

2017 Sonoma County Fire Related FAQs:

Q1: My house was destroyed by the 2017 Sonoma County fires, am I still required to file a July-Sept 2017 Tax Return?

A1: Yes, you are still required to file a July-Sept 2017 Tax Return. Note: On 10/24/17 the Board of Supervisors extended the due date for July-Sept 2017 Tax Returns to 01/31/18. In order to qualify for the extension an Operator must have lost a structure or business records due to the fire(s). If you qualify for the extension, you have until 01/31/18 to deliver or postmark your July-Sept 2017 Tax Return(s) to avoid penalties and interest.

Q2: My short-term rental burned down. How do I ensure I no longer receive Tax Returns?

A2: If you no longer expect to operate a short-term rental we recommend you close your Transient Occupancy Tax (TOT) Certificate. You may close your TOT Certificate by submitting a Request to Close TOT Certificate Form (located at: http://www.sonoma-county.org/tax/tot/close_TOT_certificate.htm). You will need to file and pay any outstanding Tax Returns. Please return your TOT Certificate if you have it.

Notes:

- If you lost a structure or business records as a result of the Sonoma County fires you have until 01/31/18 to deliver or postmark your July-Sept 2017 Tax Return(s) to avoid penalties and interest.
- Closing your TOT Certificate does not deactivate your Vacation Rental Permit (issued by the Permit and Resource Management Department (PRMD)). You must contact PRMD at: PRMD-VacationRentals@sonoma-county.org or 707-565-1932 to obtain additional information on their close-out process.
- Operators must have active and current TOT Certificates to be in compliance with PRMD's Vacation Rental Ordinance.
- There is no cost for a TOT Certificate but there are fees associated with the Vacation Rental Permit which you must consider when deciding to close your TOT Certificate and/or Vacation Rental Permit.

Q3: I want to convert my short-term rental into a long-term rental. What is required of me to accomplish this?

Temporary Conversion

If the conversion of your vacation rental to a long-term rental is only temporary (i.e., you intend to resume operating short term rentals within the next few months or two years) then we do not recommend you close your TOT Certificate or deactivate your Vacation Rental Permit. Continue filing TOT Returns reporting all Gross Rent Receipts on Line 1 but take an Over 30 Day Occupancy Exemption for all long-term gross rents. You will be required to submit a TOT Exemption Claim Form for all occupancy over 30 days. The Tax Exemption Claim Form For Occupancy Over 30 Days is located at: <http://www.sonoma-county.org/tax/tot/claim30day.htm> You will submit an Over 30 Day Exemption Form for as many quarters or reporting periods as you have long-term occupants at your property.

Permanent Conversion

- Complete a Request to Close Transient Occupancy Tax (TOT) Certificate Form located at: http://www.sonoma-county.org/tax/tot/close_TOT_certificate.htm
- Complete and pay any outstanding TOT Returns. A generic TOT Return is located at: <http://www.sonoma-county.org/tax/tot/return.htm>
- Return your TOT Certificate if you have it.
- Return your Request to Close TOT Certificate Form, outstanding TOT Returns with payment, and TOT Certificate to:

Transient Occupancy Tax Program
County of Sonoma
585 Fiscal Drive, Suite 100
Santa Rosa, CA 95403

- Contact the Permit and Resource Management Department (PRMD) at: PRMD-VacationRentals@sonoma-county.org or 707-565-1932 to obtain additional information on their Vacation Rental Permit close-out process. You may also visit

their website at: <http://sonomacounty.ca.gov/PRMD/Regulations/Vacation-Rentals/> to obtain additional information.

Notes:

- Closing your TOT Certificate does not deactivate your Vacation Rental Permit. You must contact PRMD directly at: PRMD-VacationRentals@sonoma-county.org or 707-565-1932 to obtain additional information on their close-out process.
- Operators must have active and current TOT Certificates to be in compliance with PRMD's Vacation Rental Ordinance.
- There is no cost for a TOT Certificate but there are fees associated with the Vacation Rental Permit which you must consider when deciding to close your TOT Certificate and/or Vacation Rental Permit.

Q4: I lost my TOT Return in the fire, where can I get another one?

A4: You may obtain a generic TOT Return at: <http://www.sonoma-county.org/tax/tot/return.htm>

Q5: We had several cancellations due to the fires. How should we capture them on our current or future Tax Returns?

A5: How you handle cancellations on current or future Tax Returns depends on how you recognized the revenue associated with them. If you used **Cash Basis Accounting** and recorded revenue when cash or payment was received you will have to amend prior Tax Returns and supply supporting documentation to show how the Gross Rents (Line 1 of the Tax Return) associated with the applicable quarter(s) changed as a result of the cancellation(s). A refund will be issued to you. Please do not subtract those amounts from current or future TOT payments as this will result in those quarters being considered late and penalty and interest will be due. A refund will be issued once we are able to verify the amount of overpayment. If you used **Accrual Basis Accounting** and reported/recognized revenue at the time of the stay, then you did not, and will not, recognize the revenue associated with those cancellations. You simply refund the guest and keep records for yourself. Nothing should be reported on a current or future Tax Return as no Gross Rent was actually recorded/recognized.

Contact our office at tot@sonoma-county.org or 707-565-7133 for additional instructions on how to obtain or complete an Amended Tax Return.

Q6: When is Transient Occupancy Tax (TOT) due on a cancellation?

A6: TOT is due if the reservation is non-refundable. You must forward the TOT collected, or due, for those non-refunded amounts. If the stay was refundable, you must have refunded the entire amount, including TOT collected, to not be liable for TOT on the cancellation. If you retained a portion of the nightly rate/gross rents, only that portion is subject to TOT. Note: Cancellation charges are not subject to TOT.

For audit purposes make sure you keep clear records of your cancellations. Note: Operators are required to keep and preserve, for a period of five (5) years, all records necessary to determine the amount of TOT for which the Operator may have been liable for the collection of and payment to the County under the TOT Ordinance. See Section 12-18-1. Records to be Kept. of the TOT Ordinance for additional information. You may obtain a copy of the TOT Ordinance by visiting our website at: <http://www.sonoma-county.org/tax/tot/>

Q7: My guest is a fire evacuee; are they subject to Transient Occupancy Tax (TOT)?

A7: It depends. If the guest/fire evacuee's room was donated to or paid by an organization for the express purpose of providing temporary emergency shelter then TOT is not due. Operators will have to provide the required Exemption Forms and copies of the Vouchers received to justify the TOT Exemption(s). Visit our website (at: <http://www.sonoma-county.org/tax/tot/>) to obtain the necessary Exemption Forms. Make sure you retain copies of these forms for your records. If Operators offered complimentary stays (i.e., no Gross Rents were received) then no TOT is due for those stays. However, if the Operator elected to charge a nightly rate to the fire evacuee then TOT is due for the stay and must be collected from the fire evacuee/guest or paid by the Operator.

Q8: I lost my home in the recent fires, how do I ensure I receive Transient Occupancy Tax (TOT) Returns and other TOT related correspondence?

Once you have a good mailing address, please complete a Change of Mailing Address Form located on our website at: <http://www.sonoma-county.org/tax/tot/> to ensure you continue to receive TOT Returns and related correspondence. Remember you can always download generic TOT Returns and Exemption Forms from our website to ensure you meet your due date(s).

Q9: What is the 45 day moratorium that was approved by the Board of Supervisors on October 24, 2017?

A9: The 45 day moratorium or Urgency Interim Ordinance No. 6209 approved by the Board of Supervisors on October 24, 2017 placed a 45 day moratorium on new vacation rental and hosted rental permits, subject to extension for periods of up to two years. The suspension could be extended by the Board on or before December 5, 2017. (Coastal Zone properties are exempt from this moratorium.) The Urgency Ordinance is intended to temporarily preserve the County's existing single-family residences and accessory dwellings for permanent residential and long-term rental uses. Urgency Ordinance No. 6209 suggests that conversion of these dwellings to vacation rentals or hosted rentals would contribute to the existing long-term housing emergency/shortage. For this reason, the Vacation Rental customer service desk located at Permit and Resource Management Department will be temporarily closed. Remember a vacation rental or hosted rental is defined as a rental of 30 days or less and is subject to Transient Occupancy Tax. If you are interested in renting your home for 31 days or more, you may do so without the issuance of a permit and are not subject to Transient Occupancy Tax.

Please contact the Vacation Rental Hotline at 707-565-1932 or e-mail PRMD-VacationRentals@sonoma-county.org for additional information on the 45 day moratorium on new vacation rental and hosted rental permits. You may also visit their website at www.SonomaCounty.ca.gov/VacationRentals for additional information.

Q10: Does the 45 day moratorium approved by the Board of Supervisors on October 24, 2017 affect a property in the Coastal Zone?

A10: No, Coastal Zone properties (i.e., properties located in The Sea Ranch, Jenner, Bodega Bay, Duncan Mills, etc.) are exempt from the 45 day moratorium approved by the Board of Supervisors on October 24, 2017.