption Program](#). This exemption also applies to lodging taxes.

Furnishing emergency lodging to homeless: Some cities, towns, counties, or private organizations have a program that furnishes emergency lodging for the homeless through a shelter voucher program. If your business participates, your charges for emergency lodging are exempt from retail sales tax, convention and trade center tax, and special hotel/motel tax.

[Sales to the US government](#): Sales your business makes directly to the US government qualify for a retail sales tax exemption. This exemption also applies to lodging taxes. See [US government sales](#) section for documentation requirements.

[Sales to federal corporations providing aid and relief \(i.e. FEMA and Red Cross\)](#): Sales your business makes directly to the qualifying organization are exempt from retail sales and lodging taxes. To qualify for the

exemption, payment must be received directly from the Red Cross. Purchases by employees or volunteers do not qualify. See Excise Tax Advisory 3156.2009 [Disaster Relief Funds Provided by FEMA and the Red Cross](#).

Retail sales tax deductions

Sales tax collected by a facilitator: If you are a lodging business using an online marketplace or property manager to collect and remit sales tax on your behalf, the amount you claim under the retail sales tax classification is equal to the gross lodging sales the facilitator collected on your behalf. You can't take a deduction the fees a facilitator keeps.

B&O tax credit

Small business B&O tax credit: If your business is below a certain B&O tax liability, you are entitled to a credit. This credit is automatically calculated when you file electronically.

Convention and trade center tax

Convention and trade center tax

The convention and trade center tax is a tax the consumer pays for lodging on stays less than 30 days at lodging businesses in King County.

- For periods before Jan. 1, 2019, only businesses with 60 units or more were required to collect and pay this tax.
- Effective Jan. 1, 2019, all lodging businesses are required to collect and pay this tax, regardless of the number of rooms.

Businesses must collect and pay this tax in addition to other taxes. To determine the correct tax rate and location code, you may use our [Tax Rate Lookup](#) tool or see [lodging sales rates](#).

Exceptions

You are **not** required to collect the convention and trade center tax if:

- Your lodging business has less than 60 units **and** is located in a town with a population of less than 300.
- Your lodging business is a hostel.
- Your lodging business is operated by a university health care system **and** is exclusively used for family members of patients.
- Your business offers temporary housing that meets both of the following criteria:
 - Is for individuals treated for trauma, injury, or disease and/or their families.
 - Is operated by an organization or government entity that is registered as a charitable organization with the Washington Secretary of State, or classified as a public charity or a private foundation by the federal Internal Revenue Service.

References

- [RCW 82.08.0258](#)
- [RCW 82.08.0299](#)
- [RCW 36.100.040](#)
- [WAC 458-20-166](#)(7)
- [WAC 458-20-190](#)

Filing and paying lodging business taxes

Filing and paying lodging business taxes

We assign most lodging businesses either a monthly or a quarterly filing frequency. [All taxpayers must file and pay their taxes electronically.](#)

The tax classifications listed below are commonly used on a lodging business tax return:

Tax classification	What to report
Retailing B&O tax	Gross amounts you receive for lodging and other retail sales.
Service and other activities B&O tax	Gross amounts you receive for resort fees, commissions, etc.
Retail sales tax	Gross amounts you receive for lodging and other retail sales.
Use tax	The value of goods you use in Washington when you have not paid sales tax.
Local sales/use tax	Gross amounts you receive for lodging and other retail sales by location/The value of goods you use in Washington when you have not paid sales tax.
Transient rental income	Taxable income you receive from transient lodging, reported by location code.
Convention and trade center tax	Taxable amounts you receive for lodging in King County.
Special hotel/motel tax	Taxable amounts you receive for lodging. Due in many areas - Use the Tax Rate Lookup tool or see lodging sales rates .
Tourism promotion area (TPA) charges	Total room nights rented per location for lodging businesses with more than 40 units in a tourism promotion area. Use the Tax Rate Lookup tool or see lodging sales rates .

Lodging - nontransient (long-term)

Lodging - nontransient (long-term)

The law states a person is a nontransient when the rental period is one month or more, or they remain in continuous occupancy for 30 days in a row or more when the rental period does not start on the first of the month.

A guest, resident, or other occupant who purchases lodging is a nontransient on the 30th day, even if they change rooms or lodging units during the continuous thirty-day period.

An occupant who contracts in advance and remains in continuous occupancy for the initial 30 days is considered a nontransient from the time they start occupying the unit. The business does not need to charge tax on charges for nontransient lodging. Additionally, income from nontransient rentals is exempt from B&O tax.

For more information, see our Tax Topic article titled [Rental vs. License to Use Real Estate](#).

References

- [WAC 458-20-118](#)
- [WAC 458-20-166\(3\)](#)

Lodging taxes

Lodging taxes

You may need to report the following taxes, in addition to state and local sales tax. To determine which lodging taxes apply to your business location, you may use our [Tax rate lookup](#) tool or see [lodging sales rates](#).

- Transient rental tax: Lodging businesses report their total transient rental income on their return, and the tax is deducted from the state portion of the retail sales tax. This is not a consumer tax. No additional tax is paid by the lodging business that reports this information.
- Special hotel/motel tax: Consumers pay this tax on transient lodging in many locations.
- Convention and trade center tax: Consumers pay this tax on transient lodging charges for lodging businesses in King County.
 - For periods **before Jan. 1, 2019**, only businesses with 60 or more units must collect and remit this tax.
 - **Effective Jan. 1, 2019**, this tax is imposed on all lodging, regardless of the number of units.
- Tourism promotion area charges: Consumers pay this special lodging charges within designated tourism promotion areas that municipalities use to fund activities to promote tourism. For more information, please refer to our [Lodging change notices](#).

Charges subject to lodging taxes

Additional charges to guests that are directly related to the room rental are taxed in the same manner as the room. Examples of such charges include, but are not limited to:

- Pet fees.
- Smoking fees.
- Cleaning fees.
- Damage or damage waiver fees.
- Early and late departure fees.
- Attrition fees.

Additional amounts charged for telephone services, parking, laundry, and the use of meeting or banquet rooms are not subject to lodging taxes.

Definitions

Attrition fees: When a block of rooms is reserved for a customer at a special price, but the customer does not use the full block of rooms, the hotel may not honor the price and charge an attrition fee (additional amount) for the rooms which are used. These charges are taxable as lodging.

References

- [RCW 67.28.180](#)
- [RCW 36.100.040](#)
- [WAC 458-20-166](#)

Lodging - transient (short-term)

Lodging - transient (short-term)

Businesses providing transient lodging are taxable under the Retailing business and occupation (B&O) tax classification and they must collect sales tax on gross income from lodging sales. Transient means any guest, resident, or other occupant you provide lodging services to for less than one month or less than 30 days in a row, if the rental period does not start on the first day of the month.

In addition to sales tax, most locations in Washington have imposed additional lodging taxes, which apply only to lodging sales. Lodging businesses must report their sales using the location code of the lodging facility.

You can find the correct location code by using our [Tax Rate Lookup](#) tool or [lodging sales rates](#).

Examples of lodging include, but are not limited to:

- Bed & breakfast houses.
- Hotel and motel rooms.
- Personal home and room rentals (less than 30 days in a row).
- Recreational vehicle (RV) parks.
- Resorts.
- Rooming/boarding houses.
- Summer camps.
- Condominiums and time shares.
- Cabins.
- Camping sites.

Lodging sales

Lodging sales may include additional charges that are directly related to the room or unit rental. Amounts subject to Retailing B&O tax, retail sales tax, and applicable lodging taxes as lodging sales include:

- Lodging fees.
- Pet fees.
- Smoking fees.
- Cleaning fees.
- Damage or damage waiver fees.
- Early and late departure fees.
- Attrition fees.
- No show fees equal to a full night of accommodation.*

**No show fees equal to a partial night of accommodation are subject to B&O tax under the Service and Other Activities classification. Retail sales and lodging taxes do not apply.*

Nonrefundable or forfeited deposits kept as a penalty for late cancellations are subject to B&O tax under the Services and Other Activities classification. Retail sales and lodging taxes do not apply.

Definitions

Attrition fees: When a block of rooms is reserved for a customer at a special price, but the customer does not use the full block of rooms, the hotel may not honor the price and charge an attrition fee (additional amount) for the rooms which are used. These charges are taxable as lodging.

References

[WAC 458-20-166](#)

Miscellaneous items

Miscellaneous items

Gratuities

Your business does not owe tax on tips or gratuities that customers give voluntarily. However, if you add a mandatory tip or gratuity to the bill, the charge becomes part of the selling price, and you need to charge tax on that amount. Such amounts are also subject to B&O tax.

The department does not consider a gratuity voluntary when the business states it will add a gratuity charge.

Unclaimed property and unredeemed gift certificates

Unclaimed property is money or intangible property that the state holds on behalf of the owner for a period with no owner contact. The Washington Unclaimed Property Act protects unclaimed property until the state can return it to its rightful owner or their heir.

Washington law requires businesses and other organizations to review their records each year to determine whether they hold any property that has been unclaimed for a set period of time.

How to report unclaimed property

For information on how to report unclaimed property, including unredeemed gift certificates, see our [Unclaimed property](#) web page.

References

- [WAC 458-20-119](#)
- [WAC 458-20-124](#)

Online marketplaces and property managers

Online marketplaces and property managers

Many property owners use [online marketplaces](#) or property managers to market and rent their property.

Some marketplaces have made an agreement with the department to collect and pay taxes due on short-term rentals for the property owner.

Check your contract with the online marketplace or property manager to determine if your agreement includes tax collection and payment.

Property owner/host responsibilities

When an online marketplace or property manager collects taxes on your behalf, you may still be [required to register](#) with the department or report your rental income on an excise tax return. If you are required to register then you will:

- Report all of your rental income under all appropriate tax classifications - *Retailing* and *Retail Sales Tax*.
- Claim a deduction for “Gross Sales Collected by Facilitator” under the *Retail Sales Tax* classification.

You must pay any Retailing B&O tax due after taking the [small business B&O tax credit](#), if applicable. The credit calculates automatically when you file electronically.

You cannot take a deduction for marketplace or property manager charges such as service fees or commissions because they are considered a cost of doing business.

Airbnb

Airbnb collects and sends the following taxes to the Department of Revenue on behalf of Airbnb ‘hosts’ who use the website for short-term lodging sales:

- State and local retail sales tax.
- Special hotel/motel taxes.
- Convention and trade center taxes.

(See Airbnb’s website for more information).

Definitions

Host: The party who rents out an accommodation through a marketplace facilitator.

References

[RCW 82.04.070](#)

[RCW 82.08.010](#)(2)(a)

Other income

Other income

If your business earns income from personal or professional services or activities that have not been specifically classified by statute, you may be subject to B&O tax under the service and other activities classification.

Examples of income subject to the Service and Other Activities B&O tax include:

- Commissions for laundry services a third party provides.
- Commissions from long distance telephone service providers.
- Fees for permitting a business to install a satellite antenna the premises.
- Commissions for allowing placement of coin-operated machines at the hotel.
- Commissions for permitting a broadcaster or cable operator to make sales to hotel guests.

References

- [Chapter 82.04 RCW](#)
- [RCW 82.04.290](#)
- [WAC 458-20-165](#)
- [WAC 458-20-166](#)

Other taxes

Other taxes

City taxes

In addition to the state business and occupation (B&O) tax, some Washington cities impose a B&O/public utility tax. Our department does not administer these city taxes. You should [contact each city or town](#) you conduct business in about their specific taxes.

Parking and business improvement area special assessments

Parking and business improvement area special assessments

Effective May 10, 2021, lodging businesses that collect a Parking and Business Improvement Area special assessment from their guests do not have to collect sales tax or pay B&O tax on such charges.

These charges are not considered part of the selling price and do not have to be reported on your excise tax return **if** they are separately stated from the room rate on all sales documents.

References

[RCW 35.87A.010\(2\)\(b\)](#)

Personal home rentals

Personal home rentals

Property owners who rent out the following places on a short-term basis (less than 30 days in a row) for overnight accommodations may need to [register with the department](#):

- Homes.
- Rooms.
- Condominiums.
- Time shares.
- Cabins.
- Camping sites.
- RV sites.

Property owners must collect and pay retail sales tax on the rental charges. They also need to pay lodging and convention and trade center taxes, depending on the location of the property. They must pay any Retailing B&O tax due after taking the [small business B&O tax credit](#), if applicable. The credit calculates automatically when you file electronically.

The department will assume a property owner is engaged in a taxable business activity when they do any of the following:

- Advertise the property availability for overnight accommodations through online marketplaces, newspapers, or other publications.
- Hire a property manager to handle the rental of the property.
- Engage in any short-term rental contracts (less than 30 days in a row per consumer).

Property owners that choose to use the services of a property manager or an online marketplace for booking and tax collection purposes should refer to the [Online marketplaces and property managers](#) section of this guide.

Property owners that offer rentals on a long-term basis (30 days or more) should refer to the [Lodging – nontransient \(long-term\)](#) section of this guide or our Tax Topic article titled [Rental vs. license to use real estate](#).

Personal property tax

Personal property tax

Everyone who uses personal property in a business must complete a personal property tax listing form. This listing must be filed with your [county assessor's](#) office by April 30 of each year. Examples of personal property used in conducting business include, but are not limited to:

- Machinery and equipment.
- Computer hardware and software.
- Furniture and fixtures.
- Supplies.

For more information, please see our [Personal Property Tax](#) brochure and our [How my business property is valued](#) web page.

Sales/use tax on purchases

Sales/use tax on purchases

Sales tax

Lodging businesses should pay sales tax on the purchase of furniture, equipment, consumable goods, and retail services. If your business doesn't pay the sales tax at the time of purchase, it must report [use tax](#) on the combined excise tax return.

Examples of purchases lodging businesses must pay sales or use tax on include:

- Beds, chairs, tables (all furnishings).
- Linens.
- Pest control services.
- Landscaping services.
- Repair parts and labor.
- Security systems.
- Complimentary items: **soaps, shampoos, sewing kits, and other items your business provides free of charge to lodging customers.**
- Telephone and cable infrastructure and equipment.

Use tax

You owe Washington [use tax](#) when you acquire goods for use in Washington without paying sales tax. This includes items that are donated to your business or otherwise acquired without payment.

Use tax rates are the same as sales tax rates. The location of first use of the property in Washington determines which rate applies to you.

Use our [Tax Rate Lookup Tool](#) to find tax rates and location codes for any location in Washington.

References

[WAC 458-20-166\(5\)\(g\)](#)

[WAC 458-20-178](#)

US government sales

US government sales

Sales made directly to the United States government are exempt from retail sales and lodging taxes. However, sales made to employees or representatives of the federal government (including members of the military) are not exempt, even if they will receive reimbursement from the federal government.

To qualify for an exemption, the purchase must be made with one of the following payment types:

- [Eligible U.S. General Services Administration \(GSA\) SmartPay Centrally Billed Account \(CBA\) card/account](#).
- Check from the United States payable directly to the lodging business.
- United States voucher.
- Electronic funds transfer made by the United States.

You must keep a copy of documentation clearly indicating the payment was made directly by the federal government.

Eligible GSA SmartPay card

A card/account holder may use a GSA SmartPay charge card as a method of payment for authorized purchases of goods or services. A charge card may be a centrally billed account (CBA), an individually billed account (IBA), or a combination of both.

- CBAs are paid directly by the federal government. **All CBA transactions are exempt from sales tax.**
- IBAs are **not** paid directly by the federal government. **All IBA transactions are subject to sales tax.**

GSA SmartPay charge cards have specific account number prefixes (first four digits), as seen below. Citibank and U.S. Bank issue Visa and Mastercard branded SmartPay charge cards.

Federal government travelers may use a GSA SmartPay Travel card, Tax Advantage Travel card, Integrated card, or Purchase card for travel expenses.

SmartPay Travel and Tax Advantage Travel card

Travel cards may be IBA or CBA. All states are required to exempt purchases made with CBA cards. However, states may choose whether to exempt purchases made with IBA cards. Travelers making purchases with an IBA card must pay sales tax in Washington.

SmartPay Travel and Tax Advantage Travel cards prefixes include:

- Visa: 4486, 4614, 4615, 4716.
- Mastercard: 5565, 5568.

The sixth digit of the travel card identifies if it is CBA and is tax exempt:

- For Travel cards, this is a 6, 7, 8, 9, or 0.
- For Tax Advantage Travel cards, this is 5.
 - Tax Advantage Travel cards are a combination of CBA and IBA. Lodging and rental car purchases are tax exempt. All other purchases, such as meals and incidentals, are subject to retail sales tax.

If the sixth digit of the travel cards is 1, 2, 3, or 4, it is IBA, and the purchase is subject to retail sales and lodging taxes. The most common travel card is IBA.

Typically, the travel cards have one of these designs:



Please note that card designs may vary.

SmartPay Purchase and Integrated cards

All SmartPay Purchase and Integrated cards are CBA and are exempt from retail sales tax.

SmartPay Purchase card prefixes include:

- Visa: 4614, 4715, 4716.
- Mastercard: 5565, 5568

SmartPay Integrated card prefixes include:

- Visa: 4614
- Mastercard: 5565

The sixth digit identifier used to differentiate travel cards does not apply to Purchase or Integrated cards.

Typically, the cards have one of these designs:



Please note that card designs may vary.

Records you must keep

To document an exemption on purchases made with an eligible card, you must keep the following information in addition to a receipt:

- Federal employee's name.
- Federal government agency's name.
- Type of card (e.g. travel, tax advantage, purchase, integrated).
- Expiration date of card.
- Name of credit card company.
- The sixth digit of the card for Travel or Tax Advantage Travel cards.
- The first four digits of the card.

Business and occupation (B&O) tax

Gross income from sales of tangible personal property or retail services to the federal government is subject to the Retailing B&O tax. The retail sales tax exemption does not extend to B&O tax.

References

[WAC 458-20-166](#) Hotels, motels, and similar lodging businesses

[WAC 458-20-190](#) Sales to and by the United States

[How to document US government purchases](#)

For more information about the GSA SmartPay program, visit the [GSA website](#).