

**THE CITY OF SAN DIEGO
OFFICE OF THE CITY TREASURER
TRANSIENT OCCUPANCY TAX REGULATION**

**REGULATION CLARIFYING OPERATORS' DUTIES AND ACCOUNTING
PROCEDURES**

REFERENCE: San Diego Municipal Code (SDMC) Chapter 3, Article 5, Division 1

AUTHORITY: SDMC § 35.0136

PURPOSE

This regulation provides clarification on Operators' duties relative to the maintenance of financial and accounting records.

BACKGROUND

The Office of the City Treasurer is responsible for the administration of Transient Occupancy Tax (TOT) in accordance with the SDMC, Chapter 3, Article 5, Division 1. It is each Operator's duty to maintain records as provided in SDMC § 35.0112; Operator's Duties and Accounting Procedures. The SDMC provides:

(c) The amount of tax charged each Transient shall be separately stated from the amount of Rent charged, and each Transient shall receive a receipt for payment from the Operator.

(d) A duplicate of the receipt given to each Transient shall be kept by the Operator in accordance with Section 35.0121.

(f) Each Operator shall account separately for and maintain separate monthly summary totals for taxable and nontaxable Rents and for taxes collected.

(g) Each Operator shall maintain its financial and accounting records in accordance with established accounting principles acceptable to the City Treasurer.

CITY TREASURER REGULATION

In accordance with SDMC § 35.0112, each Operator shall maintain its financial and accounting records in accordance with established accounting principles acceptable to the City Treasurer. The following are acceptable accounting principles:

- TOT will be separately stated from Rent and from other local and state assessments on Transient (guest) receipts.

- Package rates will be presented on Transient receipts and accounted for as detailed in the City Treasurer's Administrative Guideline – Packages and Complimentary Services.
- Copies of receipts shall be maintained locally by the Operator.
- Receipts will be organized and readily accessible.
- Operator will maintain separate accounting and monthly subtotals for each revenue account, taxable rent, nontaxable rent, TOT, and for other fees and assessments including the local tourism marketing district assessment.
- Supporting documents for nontaxable rent will be maintained on a monthly basis and consist of the signed/completed Request for Exemption Form, Receipts/Folios, and any other documentation to support the Transient as exempt from TOT.
- Exemptions related to Transient employees of the State of California must include proof that Rent was directly billed to and paid by the State of California. Documentation of direct payment and billing to the State must be maintained on file. Acceptable forms of direct payment include State Agency checks, direct bill, and credit cards issued to the State of California (cardholder name must be State or State Department name and cannot include the Transient's name.) Cash is not acceptable.
- The same basis of accounting (cash or accrual) will be used for summary records, financial statements, and monthly TOT returns.
- Deductions to Rent and TOT must be supported with documentation proving the adjustment to be proper and allowable. At a minimum, this will include receipts and related accounting entries for each adjustment.
- Operator will provide information in a format requested by the Office of the City Treasurer.

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