



## SHORT-TERM LEASES AND RENTALS OF REAL PROPERTY

*This publication provides general information for short-term leases and rentals of real property. It is not a substitute for tax laws or regulations.*

### GENERAL INFORMATION

- This publication contains State tax information for owners and managers of units of real property, such as hotels, houses, apartments, cabins, campsites, condominiums, rooms, time-shares, rented for less than 30 consecutive days.
- If you own short-term rental property, any rental of a unit of that property for less than 30 consecutive days is a taxable activity and you are required to obtain a business registration certificate from the State Tax Department and comply with the tax laws of this State.

### BUSINESS REGISTRATION CERTIFICATE

- A business registration certificate is required for each physical location in this State that you will lease or rent to a third party. The application for business registration is available at the Department's website, <http://tax.wv.gov>. The application may be filed either through the Business for West Virginia Website, <https://www.business4wv.com/b4wvpublic/default.aspx> or by filing a signed hard copy with the Tax Commissioner.
- A separate business registration certificate is needed for each location in this State at or from which business is engaged in with the public or a segment of the public. As a result, a separate application for each business name or office is necessary. A certificate for each rental structure is not required.

### COLLECTION OF STATE SALES AND USE TAXES

- West Virginia 6% sales and uses taxes are due on taxable rentals. Additionally, when the rental unit is located within a municipality that imposes a sales and use tax, that tax must also be collected. A list of municipalities imposing sales and use taxes is posted at our website <https://tax.wv.gov/Business/SalesAndUseTax/MunicipalSalesAndUseTax/Pages/MunicipalSalesAndUseTax.aspx>
- Municipal sales and use taxes collected are paid to the Tax Commissioner on the State sales and use tax return. Depending upon the amount of tax collected, taxes are paid over monthly, quarterly, or annually.
- Additionally, the rental may be subject to county and municipal hotel occupancy taxes that are collected and remitted directly to the county or municipality imposing the tax. The rate of the hotel occupancy tax may not exceed 6% of the price charged to the customer.
- Short term rentals are often booked through online marketplaces, such as AirBnB, VRBO, HomeAway or similar sites. If state and municipal sales tax on a rental is collected by and through a marketplace facilitator, it does not need to also be collected and remitted by the owner or manager of the unit.

### PAYMENT OF SALES AND USE TAXES FOR PURCHASES FOR USE IN BUSINESS

- The business must pay State and municipal sales and use taxes when it purchases tangible personal property for use or consumption in its short-term rental business activity. Tangible personal property or items used to maintain the property are subject to the sales and use tax, such as cleaning services, furniture, or repair and maintenance services. Only when the short-term rental business purchases tangible personal property for resale to its customers in a transaction that is subject to sales tax, is the purchase of those items by the short-term rental business exempt from sales and use tax as a purchase for resale. For example, the purchase of souvenirs for resale would be exempt from use tax when purchased by the business.
- For additional sales and use tax information, see [TSD-316 – Sales and Use Tax For Lodging Rentals](#).

### PROPERTY TAXES

- Real property is subject to State and local ad valorem property taxation. Real property is classified as either Class II, Class III, or Class IV property.

- The classification of property for property tax purposes is important when the levy rates are applied to the assessed value of the property to arrive at the property tax due. For example, the regular levy rate<sup>1</sup> on Class IV property is double the regular levy rate on Class II property. The regular levy rate on Class III property is 50% greater than the regular levy rate on Class II owner-occupied residential property. This means that the property tax on Class IV property is generally twice the property tax on Class II property and that the property tax on Class III property is generally 50% greater than the property tax on Class II property.
- Business property, including both real and tangible personal property, is generally taxed as Class III or Class IV property, depending upon whether the property is located within or outside a municipality. The business property will be taxed as Class III property if located outside a municipality, or as Class IV if located within a municipality.
- Owner-occupied residential real property is taxed as Class II property and is generally taxed at half the rate of tax imposed on Class IV property. Owner-occupied residential real property may also be eligible for the senior citizens/permanently disabled persons homestead property tax exemption.
- However, if owner-occupied residential property is also used for business purposes such as the short-term rental of rooms, the property may no longer be treated as Class II property and the homestead exemption may be lost. In order to avoid this issue, the owner of the property may ask the assessor of his or her county to split list the property for property tax purposes. When split listing occurs, the square footage of the portion taxed as owner-occupied residential real property will continue to be taxed as Class II property and that portion will be eligible for the senior citizens/permanently disabled persons property tax homestead exemption, if applicable. The square footage of the property used for business purposes will be taxed as Class III or IV property, depending upon whether the real property is located within or outside the boundaries of a municipality.
- The tangible personal property used in the short-term rental business activity should be reported to the county assessor on the commercial business property return, which is due on September 1 for the next calendar tax year. For example, the commercial property tax return for 2019 is due on September 1, 2018.

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## PERSONAL INCOME TAX

- Computation of the West Virginia personal income tax begins with the taxpayer's federal adjusted gross income for the taxable year. In general, the short-term rental of real property is treated as a business activity for federal income tax purposes and would be included in federal adjusted gross income and would be subject to West Virginia personal income tax.
- However, if a dwelling unit is a residence and is rented for fewer than 15 days, an exception may apply and the receipts from the rental may not be subject to federal income tax. See IRS Topic Number 415 – Renting Residential and Vacation Property. *Note:* If this exception is applicable for federal income tax purposes, it is also applicable for West Virginia income tax purposes. However, this exception does not apply for purposes of any other tax imposed by the State of West Virginia or any political subdivision thereof.<sup>2</sup>

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## OTHER MATTERS

- If the rental property is located in a municipality, the business may need to obtain a business license from that municipality.
- If the rental property is located in a municipality that imposes a business and occupation tax, gross rental income may be subject to municipal business and occupation taxes. West Virginia has 234 municipalities and approximately half of them impose a business and occupation tax.
- If the rental property is located in a municipality, the property may be subject to land use and other laws of that municipality.
- The rental property may need to be in compliance with the Americans With Disabilities Act, 42 U.S.C. § 121001 et seq.
- Liability issues should be discussed with an attorney or insurance company representative.

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<sup>1</sup> The regular levy rates do not include any voter approved excess levy or general obligation bond levy rates. Excess levy rates in the case of county boards of education may be up to 100% of the regular levy rate for the particular classification of property. Excess levy rates of county commissions and municipalities may be up to 50% of the regular levy imposed by these levying bodies.

<sup>2</sup> If the short-term rental property is owned by a corporation, the corporation is subject to the corporation net income tax.

**ASSISTANCE AND  
ADDITIONAL  
INFORMATION**

- For assistance or additional information, you may call a Taxpayer Service Representative at:

**1-800-WVA-TAXS  
(1-800-982-8297)**

Or visit our website at:

[www.tax.wv.gov](http://www.tax.wv.gov)

File and pay taxes online at:

<https://mytaxes.wvtax.gov>

Email questions to:

[taxhelp@wv.gov](mailto:taxhelp@wv.gov)