

HOTEL ROOM REVENUE				
Revenue Description	Taxable Yes or No	Tax Type	Additional Comments	Authority
1. Transient Rooms Revenue	Yes	Hotel Occupancy	The state hotel occupancy tax rate is 6%. Cities and authorized counties and special purpose districts may impose additional local hotel taxes that are administered and collected by the local taxing authorities.	Tex. Tax Code §156.052
2. Room Cancellation Fee	Yes*	Hotel Occupancy	Hotel tax is due when the full room rate is paid and cancellation is within 30 days of the scheduled stay.	Tex. Tax Code §156.051(a); Comptroller's Decision Nos. 24,654 and 40,676 (STAR Accession Nos. 8906H0952A07 and 200201878H)
			<i>*Fees paid that are less than the room rate are not taxable, such as a percentage or sliding scale.</i>	
3. Complimentary Rooms Provided at No Charge:				
a. Guests	No		Hotel tax is not due if hotel receives no consideration for the room.	Tex. Tax Code §156.051(a)
b. Employees	No		Hotel tax is not due if hotel receives no consideration for the room. An internal reimbursement or internal payment within a company for the use of a room is not taxable (e.g, a hotel company makes an internal transfer to a specific hotel in which the hotel company's employee stayed while inspecting the hotel).	
c. Travel Agents, Advertisers, etc.	No*		Hotel tax is not due if the hotel receives no consideration for the room. <i>*Any barter or trade for a room is taxable.</i>	Tex. Tax Code §§151.005 and 156.051(a)
4. Early Departure Fee	No		Early departure fees are not taxable, unless equal to the room rate (see Room Cancellation Fee).	Tex. Tax Code §156.051(a)
5. Late Departure Fee	No		Late departure fees are not taxable, unless equal to the room rate (see Room Cancellation Fee).	Tex. Tax Code §156.051(a)
6. Room Attrition Fee (Fee charged because group did not fulfill their total event commitment. For example, an event blocked 200 rooms, but only 150 rooms were rented and occupied and the event was charged a penalty for 50 rooms not rented.)	Yes*	Hotel Occupancy	Room attrition fees are taxable only if by paying the fee a person has paid the consideration necessary to achieve the right to use or possess the room. In the example given, the group is charged the full price of rooms not rented and, therefore, the fee is taxable.	Tex. Tax Code §156.051(a); Comptroller's Decision Nos. 24,654 and 40,676 (STAR Accession Nos. 8906H0952A07 and 200201878H)
			<i>*An attrition fee that is based on a percentage or sliding scale is not taxable (see Room Cancellation Fee).</i>	

7. Packages (e.g., golf, honeymoon, and ski packages)	Yes	Sales, Hotel Occupancy, or Mixed Beverage	When the bill to the customer is lump sum, the entire amount is subject to hotel tax; when the bill separately states the room charge from the other package items, the room charge is subject to hotel tax. The other separately listed package items may be subject to different taxes, such as sales or mixed beverage taxes.	34 Tex. Admin. Code §§3.162 and 3.293
8. Rooms for resale sold to:				
a. Tour operators	Yes*	Hotel Occupancy	Texas hotel tax laws do not have a resale provision. Hotels should collect tax on the price paid for a room by persons who resell hotel rooms and by agents who obtain hotel rooms on behalf of customers. The tax responsibilities of persons who obtain rooms for other persons is determined by their specific actions relating to control of a hotel room.	Tex. Tax Code §156.051
b. Meeting planners	Yes*	Hotel Occupancy		
c. Online travel companies and others who resell rooms	Yes*	Hotel Occupancy		
<i>* This issue is currently being litigated.</i>				
9. Banquet/Meeting Room Revenue (No Meals Served)	Yes*	Hotel Occupancy	When the banquet or meeting room is located inside the hotel (building with sleeping rooms), the hotel must collect the 6% state hotel tax, unless an exemption applies. Local hotel taxes are only imposed on sleeping rooms. <i>*When the banquet or meeting room is located in a building separate from the hotel, the hotel shall not collect hotel tax.</i>	Tex. Tax Code §§156.051(a), 351.002(a), and 352.002(a); 34 Tex. Admin. Code §§3.162 and 3.293
10. Banquet/Meeting Room Revenue (Meals Served)				
a. Room located inside hotel (building with sleeping rooms) - Separated billing	Yes	Hotel Occupancy and Sales	Collect sales tax on the charge for food; collect the 6% state hotel tax (not local) on the charge for the banquet/meeting room.	Tex. Tax Code §§151.314(c-2) and 156.051; 34 Tex. Admin. Code §3.162
b. Room located inside hotel (building with sleeping rooms) - Lump sum billing	Yes	Hotel Occupancy	Collect the 6% state hotel tax (not local) on the lump-sum charge.	Tex. Tax Code §156.051; 34 Tex. Admin. Code §§3.162 and 3.293

c. Room located in a building separate from the hotel - Separated or lump sum billing	Yes	Sales	Collect sales tax on the entire charge, even when the banquet/meeting room and food charges are separately stated. The hotel is a caterer of meals and collects tax on the total price for preparing or serving the meals, including separately stated expenses. A charge for the facility is an expense connected with the sale of the meal.	Tex. Tax Code §§151.005(6) and 151.314(c-2); 34 Tex. Admin. Code Section §3.293
11. Child Care Expenses	No		Hotel tax is not due on separately stated charges for personal services, except those related to cleaning and readying a room for occupancy. A child care service is a personal service and not taxable.	Tex. Tax Code §156.051; 34 Tex. Admin. Code §3.162
12. Pet Fees	Yes	Hotel Occupancy	Hotel tax is due on all charges for items or services, other than personal services or the use of a telephone, furnished in connection with the actual occupancy of the a room, including a charge for a pet, rollaway bed, refrigerator, or safe.	Tex. Tax Code §156.051; 34 Tex. Admin. Code Section §3.162
13. Rollaway Bed Charges	Yes	Hotel Occupancy		
14. Refrigerator Charges	Yes	Hotel Occupancy		
15. Safe Charges	Yes	Hotel Occupancy		
16. Reward points redemption programs: Hotel pays a predetermined amount to a rewards fund each time a member of the reward points program stays at the hotel; each time a member redeems points for a free room or upgrade, the rewards fund pays the hotel a predetermined amount.	No		Check with the local taxing authorities to determine local hotel tax policies regarding reward points redemption programs. State hotel tax is not be due on reimbursements from reward points redemption programs if hotel records show that the amount the hotel receives from the rewards fund is money previously paid to the fund by the hotel, excluding any administrative charges. Any amount received that exceeds the amount previously paid into the rewards fund, excluding administrative charges, is taxable.	Tex. Tax Code §156.051(a)