

The Virgin Islands Consortium

Do You Rent Your House/Apartment On Airbnb? It Will Soon Be Taxed By VI Government

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ST. CROIX -- With 2,400 rooms on this island alone being rented on Airbnb, according Department of Tourism Commissioner Beverly Nicholson-Doty, the Government of the Virgin Islands -- which is strapped for cash and facing a budget deficit of over \$100 million -- has targeted the growing segment as a source of new revenues. Mrs. Nicholson-Doty revealed during a Thursday Senate hearing that the growing segment already outnumbers actual hotel rooms on St. Croix.

Speaking at his Wednesday press conference at Government House here, Governor Kenneth Mapp said that the government was in the process of negotiating with Airbnb the current USVI hotel occupancy tax of 12.5 percent, to be deducted from every unit in the

territory that rents through Airbnb. The company is an online marketplace and hospitality service that enables people to list or rent short-term lodging including vacation rentals, apartment rentals and homestays.

According to the governor, Mrs. Nicholson-Doty has already negotiated with Airbnb to deduct the 12.5 percent, and the government is working towards implementation.

"The commissioner is out signing the contracts," Mr. Mapp said at the press conference in response to a question posed by a Consortium reporter. "We've done the negotiations, we've done all those issues, we're now going to implement this process. And then the entity will then transmit to the Bureau of Internal Revenue the amounts, and they'll give them the spreadsheet of what it was assessed on, and they will remit that money Bureau of Internal Revenue."

Aside from the hotel occupancy tax currently in place, the Mapp administration has included in the sin tax bill a provision that designates as center of commerce homes renting out five or more rooms to five or more persons, allowing for said homes to be "assessed accordingly," Mr. Mapp said. This means the "center of commerce" properties will see higher property taxes than regular homes, based on the assumption that they will be generating revenue for their owners.

The governor said the designation was necessary because the government needs to encourage residents to get a license, and because the property needs to be inspected by the Department of Health to ensure that the occupants have adequate sanitary facilities.