



# TRANSIENT OCCUPANCY TAX RETURN INSTRUCTIONS

## **GENERAL PROVISIONS**

The City of Arcata levies a transient occupancy tax (TOT) under the provisions of Arcata Municipal Code Title VI Chapter 3. The Arcata Municipal Code is available on the City's website.

- All tax filers are required to submit tax returns on a quarterly basis, unless directed by the Finance Director to file monthly. Returns must be filed for each quarter, even if there are no taxable rentals. The return must report all room rental receipts, even if exempt from the TOT (e.g., long-term rentals). Back-up documentation must be submitted for all exemptions claimed, TOT Exemption Reports are available on the City's website. ([www.cityofarcata.org/442/Transient-Occupancy-Tax](http://www.cityofarcata.org/442/Transient-Occupancy-Tax))
- Returns are due on the last business day of the month following the quarter reported.
- The tax applies to all rentals of thirty (30) consecutive calendar days or less.
- The current tax rate is 12% (10% to Arcata and 2% to Humboldt County Tourism BID). The entire amount (12%) is submitted to the City and the City remits the tax due to Humboldt County Tourism BID.
- Fill in the form for each reporting period and return it with payment to:

**City of Arcata Finance Department  
736 F Street  
Arcata, CA 95521**

## **INSTRUCTIONS**

The following instructions are provided for your information only, to assist in completing the TOT Return Form. For a full and complete copy of the City's Ordinance please see Title VI Chapter 3 of the City of Arcata's Municipal Code available on the City website.

There are two versions of the form available on the website:

- A fillable form with automatically calculated fields, which can be completed using Adobe Reader (download at <https://get.adobe.com/reader/>)
- A blank form to print and complete manually.



## TRANSIENT OCCUPANCY TAX RETURN INSTRUCTIONS

The following instructions are applicable to both forms.

- A. Total Number of Rooms Available for Rent:** The total number of rooms or units available to be rented multiplied by the number of days in the quarter. For example, 5 rooms available in July-Sept would be  $5 \times 92 = 460$ .
- B. Total Number of Rooms Occupied:** The total number of rooms or units occupied in the quarter. For example, if all 5 rooms were occupied for 75 days,  $5 \times 75 = 375$ .
- C. Percentage of Rooms Occupied:** Divide Line B by Line A. In this example,  $375 / 460 = 82\%$ .

**1. Total Receipts from Room Rental (Including Exempt Room Rental Receipts)**

Report all room receipts collected during the month, including prepaid rents, and amounts that will be deducted on lines 2 & 3. If zero receipts; enter zero. Include all mandatory fees such as cleaning fees, pet fees, extra person fees, resort fees, management fees, and linen fees. Do not include non-room rental charges that are not subject to the tax, such as refundable security deposits. Do not include TOT tax collected. (See Example A, Page 4)

**2. Less: Receipts from Non-Transient Residents Not Subject to Tax**

This includes guests who have paid in advance for thirty (30) consecutive days or longer and whose tenancy may not be terminated in less than 30 days. Guests who have not paid in advance for 30 or more consecutive days must pay the tax on the first 30 days of occupancy. The 31<sup>st</sup> day and consecutive days following are not subject to the tax, and should be entered here. (See Example A, Page 4)

**3. Less: Other Exemptions**

Give detail of the types and amounts of exemptions. Note that:

- Exemptions for an officer or employee of a foreign government are allowed **only** when the operator completes a Tax Exemption Report available on the website.
- Exemptions for Complimentary Rooms are allowed only when the operator completes a Tax Exemption Report available on the website.
- Exemptions for qualified meals and beverages must meet all requirements of California Revenue and Taxation Code Section 7203.5.

Please note that documentation of exemptions, as with all records pertaining to the transient occupancy tax, must be maintained for at least three years, and is subject to audit. (Arcata Municipal Code Sec. 6409)

**4. Taxable Receipts (Line 1 Minus Lines 2 and 3)**

Subtract the amounts on Lines 2 and 3 from the amount on Line 1.

**5. City of Arcata TOT (10% of line 4)**

Multiply the amount on Line 4 by 10% (0.10)



## TRANSIENT OCCUPANCY TAX RETURN INSTRUCTIONS

### 6. Penalty

TOT returns are due on or before the last day of the month following the close of each quarter.

Any operator who fails to file a tax return by the due date shall pay a penalty of 10% of the tax due (Line 5 x 0.10). If the return is still not filed within thirty (30) days of the due date, a penalty of 20% of the tax is due (Line 5 x 0.20). (See Example B, Page 6).

### 7. Interest Charge (0.5% of line 5 per month delinquent)

In addition to penalties imposed, any operator who fails to remit the Transient Occupancy Tax on time is also required to pay interest on the amount of tax due. The interest rate is one-half percent (0.5%) for each month, or portion of a month, that the payment is late.

For example, if you are paying for the quarter of July-Sept in December, you will be paying interest for two months, as the quarter return was due at the end of October. Add 0.5% for November and 0.5% for December, for a total of 1.0%—multiply Line 5 by 1% (0.01). (See Example B, Page 6).

### 8. Amount Due to the City of Arcata (Sum of lines 5, 6, 7)

Add the amounts on Lines 5, 6 and 7.

### 9. Humboldt County Tourism BID Assessment (2% of line 4)

Multiply the amount on Line 4 by 2% (0.02)

### 10. Penalty (10% of line 9 if past due, 20% if more than 30 days past due)

TOT returns are due on or before the last day of the month following the close of each quarter.

Any operator who fails to file a tax return by the due date shall pay a penalty of 10% of the tax due (Line 9 x 0.10). If the return is still not filed within thirty (30) days of the due date, a penalty of 20% of the tax is due (Line 9 x 0.20). (See Example B, Page 6).

### 11. Interest Charge (0.5% of line 9 per month delinquent)

In addition to penalties imposed, any operator who fails to remit the Transient Occupancy Tax on time is also required to pay interest on the amount of tax due. The interest rate is one-half percent (0.5%) for each month, or portion of a month, that the payment is late.

For example, if you are paying for the quarter of July-Sept in December, you will be paying interest for two months, as the quarter return was due at the end of October. Add 0.5% for November and 0.5% for December, for a total of 1.0%—multiply Line 9 by 1% (0.01). (See Example B, Page 6).

### 12. Amount Due to the Humboldt County Tourism BID (Sum of lines 9, 10, 11)

Add the amounts on Lines 9, 10 and 11.

### 13. Total Amount Due (line 8 plus line 12)

Add Lines 8 and 12. This is the amount due to the City of Arcata when you file the return.



# TRANSIENT OCCUPANCY TAX RETURN INSTRUCTIONS

## EXAMPLE A:

In July-Sept you received the following rents:

- a. \$500 for 5 nights from a long-term tenant who had been renting since June (i.e., longer than 30 days) – *Include on Line 1, to be deducted on Line 2. Include supporting documentation for long-term rental.*
- b. \$1,500 from two guests who each stay 5 nights – *Include on Line 1*
- c. \$2,000 from a guest who will be staying for fifteen days in October – *Include on Line 1*
- d. \$200 for non-refundable cleaning fees from the two short-term guests – *Include on Line 1*  
*Line 1 will include a-d: \$500 + \$1,500 + \$2,000 + \$200 = \$4,200*
- e. \$750 for refundable security deposits from the three short-term guests – *Do not include – refundable deposits are not room rental receipts.*
- f. \$444 from all guests for TOT – *Do not include – TOT payments are not room rental receipts.*

<b>1.</b>	<u>Total Receipts from Room Rental**</u>		\$ 4,200
<b>2.</b>	Less: Receipts from Non-Transient Residents Not Subject to Tax		\$ 500
<b>3.</b>	Less: Other Exemptions		\$
<b>4.</b>	Taxable Receipts (Line 1 Minus Lines 2 and 3)		\$ 3,700
<b>5.</b>	City of Arcata TOT (10% of line 4)		\$ 370
<b>6.</b>	Penalty (10% of line 5 if past due, 20% if more than 30 days past due)		\$
<b>7.</b>	Interest Charge (0.5% of line 5 per month delinquent)		\$ -
<b>8.</b>	Amount Due to the City of Arcata (Sum of lines 5, 6,7)	Code 414	\$ 370
<b>9.</b>	Humboldt County Tourism BID Assessment (2% of line 4)		\$ 74
<b>10.</b>	Penalty (10% of line 9 if past due, 20% if more than 30 days past due)		\$
<b>11.</b>	Interest Charge (0.5% of line 9 per month delinquent)		\$
<b>12.</b>	Amount Due Humboldt County Tourism BID (Sum of lines 9, 10, 11)	Code 417	\$ 74
<b>13.</b>	<b>Total Amount Due</b> (line 8 plus line 12)		\$ 444



## TRANSIENT OCCUPANCY TAX RETURN INSTRUCTIONS

### EXAMPLE B:

In March you realize you did not remit TOT for the previous quarter Sept-Dec. You received the following rents in Sept-Dec:

- a. \$6,000 from various short-term rentals - *Include on Line 1 – Calculate Penalties and Interest*
- b. \$120 is the Penalty Due to City of Arcata.  $\$600 \times 0.20$  – *Include on line 6*
- c. \$6 is the Interest Charge Due to City of Arcata.  $\$600 \times 0.01$  – *Include on line 7*
- d. \$24 is the Penalty Due to Humboldt County Tourism BID.  $\$120 \times 0.20$  – *Include on line 10*
- e. \$1.20 is the Interest Charge Due to Humboldt County Tourism BID.  $\$120 \times 0.01$  - *Include on line 11*

1.	<u>Total</u> Receipts from Room Rental**		\$ 6,000
2.	Less: Receipts from Non-Transient Residents Not Subject to Tax		\$
3.	Less: Other Exemptions		\$
4.	Taxable Receipts (Line 1 Minus Lines 2 and 3)		\$ 6,000
5.	City of Arcata TOT (10% of line 4)		\$ 600
6.	Penalty (10% of line 5 if past due, 20% if more than 30 days past due)		\$ 120
7.	Interest Charge (0.5% of line 5 per month delinquent)		\$ 6
8.	Amount Due to the City of Arcata (Sum of lines 5, 6,7)	Code 414	\$ 726
9.	Humboldt County Tourism BID Assessment (2% of line 4)		\$ 120
10.	Penalty (10% of line 9 if past due, 20% if more than 30 days past due)		\$ 24
11.	Interest Charge (0.5% of line 9 per month delinquent)		\$ 1.20
12.	Amount Due Humboldt County Tourism BID (Sum of lines 9, 10, 11)	Code 417	\$ 145.20
13.	<b>Total Amount Due</b> (line 8 plus line 12)		\$ 871.20

**If you have any questions, please contact the Finance Department at:  
707-822-5951 or by email at [finance@cityofarcata.org](mailto:finance@cityofarcata.org)**