



Richmond Region TIDs

Hotel Talking Points & Best Practices Post-Formation

How do I update my PMS?

Following the TID formation, each hotel's Property Management System (PMS) must be updated to collect the TID fee. The reservations must be updated using the same procedure as adding a new tax. A new line item will need to be created for the TID fee. It is likely this is completed with the respective brand to be reflected on booking "pages". Each hotel's system will vary; therefore, it's recommended to contact your system's expert or corporate office to learn the specifics to update.

Is state sales tax levied on the fee?

Yes. Retail sales and use tax obligations arise on the transaction of the hotel charging customers an additional 2% fee, *only if the TID fee is passed on to the customer*. The Tax Department has historically found that charges unrelated to the sale of accommodations are not subject to the tax, while those charges related to the sale of accommodations are taxable. The fee is directly related to the sale of accommodation, and therefore would be subject to retail sales and use tax. If you choose to pay the TID fee directly, and do not pass it on to the customer, sales tax does not apply to the fee. If the TID fee is passed on, you must collect and remit the applicable sales tax rate on the TID fee. For example, if a 2% fee is applied to the room revenue, the hotel should pay state sales tax on the gross amount of revenue generated from the sale, which includes the 2% fee.

Is transient occupancy tax levied on the fee?

Yes. Transient occupancy tax obligations arise if the TID fee is passed on to the customer, like the sales tax. If passed on to the customer, it is considered part of the "total price paid by the customer" and therefore would fall under the same regulations as sales tax.

Example if TID fee is passed on to customer:

Room Revenue	Room Sales Tax - 6%	TOT – 8%	TID 2% Fee	Fee TOT – 8%	Fee Sales Tax - 6%
\$100	\$6.00	\$8.00	\$2.00	\$0.16	\$0.12

How do I communicate this to third parties?

Third parties such as Expedia and Kayak collect taxes and fees at the time of booking. The TID fee is administered like other taxes and fees, therefore if a TPI is submitting taxes and fees via a virtual card payment, the TID fee would fall under this same process. It's recommended you contact your regional representative, and have them add the fee to the bills, or TPI. You'll also need to update the Global Distribution System and your local business and franchise websites according to their procedures.

What else needs to be updated?

Each hotel will need to update their registration cards, automated emails that note taxes and fees, or any other guest communications noting taxes and fees. Update your local business and franchise websites according to their procedures.

How and what is the fee collected on?

Fees will not be collected on stays of more than thirty (30) consecutive days, or any other transactions that are not subject to transient occupancy within the municipality. Additionally, charges made directly to, and paid directly by, the federal government, are exempt from the fee.

The fee is levied upon and is a direct obligation of the hotel paying the fee. However, the hotel may, at its discretion, pass the fee on to guests, similar to Virginia state tax exemption payment requirements. The amount of the fee, if passed on to each guest, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each guest shall receive a receipt for payment from the hotel paying the TID fee. The fee shall be disclosed as the "TID Fee".

I have an all-inclusive rate – now what?

Post formation, the TID fee is a part of the all-inclusive rate where the start of the guest stay is for a date post commencement of collection. The overall rate may be increased, or the hotel has the option to pay the assessment directly and not pass through to the guest.

What about contracts finalized, or guests that have prepaid, prior to the TID?

Any contracts or prepaid rooms that were finalized prior to the TID's start date are subject to the TID fee, assuming the contract stay will be during the TID's term. The hotel can opt not to pass the fee onto the guest, and pay the fee directly. In any case, the hotel is responsible for remitting the fee.

How does this affect my group contracts?

We recommend advising any groups of the TID fee as soon as possible. Generally speaking, group contracts contain clauses allowing for the addition of any applicable taxes and fees, allowing hotel flexibility relative to market conditions and business needs. If the language already exists, the TID fee would be protected under this language.

What if a guest, contract, or group refuses to pay the TID fee?

The hotel must pay the TID fee on their behalf. The hotel is ultimately responsible for remitting the fee to their respective locality.

How do I remit and report the collected TID funds?

You must remit the collected TID funds in conjunction with TOT on a monthly basis to the jurisdiction where the hotel is located. The TID funds should be reported separately from the TOT but submitted in the same manner. If you are unsure how and where to submit your TID funds, please refer to the below information based on the jurisdiction your hotel(s) is located.

Jurisdiction	How to Report/Remit	Jurisdiction Contact
Town of Ashland	https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:a4e0981d-eba2-3b19-8b6c-981780f15c34	Finance@Ashlandva.gov (804) 798-8650
County of Chesterfield	<i>Information re: TID Fee:</i> https://www.chesterfield.gov/1221/Transient-Occupancy-Form <i>Form:</i> https://www.chesterfield.gov/DocumentCenter/View/32535/State-Transient-Occupancy-Form-PDF	cor@chesterfield.gov (804) 748-1281
City of Colonial Heights*	https://www.colonialheightsva.gov/DocumentCenter/View/2582/Meals-TaxTransient-Lodging-Tax-Form?bidId=	rhodesl@colonialheightsva.gov (804) 520-9261
County of Hanover	https://www.hanovercounty.gov/DocumentCenter/View/9333/Transient-Occupancy-Tax-Return-PDF	corbusiness@hanovercounty.gov (804) 365-3377
County of Henrico	https://acrobat.adobe.com/link/review?uri=urn:aaid:scds:US:962a6451-69e4-35a0-a4bb-1d5bdb61ab3a	(804) 501-7329
City of Richmond	https://www.rva.gov/sites/default/files/2023-07/ATOM%20TID%20Coupon.pdf	FIN-BPPTX@RVA.gov (804) 646-6662

*Pending TID formation; projected for 2Q2024