

Short-Term Rental Unit Marketplaces

Short-Term Rental Unit Marketplaces are Responsible for Collecting Occupancy Taxes on Marketplace Rentals

Public Chapter 787 (2020), effective January 1, 2021, requires short-term rental unit marketplaces to collect and remit local occupancy taxes for short-term rental units rented through a marketplace.

The short-term rental unit marketplaces must register with the department and remit the local occupancy taxes. These taxes include:

- The Tourist Accommodation Tax (Title 7, Chapter 4, Parts 1 and 2);
- The Hotel Occupancy Tax (Title 67, Chapter 4, Part 14; and
- Any privilege tax imposed by private act on the occupancy of a hotel, motel, or similar establishment.

The short-term rental unit marketplaces must collect the tax at the rate adopted by the city, county, or metropolitan government where the short-term rental unit is located. The short-term rental unit marketplaces must remit the occupancy taxes to the department in the same manner they remit sales tax.

Short-Term Rental Unit Marketplace

A short-term rental unit marketplace is a business that provides a platform through which a third party offers to rent a short-term rental unit.

Short-term Rental Unit

A short-term rental unit is a residential dwelling that is rented, either in full or in part, for less than 30 continuous days. This includes, but is not limited to, a cabin, house, condominium, or apartment.

A short-term rental unit is not a hotel or a bed and breakfast establishment.

Hotels and Bed and Breakfasts Remit Occupancy Tax to Local Governments

Only short-term rental unit marketplaces should remit the local occupancy tax to the department. This includes websites and platforms that facilitate the rental of residential units, including apartments, condominiums, and homes, owned by third-party sellers. Hotels and bed and breakfasts should continue remitting the local occupancy tax to the appropriate local government.

For More Information

Visit the department's website at www.tn.gov/revenue and click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Public Chapter 787 (2020)