

Use or Occupancy Tax Frequently Asked Questions

Are no-show, early departure and cancellation fees taxable?

Yes, revenue for no-show, early departure and cancellation fees that are a condition of use or occupancy are considered “rent” by definition in the County Code and are taxable. These are cancellation, early departure, no-show, or attrition fees that are generally equal to the full amount of a room rental, where a person is charged the amount of a rental even though they do not actually occupy the room.

Do church groups, charitable and non-profit organizations need to pay the use or occupancy tax?

Yes, charitable and non-profit organizations, including churches, do need to pay the use or occupancy tax.

What is a short term rental?

“Short-Term Rental” means a facility that offers sleeping accommodations to the transient public for rent including a Hotel, Motel, Inn, Bed and Breakfast Home, Bed and Breakfast Inn, Rooming House, as defined in § 18-1-101 of the Anne Arundel County Code, and short-term residential rentals. For purposes of this definition, “Short-Term Residential Rental” means the use or occupancy, facilitated by a Hosting Platform in exchange for rent, of all or part of a dwelling unit to provide accommodations to transient guests for no more than 120 consecutive days in a calendar year.

A guest will be staying in the short term rental for more than one hundred and twenty (120) consecutive days. Do they need to pay the use or occupancy tax?

The guest must pay the County use or occupancy tax for the first one hundred and twenty (120) consecutive days. For any additional **consecutive days**, the short term rental does not need to charge the County use or occupancy tax. The guest can apply to the County for a refund of the use or occupancy taxes paid for the first one hundred and twenty (120) consecutive days.

A government employee is staying in the short term rental and paying for the room with a personal credit card. Do they need to pay the use or occupancy tax?

Yes, government employees or groups are only exempt if the room bill is paid for with a government check or with a credit card billed directly to the government. Additional information about tax exempt sales to government employees is available on the Comptroller of Maryland website:

https://taxes.marylandtaxes.gov/Business_Taxes/Business_Tax_Types/Sales_and_Use_Tax/Filing_Information/Tax_Exemptions/Exemption_Certificates/Sales_to_Government_Employees.shtml