

Short Term Rental Occupancy Tax

A new expanded short-term rental occupancy tax was passed by the Massachusetts legislature and signed into law by Governor Baker.

The total tax to be collected on all short-term rentals in Wellfleet is 12.45% and is broken down as follows:

5.7% State of Massachusetts Room Occupancy Tax

4.0% Local option tax

2.75% Cape Cod and Islands Water Protection Fund

12.45% Total Tax

The new law imposes state and local excises on short-term rentals of property for more than 14 days in a calendar year, starting July 1, 2019 for which a rental contract was entered into on or after January 1, 2019.

All short-term rental operators will be required to register with DOR. Operators may choose to allow an intermediary or other agent to handle the rental of their property and register with and submit returns and tax due to DOR on their behalf.

A short-term rental is an occupied property that is not a hotel, motel, lodging house or bed and breakfast establishment, where at least 1 room or unit is rented out by an operator through the use of advance reservations. A short-term rental includes an apartment, house, cottage, and condominium. It does not include property that is rented out through tenancies at will or month-to-month leases. It also does not include time-share property. A short-term rental is a rental that is not for more than 31 consecutive calendar days.

The total amount of rent that is subject to tax includes all amounts paid by an occupant to an operator or intermediary, even if not required for occupancy. Rent includes all optional charges, including but not limited to the following: security deposits, insurance, linen fees, cleaning fees, service charges. If the total amount of rent is less than \$15 per day, no tax is required to be collected.

All operators must register with DOR using MassTaxConnect. DOR is currently working on making changes to the registration process due to the new law. Check this page for more information in the near future.

For additional information please visit any of the following sites:

<https://www.mass.gov/service-details/room-occupancy-excise-tax>

<https://www.mass.gov/info-details/short-term-rentals-frequently-asked-questions>