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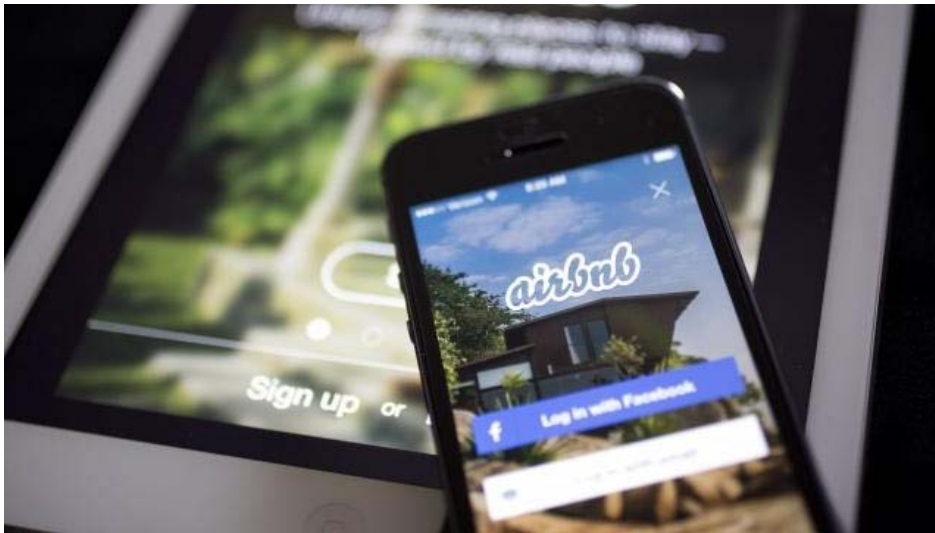
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# As Airbnb Pays Hotel Tax, Are You Paying Tax On Airbnb Money? You'd Better

Airbnb has paid [tens of millions](#) of dollars in taxes and penalties to settle a long brewing tiff over the applicability of San Francisco's 14% hotel tax. Airbnb certainly doesn't want to be seen as a stodgy hotel business, but it must have seemed best to pay the disputed tax and move on, as this Airbnb [statement](#) suggests:

“ We have been engaged in a formal process with the Treasurer's Office regarding back taxes and have been eager to reach a resolution. Two weeks ago, the Treasurer's Office told us what they thought was owed in back taxes. Though we have concerns about this assessment — the tax rules in San Francisco are unique and the subject of ongoing litigation brought by other companies that we are closely monitoring — we have paid it in full. We remain focused on working with everyone to make sure the new law governing home sharing that took effect in February has a chance to work. Airbnb already collects and remits occupancy taxes in San Francisco, and our community contributes millions more in economic benefits throughout this great city and will continue to do so.

The company's about-face on taxes is causing other taxing jurisdictions to wonder if they'll also get paid. Hotel and occupancy taxes have been controversial with the start-up. Not long ago, San Francisco passed an Airbnb law. It allows people to rent their homes for less than 30 day periods, as long as they live there nine-months out of the year, and provided that they register as official hosts.



As Airbnb deals with hotel tax issues everywhere, it's time for Airbnb users and customers to think about taxes too. After all, all those annoying IRS Forms 1099 and W-2 have been sent and it's time to start thinking about *income* taxes. What about putting your rental income on your tax return? The rules are quirky, and depend on how much you rent your place, as well as how much you use it yourself.

The IRS says you can rent out all or part of your home or apartment for up to 14 days per year and keep the rent. That's right, for up to 14 days, all the rental income you collect is tax-free. That's so even if you charge a high price. In fact, you don't even have to report the income to the IRS. Your rental income is tax free if you rent out your home for 14 days or less during the year, **and** you stay there personally for more than 14 days, or more than 10% of the total days it is rented to others at a fair rental price.

If you rent your place for over 14 days and live in it 15 days or more during the year, you don't qualify for tax-free treatment. You must pay income tax on your rental income. Put it on Schedule E to your IRS Form 1040. At least you can deduct your rental-related expenses subject to limits.

Airbnb seems less of an upstart today than when it began. Indeed, today the company is valued at nearly \$13 billion. It's model tries to steer clear of the hotel label, rather cultivating a hip image as a trusted community marketplace where people can connect with each other and have unique travel experiences. That may be, but more than a few jurisdictions want tax money from the company regardless of how it markets itself.

As the company starts collecting more and more taxes in more and more cities, how it may change remains to be seen. The company will shortly begin collecting taxes in Chicago and Washington, DC. Call the company a networking site or a hotel network, it has to be welcome news to taxing

jurisdictions that the company's no-tax model is breaking down. In fact, this is one more step in Airbnb going mainstream.

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