



Philip J. Kellam
Commissioner

Commissioner of the Revenue

City Hall
2401 Courthouse Drive
Virginia Beach, VA 23456-9002
757.385.4515



www.vbgov.com/cor

September 21, 2022

RE: State Code Changes in Transient Occupancy Tax ("TOT")

Dear Accommodations Provider,

This letter is to notify you that the General Assembly amended the Virginia State Code 58.1-3826 and the Virginia Beach City Council accordingly amended city code sections 35-158, 35-161 effective **October 1, 2022**. These revised codes may be viewed on our website at www.vbgov.com/cor.

The changes that affect you include:

- The definition of accommodations intermediary is amended to include a party that collects room charges or imposes fees for facilitating an accommodations sale.
- The definition of accommodations intermediary excludes real estate licensees acting in the scope of their Virginia real estate license.
- The definition of room charge is amended to include any fee related to the accommodations (example: cleaning fees, guest service fee, host fee, animal fee). These examples may not be all inclusive of the fees charged but rather an example for you when determining the gross rental amount.
- The procedure for collection is amended to allow agreements between two or more accommodations intermediaries to remit a particular property's TOT to the City. Please verify with the Business Taxpayer Division of the Commissioner's Office if your accommodations intermediary is remitting the TOT, as not all accommodations intermediaries are registered and remitting the tax.

You will continue to receive monthly trustee remittance forms from the City Treasurer. If you use an accommodations intermediary, you will file your gross rental income including all fees and may deduct any gross receipts remitted by your accommodation's intermediary. All fees may not always appear on your accommodation's intermediaries' reports, so please review the reservations/booking invoice. **The only deductions from the taxable gross rental are taxes collected and insurance fees. All other fees are part of the gross rental and must be included in your gross income.** If for any reason your intermediary is not registered and remitting the TOT or fees, you will be required to remit the appropriate balance to the City Treasurer.

If an accommodations intermediary begins remitting lodging tax to Virginia Beach for reservations/booking on October 1, 2022, **it will only be for bookings on, or after, that date. All booking/reservations made prior to October 1, 2022, are the responsibility of the accommodations provider to collect, file and remit the gross rentals and nightly flat tax.**

The City's tax rate remains 9% (the 8% City tax and the 1% regional transient tax). The Sandbridge tax rate remains 10.5% (the 9.5% City tax and 1% regional transient tax). The \$2.00 per night flat tax charge for both City and Sandbridge also applies.

If you have questions, please call this office at 757.385.4515, or fax 757.385.4183, or email business@vbgov.com, or visit in person Monday thru Friday 8:00 AM to 5:00 PM.

Sincerely,

A handwritten signature in black ink that reads "Philip J. Kellam". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Philip J. Kellam
Commissioner of the Revenue

C: Honorable Leigh Henderson, Treasurer, City of Virginia Beach
Dottie T. Shurtz, Deputy Commissioner for Business Taxpayers
Crystal A. Marcus, Deputy Commissioner for Investigations