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Ga. Supreme Court rules against online travel agencies

Atlanta Business Chronicle - by [J. Scott Trubey](#) Staff Writer

The Georgia Supreme Court ruled in favor of the city of Columbus in a lawsuit over hotel/motel sales tax collections that could have repercussions in Atlanta and elsewhere.

The court ruled 4-3 that Expedia Inc., parent of Expedia.com, must collect taxes on hotel room rentals based on the price a customer pays, and remit that amount to the city.

Columbus officials sued Expedia arguing the online travel site charges customers a higher “room rate” than it pays to hotels, but hotels remit occupancy taxes based on the wholesale rate of the room. The online travel providers pocket the difference. A lower court ruled in the city’s favor.

The ruling did not say whether Columbus has the authority to go after back taxes.

Atlanta and other municipalities around Georgia and across the nation have filed suits against online travel companies, arguing their pricing schemes shortchange them of hotel/motel tax revenues. Cases in Atlanta and a class-action suit in a Rome, Ga., federal court are still pending.

The online travel companies argue they are not innkeepers, just service providers, and hotel/motel tax laws do not cover fees and other expenses included in its “room rate” charge. Their pricing structures are also privileged information.

In 2006, Atlanta **sued 17 online travel companies**, including Expedia, Orbitz LLC and Priceline.com Inc.

In a statement, Atlanta officials called the ruling “a very positive development.”

“The city of Atlanta believes that this decision validates the positions that the city has taken in its lawsuit, currently pending in Fulton County Superior Court,” the statement read.