Residential Rentals

Reporting Requirements

CALCULATING THE TAX DUE

The City's tax rate is 2.0%. There is no state or county taxes on residential rental property.

You may choose to charge the tax separately or you may include tax in your price. If you include tax in your price (no separate charge for tax), you may back out ("factor out") the tax in order to compute the amount of tax included in your gross rent. The tax factor rate for residential rental is 1.9608%. ***Tax factoring should only be used when tax is not separately charged***. If more City tax was collected than was due the excess tax collected must be remitted to the City.

There are two acceptable ways to bill your customers when charging tax.

When tax is separately charged and collected.

In this example the landlord rents a property for $650 plus tax at the current tax rate of 2%. Since the tax is separately charged and collected from the renter, the landlord may deduct the taxes collected from the gross rent when reporting and paying taxes:

Rental price	$650.00
Tax collected (2%)	13.00
Gross receipts	$663.00
Gross receipts	$663.00
less tax collected deduction	13.00
Taxable revenue	$650.00
City tax at 2%	13.00

Tax Deduction Calculator

To be used when tax has been separately charged.

Gross receipts:	0.00
Tax Collected: Deduction Code "F"	0.00
Taxable Revenue:	0.00
City tax at 2%:	0.00

Clear

When tax is not separately charged and collected (factoring tax).

In this example the landlord rents a property for $650 which includes tax. This means the landlord included the tax as part of the $650 rent but chose not to show the tax collected as a separate amount on the rental receipt. Since the landlord did not separately charge and collect tax from the renter but included it as part of the rental price, the landlord is allowed to "factor" the tax collected out of the gross rent to determine taxable revenue:

Gross receipts	$650.00
Tax factor "rental" (1.9608%)	12.75
Gross receipts	$650.00
less tax factored deduction	12.75
Taxable revenue	$637.25
City tax at 2%	12.75

Tax Factor Calculator

The tax factor should only be used when tax has not been separately charged.

Gross receipts:	0.00
Tax Factor (1.9608%): Deduction Code "F"	0.00
Taxable Revenue:	0.00
City tax at 2%:	0.00

Clear