

Tuesday, November 3, 2009

State sues Internet travel companies

South Florida Business Journal

Florida's attorney general has filed suit in Tallahassee against two Internet travel companies, charging they are not paying the appropriate amount of taxes on hotel room rentals.

The lawsuit alleges that while **Expedia**, Orbitz LLC and **Orbitz Inc.** have been collecting these taxes from consumers, they have only been turning over a portion of the taxes owed and keeping the rest as profit. As a result, the state is out of millions of dollars a year in tax revenue, the suit states.

Online booking companies pay for hotel rooms at a negotiated rate before selling them at a higher price. The companies pay the tax on the amount they paid for the room. But, under Florida law, the taxes must be paid on the total amount and must include any charge or surcharge to guests.

Attorney General Bill McCollum is asking the court to determine whether the travel companies must, as Florida law states, pay the taxes on the total amount of money paid by consumers.

Florida is the first state to file this kind of lawsuit. In July, Palm Beach County's tax collector filed a **similar lawsuit**.