

Information on Madison Village Hotel/Motel Tax

Nature of Tax: This tax is imposed upon the rent received by a lodging establishment (such as a hotel or bed & breakfast inn) for lodging furnished to transient guests within the Village of Madison. The term "hotel" means every establishment kept, used, maintained, advertised, or held out to the public to be a place where sleeping accommodations are offered for a consideration to guests, in which 5 or more rooms are used for the accommodation of guests, whether the rooms are in one or several structures. The term "bed & breakfast inn" means a residential structure in which 2 or more rooms are available to paying guests and are lodged on an overnight basis. The guests may be served breakfast in connection with their lodging.

Persons Subject To Tax: The occupant, lessee, or tenant of any such lodging establishment is liable for payment of the tax. The tax is collected by the owner or operator of said establishment and remitted to the Madison Village Tax Administrator on a quarterly basis.

Exemptions: Only three exemption classifications are allowed:

- 1. Governmental employees of the Federal Government**
- 2. Governmental employees of a State Government or their political subdivisions**
- 3. Occupancy for 30 consecutive days or more – permanent guest/tenant.**

To be eligible for exemption, Parts A & B of a Madison Village Hotel/Motel Tax Exemption Certificate must be completed by the guest. Part C of the form must be completed by the lodging establishment agent and verified.

Rate of Tax: The tax is 3% of the per diem rental rate for each room or unit.

Due Date for Payment of Tax: Filing of a return is REQUIRED quarterly, unless otherwise instructed by the Village Tax Administrator

| Period Ending: | Payment Due/Filing Deadline: |
|----------------|------------------------------|
| 3/31 | 04/30 |
| 6/30 | 7/31 |
| 9/30 | 10/30 |
| 12/31 | 1/31 |

Penalty: 10% of the total tax due for failure to file the return or pay the tax by the due date indicated above for the corresponding period end date.

Interest: 1% for each month or fraction thereof for late payment (if tax is not paid within 30 days of due date).

For Further Info: Please refer to Madison Village Ordinance 35-2007 for the complete guidelines regarding definitions, collection of tax, penalties, interest, fraud, appeals, etc. The complete text of said Ordinance is available on the Village website: www.madisonvillage.org. You may also contact the Village Tax Administrator for specific questions or to request a paper copy of the Ordinance, at 440) 428-7526

Madison Village

*126 West Main St.
440.428.7526*

Madison, OH 44057



INSTRUCTIONS FOR PREPARING TAX RETURN FORM

- Line 1. Enter the total receipts from room rentals. This dollar amount should include your tax exempt rents also.
- Line 2. Enter the total amount of tax exempt guest receipts. Retain the copies of all tax exempt certificates and any other proof of exemption, for 3 years for audit purposes. You only need to submit the Madison Village Hotel/Motel Exemption Report with your Tax Return, not the exemption certificates or other proof documentation. The Village Tax Administrator may contact you for copies of these exempt documents to be forwarded to him/her at any time during the 3-year retention period.
- Line 3 Subtract Line 2 from Line 1. This is the amount that you will use to compute the tax due for this filing period.
- Line 4 Multiply Line 3 by 3% (.03) to compute the tax due.
- Line 5 If your return is not filed and the tax due is not paid by the due date for this filing period, you will calculate 10% of Line 4 and enter it here.
- Line 6 You will calculate 1% of Line 4 for each month or fraction of a month (in this process 1 month will = 30 days), that your payment is past due more than 30 days from your due date. **EXAMPLE 1:** If your tax is **due** on April 30th, and paid on May 3rd, no interest is due because you are still filing within the first 30 days from the due date; however, the 10% penalty in Line 5 **is applicable** and must be paid. **EXAMPLE 2:** If you have \$600.00 tax due April 30th, and you do not pay until June 15th (45 days from due date), you will need to calculate 1% of the \$600.00 which equals \$6.00. You would need to prorate the \$6.00 for only 15 days of interest. **The first 30 days from due date are not charged interest.** (\$6.00 divided by 30 days = .20 per day). Since you are 15 days over the initial 30 days, your interest due will be \$3.00 (.20 x 15 days). Also, the 10% penalty in Line 5 **is applicable** and must be paid.
- Line 7 If you have an adjustment or error from a previous period to correct, you will enter your debit or credit adjustment here. Please provide supporting documentation on why you feel there is an adjustment that needs to be calculated. This adjustment will be subject to penalty and interest (as computed above) if any prior period tax due was shorted. Please provide an attachment to show your calculation. The Village Tax Administrator will verify any adjustment and communicate any discrepancies.
- Line 8 Enter the total of Lines 4, 5, 6, and 7. This is the tax amount due to Madison Village. Make check payable to Madison Village, and mail with your return with any attachments necessary to: Madison Village, 126 West Main St., Madison, OH 44057

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