

Instructions for Lodging Occupation Tax

The City of Norfolk, Nebraska imposes a 4% Lodging Occupation Tax. Effective February 1, 2011, businesses are required to remit the occupation tax to the City on a monthly basis. The tax is owed on gross receipts of lodging within the City which is subject to the lodging tax imposed by the Nebraska Department of Revenue exclusive of the occupation tax*. The occupation tax is imposed on the business; however, the business may choose to pass the tax onto its customers by itemizing the occupation tax on the customer's bill as a separate line item.

For lodging businesses, the room rate plus Norfolk's occupation tax is the total amount subject to both sales tax and lodging tax. Below is an example on how to calculate the occupation tax, sales tax, and lodging tax on a hotel bill.

| | |
|----------------------------------|-----------------|
| Hotel room rate | \$100.00 |
| Add Norfolk occupation tax (4%) | <u>4.00</u> |
| Subtotal | 104.00 |
| Add sales tax (7% of subtotal) | 7.28 |
| Add lodging tax (5% of subtotal) | <u>5.20</u> |
| Total bill | <u>\$116.48</u> |

The occupation tax return and payment are due the 25th day of the month following the month of collection. Penalty for not filing a return and paying the tax by the due date is 2% per month plus interest of 1% per month. Records must be maintained for three years for examination by the City.

For a more complete explanation, see Sections 13-161 to 13-171 of the Norfolk City Code which can be accessed at <https://norfolkne.gov/government/citycode/table-of-contents.html>.

If you have any questions about the implementation, calculation, or payment of occupation tax, please contact Sheila Rios at (402) 844-2027 or srios@norfolkne.gov.

* The Nebraska Department of Revenue considers occupation tax an expense of the business even if the business itemizes it on customer bills and it is part of the gross receipts subject to both sales and lodging tax. In the case of the City occupation tax on lodging, the revenue subject to the City's occupation tax is the amount subject to the State lodging tax not including the amount of the City's occupation tax.