



450 Columbus Blvd Ste 1
Hartford CT 06103-1837

POLICY STATEMENT

Room Occupancy Tax on Short-Term Home Rentals

Purpose: This Policy Statement explains the room occupancy tax responsibilities of persons who rent all or a portion of a house, apartment, condominium, cottage, or other “home.”

Room Occupancy Tax: The room occupancy tax applies to payment received for occupancy. The current tax rate is 15% of the total rent received for occupancy by a person during a period not exceeding 30 consecutive calendar days. **Person** includes any individual, firm, partnership, joint venture, association, social club, fraternal organization, corporation, limited liability company, or a federal, state, municipal, or other government agency.

Home Rentals: As used in this Policy Statement, **home** includes a house, apartment, condominium, cottage, or other dwelling. The terms of the contract between the operator and renter control whether there is a short-term rental of real property subject to room occupancy tax. The short-term rental of all or a portion of a home is subject to room occupancy tax at the current rate of 15%.

Rental contracts for a period of less than 90 days, including month-to-month contracts, are considered short-term rentals subject to room occupancy tax for the first 30 days of occupancy.

Charges for services, accommodations, and other amenities provided by the owner or operator and accompanying occupancy are subject to room occupancy tax, whether or not separately stated.

Room occupancy tax does not apply to rental contracts for a period of at least 90 consecutive calendar days. Continued tenancy by the same renter after the term of such a contract expires is not subject to the room occupancy tax.

Room occupancy tax does not apply to rental contracts of any length if the owner or operator does not provide furniture for the occupancy.

Who is Responsible for Collecting and Remitting the Tax? The operator of the home is responsible for the collection and remittance of room occupancy tax. The owner of the home is presumed to be the operator.

A third party that is registered with the Department of Revenue Services (DRS) may collect, report, and remit room occupancy tax on behalf of an operator. If a third party collects, reports, and remits room occupancy tax for all rentals by an operator, then the operator is not required to separately register with DRS.

If an operator rents both independently and through a third party that collects, reports, and remits on its behalf, then the operator must register with DRS and separately report and remit the room occupancy tax for all rentals that are not reported by the third party.

Income Tax on Rental Income: Rental income from a property located in Connecticut is Connecticut source income subject to Connecticut income tax. Different rules may apply depending on whether the owner also uses the home as the owner’s residence. See Internal Revenue Service **Publication 527, Residential Rental Property (Including Rental of Vacation Homes)**, for more information about reporting rental income.

“Corporate” Occupancy: A business may enter into a rental contract to keep a home on a long-term basis for use by its personnel. Room occupancy tax does not apply to the rental contract with the business if it is for a period of 90 days or more.

Effective Date: The requirements set forth in this Policy Statement shall be enforced for reservations with deposits made on and after May 1, 2018.

Statutory Authority: Conn. Gen. Stat. §§ 12-407(a)(2) and (17), as amended by 2017 Conn. Pub. Acts 147, § 14; Conn. Gen. Stat. § 12-408(1), as amended by 2017 Conn. Pub. Acts 147, § 12, and further amended by 2017 Conn. Pub. Acts 2 (June Spec. Sess.), § 637; and Conn. Gen. Stat. § 12-411(1), as amended by 2017 Conn. Pub. Acts 147, §§ 13 and 33, and further amended by 2017 Conn. Pub. Acts 2 (June Spec. Sess.), § 638.

Effect on Other Documents: None affected.
Policy Statement 2001(2), *Room Occupancy Tax and Sales and Use Tax on Campground and Cottage Rentals*, was already repealed by **Announcement 2016(6)**.

Effect of This Document: A Policy Statement explains in depth a current Department of Revenue Services (DRS) position, policy, or practice affecting the tax liability of taxpayers.

Cross Reference: See also **Policy Statement 2017(7)**, *Room Occupancy Tax and Sales and Use Taxes for Hotels, Motels, and Bed & Breakfasts*.

For Further Information about the Taxation of Income from Home Rentals: Refer to Internal Revenue Service **Publication 527**, *Residential Rental Property (Including Rental of Vacation Homes)*, at www.irs.gov/publications/p527/index.html

For Further Information about the Contents of this Policy Statement: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

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Forms and Publications: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms and publications.

Paperless Filing/Payment Methods (fast, easy, free, and confidential): Business and individual taxpayers can use the **Taxpayer Service Center (TSC)** at www.ct.gov/TSC to file a variety of tax returns, update account information, and make payments online.

File Electronically: You can choose first-time filer information and filing assistance or log directly into the **TSC** to file returns and pay taxes.

Pay Electronically: You can pay taxes for tax returns that cannot be filed through the **TSC**. Log in and select the *Make Payment Only* option. Choose a payment date up to the due date of the tax and mail a paper return to complete the filing process.

DRS E-alerts Email Service: Get connected to the latest DRS news including new legislation, policies, press releases, and more. Visit the DRS website at www.ct.gov/DRS and select *Sign up for e-alerts* under *How Do I?* on the gold navigation bar.