



Are online travel companies cheating on sales tax

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Historic City News wants to know if you think online travel companies are paying less than their fair share of Florida sales taxes.

A local travel agent who says she books travel, including hotel rooms, for a large retail merchandise distributor in St. Johns County, told Historic City News reporters that she thinks so.

When travelers book their travel through an online travel company, like Expedia or Travelocity, the company forwards 6% (less a collection fee) of the negotiated, wholesale price of the room to the Department of Revenue.

"When a local travel agency reserves a room for you, they are required to collect the 6% sales tax, as well as any local option sales taxes, resort fees, and bed taxes — based on the retail price you were charged," Historic City News was told.

The Internet companies say they are buying the room directly from the hotel at a negotiated discount and adding a service that accounts for the difference between what they paid the hotel for the room and what they charged you for the same room. As such, they believe they should be taxed as if they are the purchaser of that room — even though they are not the end user.

The local travel companies say the truth is that they are acting as an independent, external sales force for the hotel and their money is earned in the form of a commission on each sale.

The local travel companies may have found a friend in Florida Democrats in the House of Representatives who pressured Republicans yesterday to start collecting sales taxes from the online travel agents.

Rep. Rick Kriseman, D-St. Petersburg, said that as Attorney General Pam Bondi investigates and prosecutes other small businesses for failing to pay sales taxes collected from customers, her office is letting online travel companies go scot-free.

He cited the case of a recent Tallahassee restaurant owner who was arrested for failing to pay state sales taxes.

"Why was he arrested but the owners of the online travel companies are not? Because small business owners and individuals do not have a team of lobbyists," Kriseman said during a press conference held in the Capitol rotunda, just yards away from Bondi's office.

"The law is already in place. Florida probably has the clearest law on sales taxes," he said.

Kriseman also singled out the Department of Revenue for criticism, saying they were also going after sales tax scofflaws but not the online travel companies. During a recent Cabinet meeting, DOR executive director Leslie Vickers stated her office was looking for clear direction from the Legislature before deciding what to do about the online travel companies.

"The department today appears to be taking the position that they have no position, and they're waiting on direction from the Cabinet," he said.