

**ADMINISTRATION OF HOTEL OCCUPANCY TAX
CITY OF DALLAS**

Introduction

This information is provided to all hotels, motels, bed & breakfasts, and short-term rentals (hereinafter referred to as “hotels”) in the City of Dallas (City). Its purpose is to explain the rules for the administration of the City Hotel Occupancy Tax, including collection, reporting requirements, and exemptions.

Many groups will advise you, the hotelier, of their not-for-profit status and expect to be exempted from City Hotel Occupancy Taxes. **Not-for-profit status does not automatically qualify an entity for hotel occupancy tax exemption.** Examples of these types of groups include chambers of commerce, trade associations, Universities or schools, and athletic teams.

The City urges you to read and adhere to the enclosed material carefully. Failure to do so may result in tax liabilities, including past due taxes, penalty, and interest, on the part of your hotel. If you have questions about the exempt status of a group or a customer, please call the City Controller’s Office at (214) 671-8508.

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I. HOTEL OCCUPANCY TAX REPORTING AND PAYMENT REQUIREMENTS

Hotels are required to collect Hotel Occupancy Tax (HOT) for the City of Dallas (City) and report and pay HOT to the City by the 15th of the month following the month in which the tax was earned.

A. Tax Requirement

- See Chapter 44, Article V, “Hotel Occupancy Tax”, Sections 44-36 and 44-37 – Link at:
[http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:dallas_tx](http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx)
- Every hotel required to collect HOT shall file an official HOT Report showing the:
 - 1) consideration paid for all occupancies in the preceding month;
 - 2) amount of the tax collected on the occupancies;
 - 3) exemptions being claimed; and
 - 4) gross tax due to the City.

B. Registration Requirement

- Every hotel is required to have a registration form on file with the City.
- If the establishment is sold, has a change in management, or has a name change, the hotel is required to provide the City with a new or updated registration form.
- The registration form may be found on our website at:
<http://dallascityhall.com/departments/controllersoffice/Pages/hotel-taxes.aspx>

C. Amount of Tax and Basis for Tax

- See Chapter 44, Article V, “Hotel Occupancy Tax”, Section 44-35) – Link at:
[http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:dallas_tx](http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx)
- HOT for the City is equal to seven percent (7%) of the taxable consideration paid by the occupant to the hotel.
- The consideration shall not (Sec. 44-34 – Definitions) include:
 - the cost of any food served, or personal services rendered to the occupant not related to cleaning and readying the room or space for occupancy; and
 - any tax imposed by other governmental agencies.
- Taxes are levied upon occupants in a hotel room that is ordinarily used for sleeping and the cost of occupancy is two dollars (\$2.00) or more.
- The total HOT is broken down as follows:
 - a. State of Texas (to be remitted to the **State**)6%
 - b. City of Dallas (to be remitted to the **City**) 7%
 - c. Total (6% to the State and 7% to the City)13%

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D. Completion of Reports

- Electronic versions of the reports may be found on our website at:
<http://dallascityhall.com/departments/controllersoffice/Pages/hotel-taxes.aspx>
- A monthly report is due from the hotel even if no tax is due.
- The HOT Report must be filled out completely and signed.
- If the report is not filled out completely and signed, it will be considered an incomplete report, returned to the owner, and considered delinquent.
- Penalties and interest will continue to accrue until the report is filled out completely and returned to the City.

E. Reporting Due Dates

- See Chapter 44, Article V, "Hotel Occupancy Tax", Section 44-37 – Link at:
[http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:dallas_tx](http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx)
- **HOT reports and payments are due** to the City **by the 15th** day of the month following the month in which the tax is collected (i.e. when the taxable event occurred).
- *Example: HOT reports and payments for collections made in September 2018 are due to the City by October 15, 2018.*
 - 1) A one percent (1%) discount may be taken by the hotel if taxes are paid by the due date; on the 15th of that following month.
 - 2) If the 15th falls on a weekend or holiday, taxes are due on the following business day.
 - 3) A 15% penalty is assessed on the 26th day of that following month if HOT is not paid by the 25th.
 - i. Sec. 44-39(c)
 - 4) A 10% annual interest is charged on all HOT that is not paid within 30 days of the due date.
 - i. The interest charges begin to accrue on the day after the due date.
 - ii. Sec. 44-39(c)
 - 5) Inter-office metered mail is not considered the date of postmark.
 - 6) The official postmark date is the date imprinted at the postal service center.
 - 7) The City honors all pick up dates for US Postal Service, UPS, Federal Express, and other widely recognized postal services.

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F. Reporting Violations

- See Chapter 44, Article V, “Hotel Occupancy Tax”, Sec. 44-39(a) and (b) – Link at:
[http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:dallas_tx](http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx)
- The controlling party of a hotel violates the City Code and is subject to a **fine** not to exceed **\$500** if that person:
 - 1) fails to collect the tax imposed by this article;
 - 2) fails to file a report as required by this article;
 - 3) fails to pay the City the tax when payment is due; or
 - 4) files a false report.

G. Certificate of Paid Hotel Occupancy Taxes

- See Chapter 44, Article V, “Hotel Occupancy Tax”, Section 44-37.1 – Link at:
[http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:dallas_tx](http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx)
- Prior to the sale of a hotel, a Certificate of Paid Hotel Occupancy Taxes may be obtained from the City Controller’s Office.
- If the buyer has not obtained this certificate, the buyer becomes responsible for any and all unpaid taxes, penalty, and interest.

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II. HOTEL OCCUPANCY TAX EXEMPTIONS

See Chapter 44, Article V, “Hotel Occupancy Tax”, Section 44-35.1 – Link at: [http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:dallas_tx](http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx)

A. FEDERAL GOVERNMENT EMPLOYEES

FEDERAL GOVERNMENT EMPLOYEES TRAVELING ON OFFICIAL BUSINESS

All Federal government employees traveling on government business are exempt from local hotel occupancy taxes. Any individual or group requesting a hotel tax exemption, as a Federal government employee, must submit a Texas Hotel Occupancy Tax Exemption Certificate, which may be provided to the guest by the hotel’s front desk staff, or the hotel may be liable for not collecting the tax. The certificate may also be found at: <https://comptroller.texas.gov/forms/12-302.pdf>.

Hotels are required to retain these certificates in order to verify legitimate exemptions when audited by a government agency.

Contractors working for the Federal government are not exempt.

B. STATE GOVERNMENT EMPLOYEES

TEXAS STATE GOVERNMENT EMPLOYEES (NOT INCLUDING STATE EMPLOYEES WHO ARE STAYING 30 DAYS OR LONGER)

The only Texas State government employees exempt from local hotel occupancy taxes are those who have been issued one of two types of exemption cards. One of these cards is a special State Hotel Exemption Photo ID Card. The other card does not have a photo ID, but states “when presented with a photo identification card issued by a Texas agency, the holder of this card is exempt from state, municipal, and county hotel occupancy tax; Tax Code Sec. 156.103(d)”, or similar wording.

Texas State government employees who use the special Hotel Tax Exemption Photo ID exempt card must submit a Texas Hotel Occupancy Tax Exemption Certificate, or the hotel may be held liable for not collecting the tax. The certificate may also be found at: <https://comptroller.texas.gov/forms/12-302.pdf>.

Hotels are required to retain these certificates in order to verify legitimate exemptions when audited by a government agency.

All other Texas State government employees (excluding those who stay 30 days or longer) must pay the hotel occupancy tax. If appropriate, the local governments will then

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reimburse the State employer through a separate process, in which the hotel is not involved.

Contractors working for the State government are not exempt.

C. FOREIGN DIPLOMATS

Foreign diplomats holding a tax exemption card issued by the United States Department of State Office of Foreign Missions are exempt from local hotel occupancy taxes. They must, however, complete the Texas Hotel Occupancy Tax Exemption Certificate, which may be provided to the guest by the hotel's front desk staff, or the hotel may be liable for not collecting the tax. The certificate may also be found at: <https://comptroller.texas.gov/forms/12-302.pdf>.

Hotels are required to retain these certificates in order to verify legitimate exemptions when audited by a government agency.

D. EDUCATIONAL ORGANIZATIONS

Educational organizations include independent school districts, public or private elementary and secondary schools, public or private colleges and universities, junior colleges, technical institutes, medical or dental schools of Texas, and other states.

Educational organizations must pay local hotel occupancy taxes.

E. RELIGIOUS ORGANIZATIONS

Religious organizations are groups formally organized and operated with the primary purpose of engaging in religious worship.

Religious organizations must pay local hotel occupancy taxes.

F. CHARITABLE ORGANIZATIONS

Charitable organizations are groups formed to alleviate poverty, disease, pain and suffering by providing food, medicine, or other help to persons in need.

Charitable organizations must pay local hotel occupancy taxes.

G. PERMANENT GUESTS (30-DAY RULE)

Guests, who notify the hotel of their intent to stay 30 or more consecutive days shall be exempt from all hotel occupancy taxes from the beginning of their stay, provided there is no interruption in payment for the room. An interruption in payment occurs when there is a break in the consecutive days that a person is either staying in the

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room or is obligated to pay for the rental of the room. For example, if a guest checks out on the 39th consecutive day of a stay and is no longer obligated to pay for the room, the guest must re-qualify for the permanent resident exemption upon return to the hotel. Guests who do not advise the hotel, upon arrival, that they intend to stay 30 consecutive days must pay the tax for the first 30 days. Thereafter, the guest will be exempt, provided there is no interruption in payment for the room. For example, if a guest on the 15th day of occupancy advises the hotel that he wishes to extend his stay for an additional 30 days, the first 15 days will be taxable, and the next 30 days will be exempt, provided there is no interruption in payment for the room.

Unless the property has a contract with a company for payment of hotel bills, hotels may wish to post hotel occupancy taxes on the folio for the first 30 days of a guest's stay then adjust the taxes off on day 31. If a guest checks out 28 days after registration, and hotel occupancy taxes have not been posted or collected, the hotel will be liable for the tax.

H. CITY AND COUNTY EMPLOYEES

City and County officials must pay local hotel occupancy taxes.

I. EXEMPTION CERTIFICATES

Any individual or organization granted an exemption from any hotel occupancy tax must present a Texas Hotel Occupancy Tax Exemption Certificate, which may be provided to the guest by the hotel's front desk staff, or the hotel may be liable for not collecting the tax. The certificate may also be found at: <https://comptroller.texas.gov/forms/12-302.pdf>.

Hotels are required to retain these certificates in order to verify legitimate exemptions when audited by a government agency.

J. MISCELLANEOUS

The entities formed under the following laws are entitled to exemption from the local portions of the hotel occupancy tax. They are listed below with the wording from the statutes that led to granting of the hotel occupancy tax exemption:

- **Electric cooperatives formed under the Electric Cooperative Corporation Act** (Utility Code Section 161.062, previously Article 1528b, V.A.C.S.) **are exempt from all excise taxes, which include local hotel occupancy tax. Individuals receiving a hotel occupancy tax exemption must present to the hotel its letter of exemption from the Comptroller and submit to the hotel a Texas Hotel Occupancy Tax Exemption Certificate.**

- **Telephone cooperatives formed under the Telephone Cooperative Corporation Act** (Utility Code Section 162.062, previously Article 1528c,

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V.A.C.S.) **are exempt from** all excise taxes, which include **local hotel occupancy tax**. **Individuals** receiving a hotel occupancy tax exemption **must present to the hotel its letter of exemption from the Comptroller** and submit to the hotel a Texas Hotel Occupancy Tax Exemption Certificate.

- **Housing Finance Corporations** (Local Government Code Section 394.905), including all property owned by it, the income from the property, all bonds issued by it, the income from the bonds, and the transfer of the bonds **are exempt**, as public property used for public purposes, **from** license fees, recording fees, and all other taxes, including **local hotel occupancy tax**, imposed by this State or any political subdivision of this State. **Individuals** receiving a hotel occupancy tax exemption **must present to the hotel its letter of exemption from the Comptroller** and submit to the hotel a Texas Hotel Occupancy Tax Exemption Certificate.
- **Housing Authorities** (Local Government Code Section 392.005(a)) and the authority's property **are exempt from** all taxes and special assessments of a municipality, a county, another political subdivision, or the State, including the State and **local hotel occupancy tax**. **Individuals** receiving a hotel occupancy tax exemption **must present to the hotel its letter of exemption from the Comptroller** and submit to the hotel a Texas Hotel Occupancy Tax Exemption Certificate.
- **Health Facilities Development Corporations** (Health and Safety Code Section 221.033(c)) that are engaged exclusively in the performance of charitable functions **are exempt from** taxation by the State, a municipality, or other political subdivision of the State, including **local hotel occupancy tax**. **Individuals** receiving a hotel occupancy tax exemption **must present to the hotel its letter of exemption from the Comptroller** and submit to the hotel a Texas Hotel Occupancy Tax Exemption Certificate.
- **Public Facility Corporations** (Local Government Code Section 303.042) engaged exclusively in performance of charitable functions **are exempt from** taxation by the State, a municipality, or other political subdivision of the State, including **local hotel occupancy tax**. **Individuals** receiving a hotel occupancy tax exemption **must present to the hotel its letter of exemption from the Comptroller** and submit to the hotel a Texas Hotel Occupancy Tax Exemption Certificate.

If there are any differences between any information provided in this administrative document and the City Code, the City Code will prevail.

Attachment #1 is a matrix of the basic hotel occupancy tax exemption rules.

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**Attachment #1
SIMPLIFIED, BASIC HOTEL OCCUPANCY TAX EXEMPTION RULES**

TYPE OF ENTITY REQUESTING EXEMPTION	EXEMPT FROM STATE OCCUPANCY TAX	EXEMPT FROM LOCAL OCCUPANCY TAX	COMMENTS
City & County Employees	No	No	
Charitable Organizations	Yes	No	Guest must present Comptroller letter of exemption. Guest must fill out tax exemption certificate.
Electric & Telephone Cooperatives	Yes	Yes	Guest must present Comptroller letter of exemption. Guest must fill out tax exemption certificate.
Elementary & Secondary Educational Organizations (Public & Private Elementary and Secondary Schools and Independent School Districts in Texas and other states and countries)	Yes	No	Guest must fill out tax exemption certificate.
Federal Employees	Yes	Yes	Guest must fill out tax exemption certificate.
Foreign Diplomats	Yes	Yes	Guest must present tax exempt card issued by U.S. Department of State. Guest must fill out tax exemption certificate.
Health Facilities Development Corporations	Yes	Yes	Guest must present Comptroller letter of exemption. Guest must fill out tax exemption certificate.

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TYPE OF ENTITY REQUESTING EXEMPTION	EXEMPT FROM STATE OCCUPANCY TAX	EXEMPT FROM LOCAL OCCUPANCY TAX	COMMENTS
Housing Authorities & Finance Corporations	Yes	Yes	Guest must present Comptroller letter of exemption. Guest must fill out tax exemption certificate.
Permanent Guests (30 days or more)	Yes	Yes	Guest must notify of intent to stay 30 or more days. If stay is interrupted, occupancy taxes must be paid.
Public & Private Universities & Junior Colleges in Texas	Yes	No	Guest must fill out tax exemption certificate.
Public & Private Universities & Junior Colleges outside the State of Texas	No	No	
Public Facility Corporation	Yes	Yes	Guest must present Comptroller letter of exemption. Guest must fill out tax exemption certificate.
Religious Organizations	Yes	No	Guest must present Comptroller letter of exemption. Guest must fill out tax exemption certificate.
State Employees with Photo ID Hotel Tax Exemption Card	Yes	Yes	Guest must present state photo ID card that specifically notes that employee is exempt from hotel occupancy tax. Guest must fill out tax exemption certificate.
State Employees without Photo ID Hotel Tax Exemption Card	No	No	Guest must pay the tax, and the State and local governments will then reimburse the State employer through a separate process.