

EXHIBIT E

Treasurer & Tax Collector

Transient Occupancy Tax (TOT) Frequently Asked Questions for Hosts, Website Companies and Merchants of Record

This guidance pertains only to San Francisco tax obligations arising out of the business of providing transient accommodations in San Francisco. To the extent that any of this guidance may conflict with either the San Francisco Business and Tax Regulations Code or Tax Collector Regulations, those shall control. This guidance does not address California and federal tax obligations arising out of that business. This guidance also does not address other legal constraints or prohibitions on the business of providing transient accommodations in San Francisco, such as planning, zoning, or regulatory permit requirements. For more information, visit: businessportal.sfgov.org/permits-licenses/short-term-rental.

Who pays San Francisco's 14% transient occupancy tax (TOT, aka "Hotel Tax")?

Who is responsible for making sure that the San Francisco Office of Treasurer & Tax Collector receives the 14% transient occupancy tax (TOT, aka "Hotel Tax") paid by the guest?

When a website company receives payment of rent from a guest, and then the website company forwards some or all of the rent to the owner or tenant who actually hosts the guest, who is responsible for collecting transient occupancy tax (TOT, aka "Hotel Tax") from the guest and making sure that the Office of Treasurer & Tax Collector receives the TOT paid by the guest?

What paperwork does a host or website company need to complete in order to collect transient occupancy tax (TOT, aka "Hotel Tax") from guests and remit TOT payments to the Office of Treasurer & Tax Collector?

Is there any way for a host who works with a website company to avoid having to deal with collecting transient occupancy tax (TOT, aka "Hotel Tax"), getting a Certificate of Authority, and submitting monthly TOT filings?

How is Transient Occupancy Tax (TOT, aka "Hotel Tax") calculated and collected on a transaction for transient accommodations?

When should Transient Occupancy Tax (TOT, aka "Hotel Tax") collections be remitted to the Office of Treasurer & Tax Collector?

How do fees or commissions retained by website companies affect calculation of Transient Occupancy Tax (TOT, aka "Hotel Tax")?

Besides transient occupancy tax (TOT, aka "Hotel Tax") obligations, what other San Francisco tax obligations do hosts have?

Are rentals of private residences subject to Tourism Improvement District (TID) or Moscone Expansion District (MED) assessments?

Who pays San Francisco's 14% transient occupancy tax (TOT, aka "Hotel Tax")?

The guest pays San Francisco's 14% transient occupancy tax (TOT) at the same time rent is paid to an operator. The operator(s) must collect the TOT payment from the guest along with rent.

Who is responsible for making sure that the San Francisco Office of Treasurer & Tax Collector receives the 14% transient occupancy tax (TOT, aka "Hotel Tax") paid by the guest?

An operator who receives rent from a guest must also collect TOT from the guest. An operator must then remit the TOT to the San Francisco Office of Treasurer & Tax Collector along with a monthly tax filing (or annual tax filing if the operator is a "small operator". If more than one operator is involved in a rental transaction, all of the operators share responsibility for ensuring that the Office of Treasurer & Tax Collector receives the taxes paid by the guest.

When a website company receives payment of rent from a guest, and then the website company forwards some or all of the rent to the owner or tenant who actually hosts the guest, who is responsible for collecting transient occupancy tax (TOT, aka "Hotel Tax") from the guest and making sure that the Office of Treasurer & Tax Collector receives the TOT paid by the guest?

Both the website company and the host are considered operators. As operators, they are jointly responsible for collecting TOT from the guest and making sure that the Office of Treasurer & Tax Collector receives the TOT paid by the guest. Until that liability is fully satisfied, the Office of Treasurer & Tax Collector may collect the TOT liability, plus interest and penalties, from either operator – the website company or the host.

What paperwork does a host or website company need to complete in order to collect transient occupancy tax (TOT, aka "Hotel Tax") from guests and remit TOT payments to the Office of Treasurer & Tax Collector?

Both the website company and the host are considered operators. Each operator who receives rent and TOT from guests must hold a Certificate of Authority from the Office of Treasurer & Tax Collector. An application for a Certificate of Authority may be found [here](#). In addition, each operator must submit monthly TOT filings with the Office of Treasurer & Tax Collector documenting the amount of rent the operator received and the amount of TOT due on that rent. The operator remits the TOT payments along with the filing. Instructions for submitting monthly TOT filings and making TOT payments to the Office of Treasurer & Tax Collector may be found [here](#).

Is there any way for a host who works with a website company to avoid having to deal with collecting transient occupancy tax (TOT, aka "Hotel Tax"), getting a Certificate of Authority, and submitting monthly TOT filings?

Yes. For the purpose of efficient tax collection and administration, the Office of Treasurer & Tax Collector will allow a qualified website company to enter an agreement with a host to act as the host's agent for collection of TOT. Under those circumstances, the host need not obtain a COA, remit TOT or submit TOT filings for transactions through a

website company, so long as the website company obtains a COA, collects and remits TOT and submits filings in compliance with [Tax Collector Regulation 2012-1](#) and the Office's [filing instructions](#).

Please note that if a host engages in any rental transactions independent of a qualified website company, the host must still obtain its own Certificate of Authority, submit monthly filings and remit TOT for those separate rental transactions.

Airbnb is currently the only Qualified Website Company with the authority to collect and remit TOT on behalf of short-term residential rental hosts.

How is Transient Occupancy Tax (TOT, aka "Hotel Tax") calculated and collected on a transaction for transient accommodations?

The TOT is 14% of the rent and is added to the amount of rent charged to the guest. To calculate TOT, multiply the rent charged by 14%. Under Tax Collector Regulation 2012-1, "rent" is the entire amount charged to the guest, regardless whether some or all of those charges are designated as "service fees" or "advertising fees." For example, if a guest is charged \$110 plus a \$20 "service fee," the taxable rent is \$130. The tax would be 14% of \$130, which is \$18.20. To collect the TOT, the party that receives the rent payment adds TOT to the rent and collects both at the same time. In the last example, a guest would be charged $\$110 + \$20 + \$18.20 = \148.20 . The party receiving payment from the guest must provide a receipt. The receipt must separately state the amount of TOT collected.

When should Transient Occupancy Tax (TOT, aka "Hotel Tax") collections be remitted to the Office of Treasurer & Tax Collector?

The party that collects TOT holds it in trust for the City and County of San Francisco, until it remits those funds to the Office of Treasurer & Tax Collector. TOT filings must be submitted on a monthly basis and the TOT is remitted with the filing. TOT collections are reported and remitted to the Office of Treasurer & Tax Collector based on the month in which the occupancy occurs, not the month in which the payment is collected from the guest. For example, if the guest pays rent and TOT in January for an occupancy that occurs in March, that TOT should be remitted to the Office of Treasurer & Tax Collector and reported with the TOT filing for March.

If a host earns \$40,000 or less per location, and \$250,000 in combined gross receipts from all business in San Francisco, that host may select to be designated a "small operator." Small Operators do not need a Certificate of Authority, and file and pay TOT annually (by January 31).

See: <http://sftreasurer.org/parking-tot-tax-schedule> for a more complete filing schedule for TOT.

How do fees or commissions retained by website companies affect calculation of Transient Occupancy Tax (TOT, aka "Hotel Tax")?

Arrangements between a host and a website company do not affect calculation of TOT. TOT is calculated based on the amount paid by the guest. The obligation to submit the full amount of TOT owed applies jointly to the host and the website company.

Following up on the last example, suppose an agreement exists between a website company and a host that the website company will retain 20% of the \$110 charge (\$22) as a "commission" on the rental transaction, and the website company will also retain the \$20 service fee. Therefore, the website company retains \$42 and passes along \$88 to the host. The rent charged to the guest is still \$130, regardless of how the website company and the host have agreed to divide those funds. The TOT is still 14% of \$130: \$18.20. The full amount of rent received (\$130) must be reported on

San Francisco TOT filings. When a host uses a website company that does not fulfill this obligation, the host remains responsible for TOT reporting and remitting obligations. In this example, the host would report \$130 rent received – not \$88 – and would remit \$18.20 in TOT.

Besides transient occupancy tax (TOT, aka “Hotel Tax”) obligations, what other San Francisco tax obligations do hosts have?

A host must maintain a current [business registration certificate](#). In addition, unless exempt, every host is subject to San Francisco’s business tax under SFBTRC, Articles 12-A and 12-A-1.

It is important to understand that the business registration and business tax obligations under Articles 12, 12-A, and 12-A-1 are different from and separate from TOT obligations. Even when a host provides accommodations using a website company that collects and remits 100% of the TOT owed and submits TOT filings, that does not satisfy the host’s separate obligations under Articles 12, 12-A, and 12-A-1. The SFBTRC is available [here](#).

A residence used as a rental property is subject to business property tax assessment on furniture, appliances, supplies, equipment, and fixtures (business personal property) used in the rental activity. Hosts are required to file a Form 571-R Apartment House Property Statement with the Assessor’s Office. For more information, go to: www.sfassessor.org and click on the button titled “Business Property.”

Are rentals of private residences subject to Tourism Improvement District (TID) or Moscone Expansion District (MED) assessments?

Neither hosts nor website companies are responsible for remitting TID or MED assessments on rentals of private residences at this time.