

## Daily Rental (Short-term Rental) Property Tax FAQs

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### What is Short-term Rental property?

All tangible personal property held for rental and owned by a person engaged in the short-term rental business. [Virginia Code §58.1-3510.4](#)

### What is a short-term rental business?

There are two types of businesses that are defined as “short-term rental” businesses in the Code of Virginia and Richmond City Code:

- (1) A business in which not less than **80 percent** of the gross rental receipts of such business during the preceding year were from transactions involving the rental of short-term rental property, other than heavy equipment property, for periods of **92** consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee; or
- (2) A business in which not less than **60 percent** of the gross rental receipts of such business during the preceding year were from transactions involving the rental of heavy equipment property for periods of **270** consecutive days or less, including all extensions and renewals to the same person or a person affiliated with the lessee. "Heavy equipment property" means rental property of an industry that is described under code 532412 or 532490 of the 2002 North American Industry Classification System as published by the United States Census Bureau, excluding office furniture, office equipment, and programmable computer equipment and peripherals as defined in Virginia Code § [58.1-3503](#) A 16.

### What is the Short-term Rental Property Tax rate in the City of Richmond?

For short-term rentals that meet definition (1) above, the Short-Term Rental Property Tax rate is one percent (1%) of the gross rental proceeds. For those that meet definition (2) above, the Short-term Rental Property Tax rate is one and one-half percent (1½ %) of the gross rental proceeds.

### What is the due date of Short-term Rental Property Taxes in the City of Richmond?

Short-term Rental Property Taxes are remitted to the City of Richmond on a quarterly basis as follows:

<u>Quarter Ending</u>	<u>Tax Due Date</u>
March 31	April 20
June 30	July 20
September 30	October 20
December 31	January 20

### How does a business qualify as a short-term rental business with the City of Richmond?

A business qualifies as a short-term rental business by (1) completing an application that provides the Department of Finance with the necessary information to determine that the business meets one of the two definitions in the Virginia Code as a short-term rental business

and (2) receipt of a certificate of registration signed by the Director of Finance for the City of Richmond.

### **Can a short-term rental business lose its certification as a short-term rental business?**

Yes. In the event the Director of Finance makes a written determination that a rental business previously certified as short-term rental business has failed to meet either of the tests set forth in Code of Virginia, § 58.1-3510.4(B) during a preceding tax year, such business shall lose its certification as a short-term rental business.

### **What are the consequences of a short-term rental business losing its certification as a short-term rental business?**

When a business loses its certification as a short-term rental business, all of the rental property of the business is subject to the business personal property tax for the tax year in which such certification is lost and any subsequent tax years until such time as the rental business obtains recertification.

### **Can a business that loses its certification as a short-term rental business be recertified?**

Yes. A rental business that has been decertified shall be eligible for recertification for a subsequent tax year upon a showing that it has met one of the tests provided in subsection (B) of Code of Virginia, § 58.1-3510.4 for at least ten months of operations during the present tax year.

### **Are there any exemptions from the Short-term Rental Property Tax?**

Yes. The following rentals are exempt from the Short-term Rental Property Tax:

- (1) Rentals by the commonwealth, any political subdivision of the commonwealth or the United States; or,
- (2) Any rental of durable medical equipment as defined in Code of Virginia, § 58.1-609(7); or
- (3) All exemptions applicable in Code of Virginia, § 58.1-600 et seq. shall apply to the short-term rental property tax.