

TRANSIENT OCCUPANCY TAX RETURN INSTRUCTIONS

The City of Santa Cruz levies a tax on all rentals of fewer than 30 consecutive days. *The tax rate is 11% effective July 1, 2013.* As of the same date, all tax filers are required to submit tax returns on a monthly basis. *Returns must be filed for each month, even if there are no taxable rentals.* You may make copies of the forms for use in future years, or print a blank form from the City website and reference your registration number on the form. Please detach the form for each reporting period and return it with payment to:

**City of Santa Cruz Finance Department
809 Center Street, Room 101
Santa Cruz, CA 95060**

The following instructions are based on the Santa Cruz Municipal Code TOT Ordinance (Chapter 3.28) and are provided for your information only. For a full and complete copy of the Ordinance please see the Municipal Code on the City website (www.cityofsantacruz.com).

INSTRUCTIONS FOR LINE 1: Report all room receipts **collected** during the month, including amounts that will be deducted on line 2. If zero receipts; enter zero.

INSTRUCTIONS FOR LINES 2&3: Enter the total dollar amount for all deductions in the column at the far right. Also give the detail of the types and amounts of deductions taken. There are 4 allowable deductions. 1) Deductions for non-transient guests are allowed for patrons who have a contract to stay longer than thirty (30) consecutive days. Guests without contracts to stay more than 30 consecutive days must pay the tax on the first 30 days of occupancy. 2) **Deductions for employees of the Federal government (or agency) on official business are allowed only when the Federal government employee completes a Certificate of Tax Exemption.** 3) Deductions for qualified meals and beverages must meet all four requirements of California Assembly Bill 3407. Meals must be provided solely for patrons, the cost must be included in the room rent, sales tax must be paid to the State Board of Equalization on the meal value, and the meal amounts must be reasonable and separately identified in the operator's accounting records. 4) Deductions are also allowed for certain foreign diplomats.

INSTRUCTIONS FOR LINE 6: Any operator who fails to file a tax return by the due date shall pay a penalty of ten percent (10%) of the tax due. If the return is still not filed within thirty (30) days of the date on which it became delinquent, then a second penalty is also charged. The second penalty is an additional fifteen percent (15%) of the tax due.

INSTRUCTIONS FOR LINE 7: In addition to the penalties imposed, any operator who fails to remit the Transient Occupancy Tax on time shall also pay interest on the amount of tax due. The interest rate is one and one-half percent (1.5%) for each month (or portion of a month) late.