

Frequently Asked Questions Regarding Airbnb Collection of Transient Occupancy Taxes

On June 7, 2018, the City of San Luis Obispo and Airbnb reached an agreement that provides that Airbnb will automatically collect the 10% Transient Occupancy Tax (TOT), 1% Tourism Marketing District (TMD) assessment and the 2% Business Improvement District (BID) assessment. These required taxes and assessments will be automatically added to the amounts collected from renters when a reservation is made on Airbnb for a stay in the City of San Luis Obispo.

Why did the City enter into this agreement with Airbnb?

Airbnb has become more popular and many property owners were confused about whether rentals arranged online required the collection of TOT and other assessments. Additionally, many online short-term rentals were not collecting TOT and other assessments which created an unfair situation for lodging businesses which were collecting and remitting the required taxes and assessments. The City reached an agreement with Airbnb with the goal of creating a fair environment for lodging operators while simplifying the TOT collection process for those operators using Airbnb.

Are there any additional costs to the City, operators, or guests as a result of the tax collection agreement with Airbnb?

No. Airbnb calculates, collects, and remits TOT and assessments at no cost.

If I rent my property on Airbnb, am I required to have a Homestay Permit and a City Business License?

Yes. All short-term rental activity (30 days or fewer) in the City of San Luis Obispo requires a Homestay Permit and a City Business License. The Homestay Permit has specific requirements for obtaining a business license, including payment of Transient Occupancy Tax (TOT) and related assessments, owner occupancy, maximum number of guests, parking, designating a responsible party and limitation of use of accessory structures. Please review the [Homestay How-To](#) for more information.

What is a Homestay property?

An owner-occupied dwelling unit where bedrooms are provided for compensation for fewer than thirty consecutive days with a maximum of four adult overnight guests. Vacation rentals, which involve the rental of a non-owner-occupied dwelling, are not allowed. Click [here](#) to read the ordinance allowing homestay rentals in the City and please contact the Community Development Department with any questions at 805-781-7170.

How do I apply for a Homestay Permit?

Applications for homestays are now available online [here](#) or at the Community Development Department Office located at 919 Palm Ave. Please review the [Homestay How-To](#) for more information.

If I plan to only rent my property through Airbnb, do I need to report my rental activities to the City of San Luis Obispo?

Yes. It is still necessary to report all rental activities to the City of San Luis Obispo. On the new TOT reporting form, gross rents are reported with a reduction line for any rents collected by Airbnb, arriving at taxable rents upon which TOT and applicable assessments are calculated and remitted by you to City. In a scenario where all rentals occurred through Airbnb, the TOT form would be completed with Gross Rents, an equal reduction for Airbnb Transactions, resulting in Taxable Rents of ZERO with no payment due to the City.

If I plan to use Airbnb and also rent through other methods (Homeaway.com, VRBO.com, directly through my website, etc.), what rental activity do I report to the City?

All rental activity must be reported to the City and you must collect and remit TOT and applicable assessments on rents received outside of Airbnb. When reporting receipts from mixed sources to the City, report Gross Rents from all sources and a reduction for Airbnb transactions under Airbnb Transactions. The result represents net taxable rents upon which TOT and applicable assessments are calculated and remitted by you to the City of San Luis Obispo.

How do I report and remit my rental information to the City?

Once your property has received a Homestay Permit and City Business License, you will receive a copy of the TOT remittance form from the City of San Luis Obispo in the mail on a monthly basis. You will need to complete the TOT remittance form and return it to the City of San Luis Obispo cashier, located at 990 Palm Street in San Luis Obispo.

When will Airbnb begin collecting TOT and assessments and how do I report transactions during the transition?

Airbnb will collect TOT and applicable assessments on bookings made by guests on or after August 1, 2018. Airbnb will not collect TOT and assessments at any point in time for bookings made prior to August 1, 2018, even if the prior bookings are for stays taking place on or after August 1, 2018. For TOT reporting during the transition, include all transactions for the month in Gross Rents, with a deduction under Airbnb Transactions for any Airbnb bookings that occurred on or after August 1, 2018.

When renting my property through Airbnb, what records should I keep?

Like any other property rented in the City of San Luis Obispo, property owners are required to keep at least three years' worth of records, subject to audit. In most cases, Airbnb can provide you with these records. We encourage you to regularly download these records for your own files.

Does this agreement affect any other online platforms (VRBO, Flipkey, etc.)?

No. Airbnb is the only online platform collecting and remitting TOT, TMD, and TBID to the City at this time. You must continue to report rents received through other online platforms with Gross Rents and collect and remit TOT and other assessments for these stays.