

Occupancy Tax FAQ

Are You Paying Occupancy Tax on Your Rental Accommodations?

If you rent out your home or vacation property the State of North Carolina and Jackson County law requires you to collect occupancy tax from your guests. You are only exempt if the below circumstances apply:

- A privately-owned residence/cottage rented for fewer than 15 days per year;
- A rental to the same person of more than 90 continuous days; and,
- Accommodations related to schools or camps that charge tuition or fees for enrollment.

This occupancy tax is in addition to state and local sales tax, and is based on gross room sales.

Occupancy Tax Law: North Carolina G.S. 105-164.4(a)(3) (made applicable to occupancy taxes by G.S. 153A-155 and G.S. 160A-215).

Who do I need to speak with about NC Sales Tax?


You can contact the NC Department of Revenue at 1-877-252-3052 or www.dornnc.com.

What if I do not know how long my home will be rented or if it will be rented for a period of time that mandates I pay occupancy tax?

You should setup an account to remit. If total days rented for the year are less than 15 or if an individual guest stays longer than 89 consecutive days, the remitter may seek a refund from Jackson County Finance Department.

Should individual owners who rent their properties via on-line services such as Airbnb and VRBO be collecting and remitting occupancy taxes?

Yes. If a property owner rents out an accommodation for 15 or more days per year, then that owner should be collecting occupancy taxes from the tenants and remitting that tax to Jackson County. It matters not whether the owner rents the property without assistance, contracts with a local rental agency, or uses an on-line rental service.

 **Note:** Airbnb, VRBO, Evolve and Avalara remits tax on your behalf to the County. With other services, you will need to setup a finance account (see below).

Are rentals of campsites or RV sites that provide power and/or water subject to occupancy taxes?

No. The tax covers only the rental of “accommodations,” defined by G.S. 105-164.4(a)(3) as “a hotel room, a motel room, a residence, a cottage or similar lodging facility.” This definition suggests the rental must provide some type of structure in which the renter may lodge for the night.

Basic campsites, RV sites, and boat slips do not provide lodging structures as part of the rental, so the tax should not apply. The tax would apply to the rental of a campsite that included a tent or other lodging structure or to the rental of a houseboat.

Do non-profits or corporations have to pay occupancy taxes?

Yes.

What if someone stays more than 90 days in a rental property?

With many extended rentals the full length of the rental period may not be known until after the rental ends, in which case a refund may need to be provided.

Consider a family that rents a mountain house for two summer months, June and July. The owner of that property **must collect and remit taxes** on that rental. If the family decides to extend the rental thru the end of August that rental would now be greater than 89 continuous days. The owner of the property would not need to collect taxes for the August rent and may seek a refund of the taxes paid on the rental for June and July.

The refund check should be sent to the owner, who should then return it to the tenant. But it is not the job of the taxing unit to make sure the owner does so; that would be a private dispute between owner and tenant in which the taxing authority should not get involved.

Why is Occupancy Tax Important to Collect?

The tax paid by visitors helps fund advertising and promotion of Jackson County to potential travelers. With the collection of occupancy taxes we are able to position the county as a premier tourist destination and bring you more business. The tax is not paid by accommodations, as they are simply a pass-through for the visitor remitting the tax.

How to Register/Set up an Account

You must register your rental property with the Jackson County Finance Office, which will instruct you how to remit the occupancy tax money you collect. The Finance Department can be reached at 828-631-2251, and the mailing address is 401 Grindstaff Cove Road, Sylva, NC 28779.

Failing to register, file & pay the occupancy tax will result in penalties, which mirror NC sales & use tax as stated in General Statute 105-236, including:

- Mail your reports to the Jackson County Finance Department, 401 Grindstaff Cove Road, Sylva, NC 28779.

I didn't rent my property during this filing period. Am I still required to file a tax return for my short-term rental?

Yes. Short-term rental operators registered with the North Carolina Department of Revenue are required to file returns each assigned filing period, regardless of whether you there was short-term rental income or any short-term rental taxes were collected. Such returns are commonly known as "zero dollar returns." Local tax authorities may have their own requirements.

Who do I contact with Questions?

* Janice Cope, Jackson County Finance Office

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828-631-2251

401 Grindstaff Cove Road

Sylva, NC 28779