



MASSACHUSETTS DEPARTMENT OF REVENUE

Christopher C. Harding, Commissioner

CONTACTING DOR ABOUT THE NEW SHORT-TERM RENTAL LEGISLATION

- Review the FAQs at www.mass.gov/dor and check back for updates before calling DOR
- **Inquiries from local government officials:**
 - Contact the Division of Local Services, Attorney of the Day at 617-626-2400 or dlslaw@dor.state.ma.us
- **Inquiries from rental property operators or intermediaries:**
 - If FAQs do not answer your question, call DOR at 617-887-6367
 - If the contact center is not able to answer your question, send an e-mail to Jennifer DeSimone, Director of the Problem Resolution Office, at desimonej@dor.state.ma.us

Short-Term Rentals Frequently Asked Questions

Overview

Legislation was recently signed into law which subjects short-term rentals of property to the room occupancy excise, G.L. c. 64G, as of July 1, 2019. You can find the new law on the [General Court Website](#). DOR anticipates issuing detailed guidance to explain the administration of the new law.

In the meantime, the following provides important information about the new law for those currently participating in the short-term rental economy.

The new law imposes state and local excises on short-term rentals of property for more than 14 days in a calendar year, starting July 1, 2019 for which a rental contract was entered into on or after January 1, 2019.

All short-term rental operators will be required to register with DOR. Operators may choose to allow an intermediary or other agent to handle the rental of their property and register with and submit returns and tax due to DOR on their behalf.

What is subject to the excise

1. What is a short-term rental?

A short-term rental is an occupied property that is not a hotel, motel, lodging house or bed and breakfast establishment, where at least 1 room or unit is rented out by an operator through the use of advance reservations. A short-term rental includes an apartment, house, cottage, and condominium. It does not include property that is rented out through tenancies at will or month-to-month leases. It also does not include time-share property. A short-term rental is a rental that is not for more than 31 consecutive calendar days.

2. Who is a short-term rental operator?

A short-term rental operator can be an owner, lessee, sublessee, the holder of a mortgage, licensee, or anyone else operating a short-term rental. An operator does not have to be a resident of Massachusetts or a Massachusetts-based business for the short-term rental rules to apply.

3. Who is an intermediary or operator's agent?

An intermediary is anyone besides an operator that helps arrange a short-term rental and who also charges rent on behalf of the operator. An intermediary includes a broker, hosting platform, or operator's agent.

An operator's agent is anyone who manages a property for rent or books reservations of a property for rent on behalf of an operator. An operator's agent includes a property manager, property management company, or real estate agent.

4. What is considered to be “rent” that is subject to the room occupancy excise?

The total amount of rent that is subject to the excise includes all amounts charged by an operator, intermediary or operator’s agent to an occupant, including service charges, cleaning charges if they are required for occupancy. If the total amount of rent is less than \$15 per day, no tax is required to be collected.

Registration Information

5. How do I register as an operator?

All operators must register with DOR using MassTaxConnect. DOR is currently working on making changes to the registration process due to the new law. Check this page for more information in the near future.

6. How do I register as an intermediary or operator’s agent?

An intermediary or operator’s agent must register in the name of the operator with DOR using MassTaxConnect. DOR is currently working on making changes to the registration process due to the new law. Check this page for more information in the near future.

7. I am an intermediary or operator’s agent. Do I have to register under each operator’s name?

No, you will only need to register one time, but you may need to provide DOR with information about each operator you are working with. DOR is currently working on making changes to the registration process due to the new law. Check this page for more information in the near future.

8. What should I do until I can register with DOR?

Operators, intermediaries or operator’s agents may continue to enter into rental contracts until the registration process is up and running. Such contracts should contain provisions stating that all state and local taxes are due to the operator, intermediary or operator’s agent.

9. I only rent my property a few days a year. Do I have to register or collect the tax?

No matter how many days you rent out your property each year, you must register with DOR using MassTaxConnect. However, if you rent out your property for 14 days or less in a calendar year, you are not required to collect any tax. If that exception applies to you, you must let us know at the time of registration that you will not be renting out your property for more than 14 days. DOR is currently working on the registration process due to the new law. Check this page for more information in the near future.

Return and Payment Information

10. How do I file returns and pay the taxes due?

Room occupancy returns are due monthly, on or before the 20th day of the month reporting tax collected for the previous month. The state excise and any local option excise, including the Convention Center Financing fee and the new Cape Cod and Islands Water Protection Fund excise are to be paid with the return. DOR is currently working on making changes to the forms due to the new law. Check this page for more information in the near future.

11. When is the first return and payment due for short-term rentals after July 1, 2019?

Starting July 1, 2019, the first return and payment is due on August 20, 2019. After that date, returns are due on the 20th day of each month.

12. How much tax am I required to collect?

The total amount of tax required to be collected will depend on where the short-term rental is located. The following is a breakdown of the various state and local excises that may apply.

State excise 5.7% (Note that while the statute provides for a 5% rate, an uncodified surtax adds .7% to the rate)

Local option excise 0-6.5% (the rate varies depending on the city or town; Visit the Division of Local Service's [Municipal Databank](#))

Convention Center Finance fee 2.75% (only for Boston, Worcester, Cambridge, Springfield, West Springfield, and Chicopee)

Cape Cod and Islands Water Protection Fund excise 2.75% (only for those cities and towns in those localities that are currently a member of the Fund)

Community Impact fee 0-3% (the rate will vary depending on whether a city or town votes to adopt this fee)

13. My rental begins in June, 2019 but ends after July 1, 2019. Is my rental subject to tax?

No, the new law imposes tax on short-term rentals that begin on or after July 1, 2019. If your rental begins before July 1, 2019, it is not subject to tax.

14. I only rent my property at certain times of the year. Do I have to file a return even if I have no rental every month?

The new law requires DOR to issue regulations to minimize the administrative burden for certain operators who do not rent their property every month. DOR is currently working on the return filing process. Check this page for more information in the near future.

15. What is a rental contract?

A rental contract is an agreement by an operator, intermediary or operator's agent to rent a property to an occupant for a certain time period. The rental contract must create a binding obligation between the operator, intermediary or operator's agent and the occupant.

16. What records do I need to keep as an operator?

An operator is required to keep records relating to charges and receipts for all transfers of occupancy, as well as copies of returns filed. You can find more information on specific records to be kept by clicking on the Record Retention Regulation link at the bottom of this page.

Local Municipal Information

17. How do I know if a local option excise applies to my short-term rental?

If a city or town currently has already adopted a local option room occupancy excise, the local option automatically applies to a short-term rental starting July 1, 2019 for which a rental contract was entered into on or after January 1, 2019. No further action is required by these cities or towns to impose the local option on short-term rentals. You can find a listing of municipalities that have a local option by visiting the Division of Local Service's [Municipal Databank](#).

18. Where can I find information about other rules or regulations imposed by cities and towns?

For information about local rules, including whether a city or town is a member of the Cape Cod and Islands Water Protection Fund or has adopted a community impact fee and how to pay that fee directly to the city or town, you should check with local officials in the city or town in which the rental property is located.