

Approved by:

Date:

Tax Department Administrative Rule 2009-1

Date: July 23, 2009

FORFEITED DEPOSITS

TDAR-09-1. This rule offers guidelines for sellers regarding the application of the Lodging and Occupancy Tax to deposits that are forfeited when a customer does not occupy the room they reserved.

BACKGROUND

The Tax and Revenue Administration Ordinance imposes a lodging and occupancy tax for the privilege of use and occupancy of a room in a hotel or other lodging facilities, including designated RV/camp sites, within Tribal and trust lands. The tax is levied upon every person for the use and occupancy of any room(s) or lodging facilities, and any occupancy-related services at a rate of six percent (6%) of the gross occupancy receipts for such services.

DISCUSSION

The Tax and Revenue Administration Ordinance defines “gross occupancy receipts” in Article IV 4.01(c) as, “. . . *the total amount of money or the value of other consideration charged to any person for lodging at any hotel room, lodging facility and other accommodations, excluding the tax levied by this Article. Gross receipts are deemed to have been received on a daily basis as lodging or accommodations are provided.*”

IMPLICATION FOR TRIBAL TAX

When a deposit has been forfeited *and* the lodging or accommodation has not been provided, the deposit should not be included in the gross occupancy receipts for the Lodging and Occupancy Tax.

FOR ADDITIONAL INFORMATION:

Questions can be addressed by calling (231) 398-6874, or writing:

Little River Band of Ottawa Indians

Tax Department

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Manistee, MI 49660

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All pertinent facts must accompany any request for a ruling.