

Lodging Facilities Licensing & Compliance

How to Become a Legally Licensed Accommodations Provider in Guam

Presented by:

Department of Revenue and Taxation

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Scope of Presentation

- Introduction
- Pertinent Enabling Acts
- Alternate Lodging Facilities Defined
 - Bed and Breakfast (B&B)
 - Short-Term Vacation Rental Unit (STVR)
- Licensing Requirements
- Compliance Inspection and Verification
- Taxation



DRT's Mission Statement

To provide quality service in helping our island community to understand and meet **tax and licensing responsibilities** by applying the Tax Laws and Business Regulations with fairness and integrity to all.



Pertinent Enabling Acts:

Title 21 Guam Code Annotated, Chapter 61

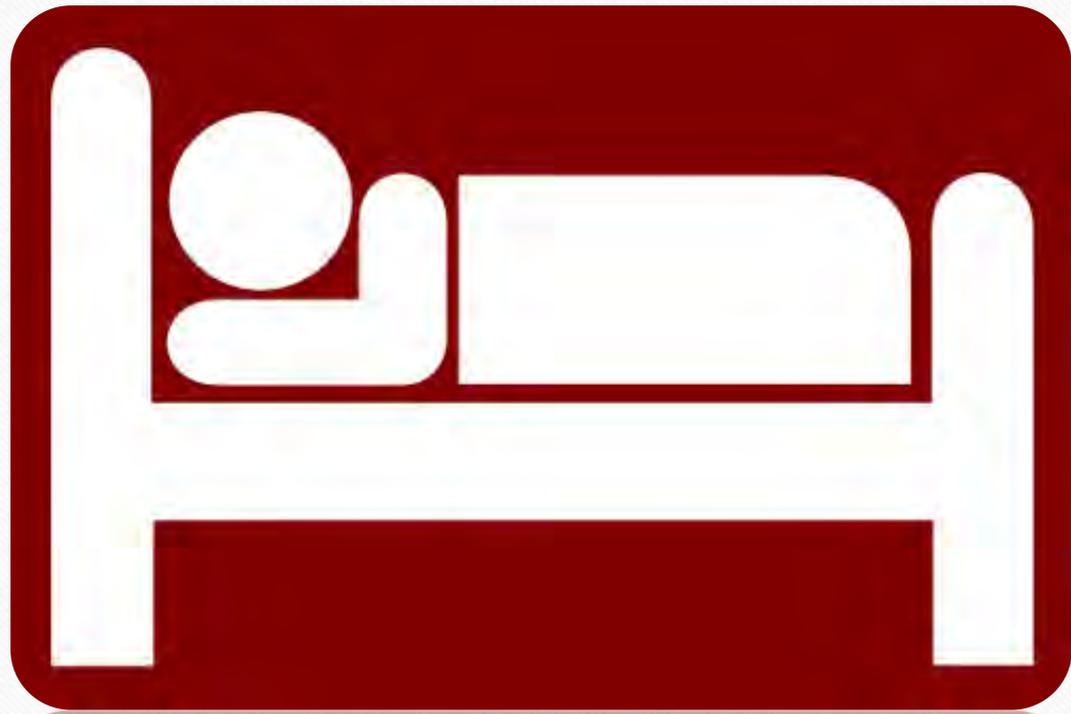
- **Subarticle 1. Bed and Breakfasts.**

- § 61115. Purpose and Intent.
- § 61116. Restrictions and Standards.
- § 61117. Reduced Tax Rates for Senior Citizens Eligibility Retained.
- § 61118. Rules and Regulations.
- § 61119. Imposition.
- § 61120. Exemption from Hotel Sanitation Law.
- § 61121. Sub-Article Not Applicable.

- **Subarticle 2. Short-Term Vacation Rental Unit.**

- § 61131. Purpose and Intent.
- § 61132. Definitions.
- § 61133. Short-term Vacation Rental Unit Certificate.
- § 61134. Application for Short-term Vacation Rental Unit Certificate.
- § 61135. Short-term Vacation Rental Unit Emergency Contact.
- § 61136. Short-term Vacation Rental Unit Regulations.
- § 61137. Sub-Article Not Applicable.
- § 61138. Imposition.
- § 61139. Exemption from Hotel Sanitation Law.





Alternate Lodging Facilities Defined

- **Bed and Breakfast**

A private residence or building appurtenant or accessory to a private residence containing five (5) or fewer rooms intended or designed to be used, or which are used, rented, or hired out to be occupied, or which are occupied for sleeping purposes; provided, that the owner-proprietor occupies at least one (1) such room. No home may be licensed as a Bed and Breakfast whose physical address is the physical address of a registered sex offender.

Source: Title 21 Guam Code Annotated, Chapter 61, Article 1, §61103



Alternate Lodging Facilities Defined

- **Short-Term Vacation Rental Unit**

An accommodation for transient guests where, in exchange for compensation, a residential dwelling unit is provided for lodging for any term length not to exceed thirty (30) consecutive days. Such use may or may not include an onsite manager.

Source: Title 21 Guam Code Annotated, Chapter 61, Article 1, §61103





REQUIREMENTS



Licensing Requirements

- **General Business License Requirements**

- Business License Application
- Business License Questionnaire
- Certificate of Transacting Business Under a Fictitious Name (DBA)
- Government Clearances
 - Department of Land Management
 - Department of Public Works
 - Guam Fire Department
 - Department of Public Health and Social Services
 - DRT – Real Property Division

- **Additional Requirements**

- B&B Compliance Inspection Checklist
- STVR Compliance Inspection Checklist

- **Approved Zoning**

- § 61304. A Rural Zone.
- § 61305. R1 One Family Dwelling Zone.
- § 61306. R2 Multiple Dwelling Zone.
- § 61307. C Commercial Zone.

Source: Title 21 Guam Code Annotated, Chapter 61, Article 1



Compliance Inspection Checklists

B&B

- Mayor's verification
- Proof of ownership of B&B (natural person)
- Owner's minimum Guam residency requirement of one year and full-time residency in the dwelling
- B&B accommodations requirements (breakfast and other minimum requirements)
- B&B "House Policies"
- B&B license number in ads
- Copy of 21 GCA, Chapter 61, Subarticle 1

STVR

- Owner's sworn code compliance verification form
- Exemplar agreement/Short-Term Rental Agreement
- Proof of ownership of STVR
- Proof of insurance
- Emergency contact certification per §61135 of Subarticle 2, Chapter 61, 21 GCA
- STVR certificate number in ads
- Copy of 21 GCA, Chapter 61, Subarticle 2



NON-COMPLIANCE



Notice of Violation

- Issued to existing lodging facilities upon failure of compliance inspection
- Must cease operations within 24 hours of citation
- First offense: **\$5,000 fine**
- Second offense: **\$10,000 per day in operation**
 - Shall not be able to apply for any license to conduct business on Guam for a term of one (1) year
- Authority pursuant to 11 GCA, Ch. 70, §70103. Definitions and 18 GCA, Ch. 51, §51112. Civil Penalty



**In this world nothing
is certain but death
and taxes.**



Benjamin Franklin
www.geckoandfly.com



Taxation Authority

Business Privilege Tax Branch

- Responsible for the administration and enforcement of the Business Privilege Tax Law as contained in Chapter 26 of Title 11 of the Guam Code Annotated
- Also administers and enforces the Monthly Excise Tax on Occupancy of Hotel and Similar Lodging House Facilities as contained in Chapter 30 of Title 11 of the Guam Code Annotated



Business Privilege Tax

- Also known as Gross Receipts Tax (GRT)
- Current effective rate is 5%
 - Effective as of April 2018; extended indefinitely (P.L. 34-116, Chapter 1, Section 2)
- Applies to gross income realized from the rental of real property to include B&Bs and STVRs



Gross Income Defined

- (g) Gross Income or Gross Proceeds of Sale shall mean the total receipts, cash or accrued, of the taxpayer received as compensation from whatever activity; such terms shall refer to, and shall include, that received by reason of the investment of the capital of the business engaged in including interest, discount, **rentals**, royalties, fees, commissions, or other emoluments, however designated, and without any deductions whatsoever, except that actual bad debts may be excluded in the period in which they accrued.

Source: Title 11 Guam Code Annotated, Chapter 26, Article 1, §26101



Possible BPT Exemptions

- Dave Santos Small Business Enhancement Act
 - First \$40,000 earned per taxable year as rental income from real property if gross annual rental income from real property is less than \$50,000

Source: §26203(k)(9) of Chapter 26, 11 GCA



Occupancy Tax

- Imposed and levied against transient occupants of a room or rooms in a hotel, lodging house, and bed and breakfast, or similar facility
- Current effective rate for such facilities is eleven percent (11%), with the exception for bed and breakfast, which is four percent (4%).
- Rates shall be levied against the rental price charged or paid per occupancy per day
- Owners/Operators to collect, account, and remit monthly to DRT



Applicable Tax Forms

Form GRT-1

- Part 1. Gross Receipts Tax (5%)
 - Line No. 4. Rental Real Property
- Part 3: Occupancy Tax
 - Line No. 19. Hotel/Motel/STVR and all others (11%)
 - Line No. 20. Bed & Breakfast (4%)
- Schedule GRT-E (if applicable)

PRINT Download Clear Form

DEPARTMENT OF REVENUE AND TAXATION Page 1 of 2
GOVERNMENT OF GUAM
FORM GRT-1 MONTHLY GROSS RECEIPTS, USE, AND OCCUPANCY TAX RETURN

NAME OF LICENSEE MONTH / YEAR ENDING FOR OFFICIAL USE
EIN/SSN GRT ACCOUNT NUMBER ORIGINAL RETURN
AMENDED RETURN*
*PLEASE REFER TO REVERSE SIDE.

ADDRESS TELEPHONE NO.

When printing, do not shrink-to-fit or scale down document.

BUSINESS ACTIVITY	(A) GROSS RECEIPT VALUE	(B) EXEMPTION OR DEDUCTION (Attach Schedule GRT-E)	(C) TAXABLE AMOUNT
PART 1: GROSS RECEIPTS TAX @ 5% (0.05)			
1. WHOLESALING			
2. RETAILING			
3. SERVICE			
4. RENTAL REAL PROP.			
5. RENTAL OTHERS			
6. PROFESSION			
7. COMMISSION			
8. INSURANCE PREMIUM			
9. CONTRACTING (LOCAL)			
10. CONTRACTING (US)			
11. INTEREST			
12. AMUSEMENT			
13. OTHERS			
14. SUM OF GRT TAXABLE AMOUNT - Enter the result here and on line 1 of Tax Due Worksheet on reverse.			
PART 2: USE TAX @ 4% (0.04)			
15. IMPORTATION			
16. LOCAL PURCHASES			
17. INVENTORY USED			
18. SUM OF USE TAX TAXABLE AMOUNT - Enter the result here and on line 2 of Tax Due Worksheet on reverse.			
PART 3: OCCUPANCY TAX			
19. HOTEL/MOTEL			
20. BED & BREAKFAST			

Under the penalties of perjury, I declare that I have examined this return, including accompanying schedule and statements, and to the best of my knowledge and complete, if prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

SIGNATURE (TAXPAYER OR AUTHORIZED AGENT) PRINT NAME

CONTINUED ON PAGE 2 - PART 4 MUST BE COMPLETED DEPARTMENT OF REVENUE AND TAXATION



Summary of Applicable Taxes

- BPT/GRT – **5%** of gross rental income
- Occupancy Tax (to be collected by operator/owner from transient occupants)
 - B&B – **4%**
 - STVR – **11%**



Thank you





Disclaimer Notice: The information contained herein is for informational purposes only. Please note that the requirements and tax rates reflected are effective as of August 15, 2019. The information in this document is subject to change and should not be construed as a commitment by the Department of Revenue and Taxation.

