

INTRODUCTION

This resource guide was developed to provide basic information concerning bed and breakfast establishments. The information contained herein is intended to familiarize owners/operators of bed and breakfast establishments with the licenses, permits and fees required as well as the taxes that should be collected and/or remitted to the City.

In addition, the resource guide includes a brief overview of the taxability of certain transactions related to the bed and breakfast industry. Though brief in content, any specifics and complexities of each establishment not addressed in this resource guide should be addressed to the Technical Services Unit at (504) 565-6646 or emailed to: [fiwebmrv@new-orleans.la.us](mailto:fiwebmrv@new-orleans.la.us).

DEFINITION

BED AND BREAKFAST

A bed and breakfast establishment is an owner-occupied residential structure which provides sleeping rooms for overnight paid occupancy of up to seven (7) nights. Common bathroom facilities may be provided rather than private baths for each room. Proof of owner-occupancy shall be established by submission of proof of a homestead exemption for the premises or similar proof of owner-occupancy and a copy of the act of sale.

TYPES OF BED AND BREAKFAST ESTABLISHMENTS

BED AND BREAKFAST FAMILY HOME

A bed and breakfast family home is any establishment having no more than two (2) sleeping rooms.

BED AND BREAKFAST GUEST HOME

A bed and breakfast guest home is any establishment having three (3) to five (5) sleeping rooms.

BED AND BREAKFAST HISTORIC HOME

A bed and breakfast historic home is any establishment having up to five (5) sleeping rooms and can be approved for up to nine (9) sleeping rooms by the City Council.

BED AND BREAKFAST INN

A bed and breakfast inn is any establishment having six (6) to nine (9) sleeping rooms.

OCCUPATIONAL LICENSE TAX

An annual occupational license tax of two dollars (\$2.00) for each sleeping room is applicable for all bed and breakfast establishments having six (6) or more sleeping rooms.

BED AND BREAKFAST PERMIT

An annual bed and breakfast permit is required by any bed and breakfast establishment having less than six (6) sleeping rooms.

ROOM CAPACITY	PERMIT FEES
1 to 2 rooms	\$200.25
3 to 5 rooms	\$600.25
6 to 9 rooms	\$0.00

SALES TAX

The furnishing of sleeping rooms by bed and breakfast establishments having six (6) or more sleeping rooms is a taxable service. The applicable sales tax rate for such service is four (4) percent. If an establishment contains less than six (6) sleeping rooms, the sales tax does not apply.

In the event the bed and breakfast establishment sells continental breakfast and non-alcoholic beverages to the guests, the five (5) percent City sales tax must be collected and remitted.

USE TAX

Any items purchased for use in the business or for use by the guests are subject to five (5) percent City use tax on the purchase price of the items if the five (5) percent City sales tax was not paid at the time of purchase. Such items include but are not limited to beds, television sets, linens, soaps, shampoos, lotions, complimentary breakfast and promotional items.

ADVANCE TAX

Only items purchased for resale are allowed advance tax credit if the five (5) percent City sales tax was paid at the time of purchase. Such items include but are not limited to food and non-alcoholic beverages.

HOTEL OCCUPANCY PRIVILEGE TAX

The hotel occupancy privilege tax is charged to guests for the right to occupy sleeping rooms. This tax is in addition to sales tax and only applies to an establishment having three (3) to nine (9) sleeping rooms each having a private bath or shower.

The applicable tax rate is determined by the room capacity of the establishment, in accordance with the following schedule:

ROOM CAPACITY	TAX RATE PER 24 HOUR PERIOD
1 to 2 rooms	No Tax
3 to 9 rooms	\$0.50/room

Once the tax rate is determined, this rate should then be charged to persons occupying each room, per 24-hour period.

FOR YOUR INDUSTRY

**\*COMPLIMENTARY ROOMS:** Rooms provided at no charge to guests in connection with the rental of other rooms are subject to the four (4) percent City sales tax based on the amount paid for the other rooms. The rooms are also subject to the hotel occupancy privilege tax. However, in the event the rooms are provided at no charge to anyone, the rooms are not subject to the sales tax and the hotel occupancy privilege tax.

**\*COMPLIMENTARY ITEMS:** Items provided for use by the guests in connection with the room rental are subject to the five (5) percent City use tax if the five (5) percent City sales tax was not paid at the time of purchase. Such items include but are not limited to candies, fruit, coffee, cookies, beverages, meals and gifts.

**\*BARTERING:** Instances where the room rental is provided at no charge in exchange for any form of consideration, the transaction is subject to the four (4) percent City sales tax based on the value of the consideration. The transaction is also subject to the hotel occupancy privilege tax. For example, exchanging free room rental for free advertisement.

**\*PACKAGE DEALS:** Package deals that include the room rental are subject to the four (4) percent City sales tax based on the amount paid for the room. The package deals are also subject to the hotel occupancy privilege tax. Such packages include but are not limited to honeymoon deals, vacation deals and festival deals.

**\*GUARANTEED NO SHOWS:** When a guest pays for the room rental in advance and the room is guaranteed to the guest, the amount paid for the room is subject to the four (4) percent City sales tax and the hotel occupancy privilege tax regardless of whether or not the guest occupies the room.

**\*ROOM CANCELLATION:** In cases where a guest cancels a room rental and fees are charged in connection with the cancellation, the fees are not subject to the