

THIS APPLICATION IS DUE ON OR BEFORE FEBRUARY 1, 2008

**2008 ARLINGTON COUNTY APPLICATION
FOR CERTIFICATION AS A SHORT-TERM RENTAL BUSINESS**

Business License Account _____ Federal Tax ID Number _____
Date Business Began In Arlington _____ (Must apply within 30 days of beginning of business)
Applicant Name _____
Trade Name _____
Headquarters Location _____
Arlington County Business Address _____
Mailing Address _____
Contact Person and Phone Number _____
List Types of Items That You Rent to Others _____

THE FOLLOWING INFORMATION MUST BE COMPLETED

(NOTE: Applicants beginning business on or after January 1, 2008 enter probable gross receipts through December 31, 2008)

- 1. Total 2007 Gross Receipts.....\$ _____
- 2. Total 2007 Gross Rental Receipts.....\$ _____
- 3. Total 2007 Receipts From Short-Term Rental.....\$ _____
- 4. Total 2007 Receipts From Affiliated Short-Term Rental..... \$ _____
- 5. Daily Rental Receipts (subtract line 4 from line 3)\$ _____
- 6. Percentage Of Daily Rental Receipts * (line 5 divided by line 2) %

* If the percentage shown on line 6 is less than 80%,
you do not qualify as a short-term rental business.

CERTIFICATION: I, the undersigned, hereby certify under penalty of perjury that the information provided herein is true and accurate to the best of my knowledge and belief. I further declare that the business for which this application is submitted is qualified for tax treatment as a short-term rental business and shall collect and transmit payment of daily rental taxes as prescribed under Chapter 64 of the Arlington County Code.

(SIGNATURE) (TITLE) (DATE)

(Must be signed by the owner, a partner, or in the case of a corporation, an officer)

For further information, call (703) 228-7180

Mail completed form by February 1, 2008, to:

Ingrid H. Morroy, Commissioner of Revenue, 2100 Clarendon Boulevard, Suite 200, Arlington, Virginia 22201

(see reverse for examples and instructions)

In order to qualify as a short-term rental business, separate your rental receipts from your other business activities. For purposes of this law, you must own the items you rent out to others. If eighty percent (80%) or more of your rental gross receipts during the preceding year were for periods of less than ninety-two days to non-affiliated parties, you may be certified as a short-term rental business. The computations do not include rentals of cars, trucks, trailers, boats, or airplanes.

The following examples illustrate the computation required to determine whether a business is qualified for tax treatment as a short-term rental business.

Example 1

Company A's prior year's total receipts are \$1,000,000. Receipts related to rental activities are \$800,000, of which \$620,000 are for short-term rentals. Of the \$620,000, \$20,000 was for short-term rentals to an affiliated company. The information on page one would be completed as follows:

1. Total prior year gross receipts	\$1,000,000
2. Total prior year rental receipts	\$ 800,000
3. Total prior year receipts from short-term rental	\$ 620,000
4. Total prior year receipts from affiliated short-term rental	\$ 20,000
5. Daily rental receipts	\$ 600,000

Since the resulting percentage is 75% (line 5 divided by line 2), the business does not qualify as a short-term rental business and the application form should not be submitted.

Example 2

Company B has the same total receipts and affiliated rentals as in example 1. However, their short-term rentals are \$720,000. The information on page one would be completed as follows:

1. Total prior year gross receipts	\$1,000,000
2. Total prior year rental receipts	\$ 800,000
3. Total prior year receipts from short-term rental	\$ 720,000
4. Total prior year receipts from affiliated short-term rental	\$ 20,000
5. Daily rental receipts	\$ 700,000

Since the resulting percentage is 87.5% (line 5 divided by line 2), the business does qualify as a short-term rental business and the application form should be submitted.

Answers to Frequently Asked Questions

- Q. If a business is certified as a "short-term rental business," is all rental property, long- and short-term, exempt from taxation as tangible personal property?
A. Yes, all such property is exempt from taxation as tangible personal property. However, all other personal property must be reported on Form CR-1, Return of Tangible Personal Property and Machinery and Tools.
- Q. Can a new business qualify as a short-term rental business?
A. Yes, estimates may be made in such cases.
- Q. A convenience store rents video tapes on a daily basis. It owns these tapes. These tape rentals are the only rentals in which the store engages, so it meets the 80% rule. In its store, the video tapes are displayed in shelf-display cases which include a VCR that shows highlights of rental tapes. Are the display cases and VCR taxed as tangible personal property or are they considered daily rental property?
A. The shelf-display cases and VCR are taxed as tangible personal property. Only the rental tapes are considered daily rental property.