

DEPARTMENT OF STATE REVENUE

Information Bulletin #41
Sales Tax
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SUBJECT: Sales Tax Application to Furnishing of Accommodations

REFERENCES: [IC 6-2.5-4-4](#); [45 IAC 2.2-4-8](#); [45 IAC 2.2-4-9](#)

INTRODUCTION

Indiana sales tax applies to the rental of rooms, lodgings, camping space, or other accommodations in Indiana furnished by any person engaged in the business of renting or furnishing such accommodations for periods of less than 30 days. Persons furnishing such accommodations must register as a retail merchant and must collect sales tax from their customers.

I. Definition of Accommodations

"Accommodation" means any space, facility, structure, or combination thereof including booths, display spaces, and banquet facilities, together with all associated real or personal property, which is intended for occupancy by persons for a period of fewer than 30 days. The term includes the following:

- Rooms in hotels, motels, lodges, ranches, villas, apartments, houses, bed and breakfast establishments, and vacation homes or resorts;
- Gymnasiums, coliseums, banquet halls, ballrooms, arenas, and other similar accommodations regularly offered for rent;
- Cabins or cottages;
- Tents or trailers (when situated in place);
- Houseboats and other craft with overnight facilities;
- Space in camper parks and trailer parks wherein spaces are regularly offered for rent for periods of fewer than 30 days; and
- The renting or furnishing of cubicles or spaces used for adult relaxation, massage, modeling, dancing, or other entertainment to another person.

The term "accommodation" does not include vendor spaces occupied for periods of fewer than 30 days by merchandise trailers, absent the incorporation of tangible property or an amenity designed to support occupancy by human beings. Examples of amenities designed to support occupancy by human beings include, but are not limited to, utility connections and structures such as roofs and walls.

II. Imposition of Tax

The tax is imposed on the gross receipts received by the retail merchant and includes the amount that represents consideration for the rendition of those services which are essential to the furnishing of the accommodation and those services which are regularly provided in furnishing the room or accommodation. Such amounts are subject to tax even if they are separately itemized on the statement or invoice. This includes telephone access charges. It also includes food or drinks provided by the retail merchant to the customer, if it is included in the room charge. If a membership fee is charged to the customer, it is included in gross receipts.

III. Exemptions from the Tax

An accommodation that is rented for 30 days or more is not subject to the sales tax. The customer is required to pay the tax for the first 30 days if the customer is billed on less than a monthly basis.

EXAMPLE:

A business rents accommodations for its employees and signs a lease for four months, payable monthly. The first 30 days would not be subject to tax.

Same situation as above; however, the business pays the rental on a weekly basis. The business is required to pay sales tax on the first 30 days of rental.

For the purpose of determining whether the rental is for 30 days or more, if an entity rents the rooms for employees, the entity—not the person who stays in the room—is renting the rooms. The contract does not have to be for a specific room as long as the continuous stay portion of the contract remains in effect.

EXAMPLE:

An innkeeper moves two occupants of rooms rented on an extended stay to make a contiguous area available for a convention that wants all of their rooms together. Moving the people in the extended stay contract does not void the contract.

The tax does not apply to the rental of meeting rooms to a charitable or another exempt organization if the facility is to be used for furtherance of the purpose for which the organization is granted the exemption. However, the rental of ordinary hotel/motel rooms for periods of fewer than 30 days to members of a charitable or another exempt organization is subject to sales tax, even if the charitable or other exempt organization pays for the room(s).

A person is not a retail merchant if the person is a promoter who rents a booth or display space in a facility that is operated by a political subdivision (including a capital improvement board established under [IC 36-10-8](#) or [IC 36-10-9](#)) or the state fair commission. However, this does not exempt the renting of accommodations by a political subdivision or the state fair commission to a promoter or an exhibitor.

IV. Subleasing Accommodations

The rental of rooms, lodgings, camping space, or other accommodations to a person for periods of fewer than 30 days for the purpose of subleasing or subletting such accommodations to others may be done exempt from tax. However, in such situations, the sublessor must register as an Indiana retail merchant and must collect the tax from the person to whom the accommodation is ultimately leased.

John Eckart
Commissioner

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