

DELAWARE DIVISION OF REVENUE
TECHNICAL INFORMATION MEMORANDUM 2024-01
November 15, 2024

SUBJECT: SHORT-TERM RENTAL LODGING TAX

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Pursuant to [House Substitute 2 for House Bill 168 as amended by House Amendment No. 1](#) that was signed into law on September 30, 2024, Delaware has imposed a short-term rental lodging tax at the rate of 4.5% of the rent upon every occupancy of a short-term rental within this State. See [30 Del. C. ch. 62](#) and [30 Del. C. ch. 23](#).

Definitions

Rent means the consideration received for occupancy, valued in money, whether received in money or otherwise, and does not include municipal taxes, linen rental fees, cleaning fees, insurances fees, security deposits, other add-ons not considered rent or money received from a month-to-month holdover lease.

A short-term rental is a house, duplex, multi-plex, apartment, condominium, houseboat, trailer, or other residential dwelling unit where a tourist or transient guest rents sleeping or living accommodations for no more than 31 consecutive nights but excludes certain excepted rentals.

Short-term rental does not include: hotels, motels, and tourist homes; rooms, groups of rooms, or other spaces used for assembly; dormitories or other residential facilities of educational or vocational institutions; healthcare facilities licensed by the State; campsites, cabins, or similar facilities in campgrounds; overnight camps for adults or children; or a rental arranged directly by the property owner, on a casual and isolated basis where the rent is substantially below market rates and the property is used as a rental for no more than 10 nights in aggregate per calendar year.

An accommodations intermediary means any person engaged in the business of facilitating or arranging a short-term rental to an occupant on a website or through other means, including the renting of properties subject to a timeshare plan and a real estate broker of record (not real estate licensees working under that broker).

The owner of a short-term rental that exclusively uses a third-party accommodations intermediary shall not be deemed an accommodations intermediary. If no third-party accommodations intermediary is used for a short-term rental, the owner of the property is the accommodations intermediary.

Accommodations Intermediary Responsibilities

Accommodations intermediaries are:

- Required to obtain an annual Delaware accommodations intermediary business license (\$25) via onestop.delaware.gov prior to conducting accommodations intermediary services. This license requirement does not apply to a hotel, motel, or tourist home subject to a separate hotel, motel, or tourist home Delaware business license.
- Obligated to ensure that the accommodations intermediary license number is affixed on all marketing materials for each rental unit.
- Responsible for collecting and remitting the short-term rental tax unless the accommodations intermediary has a contractual arrangement with a hotel, motel, tourist home, or other accommodations intermediary to collect and remit tax in accordance with §2301 of the Delaware Tax Code.
- Required to provide the State with all data necessary to enforce compliance with the collection of the short-term rental lodging tax.

The short-term rental tax must be collected no later than the earlier of the final payment of all rent due or occupancy of the short-term rental. If a short-term rental stay is cancelled in whole, or in part, the cancelled portion of the stay must not be subject to the short-term rental tax and any amount of tax collected for such cancelled portion must be refunded. Taxpayers who have not previously registered with One Stop or the Delaware Tax Portal will be required to open a new account.

The amount of the tax collected for each month shall be reported on forms to be prescribed by the Department of Finance and paid over to the Department of Finance via the Division of Revenue's online taxpayer portal (tax.delaware.gov) not later than the fifteenth day of the month following the month of collection. Interest at the rate of 0.5% per month, or fraction thereof, shall be charged on payments made after the prescribed due date.

On a monthly basis, along with the required tax returns, an accommodations intermediary must submit a schedule in the format and manner prescribed by the Division of Revenue. At a minimum, the schedule will require: the address of each rental unit; the number of nights rented for each property; and the aggregate rents collected for each property.

Interest and Penalties Related to the Failure to File Tax Returns or to Pay Tax

Accommodations intermediaries are subject to interest and penalties for failing to file any required tax return, filing incomplete tax returns, failing to pay taxes when due, or failing to remit data required by the Division of Revenue. See 30 Del. C. §§ [534](#), [535](#), and [573](#).

If you have any questions, please contact the Delaware Division of Revenue at the number or email set forth above.

Kathy Revel,
Director of Revenue