



June 3, 2022

Re: Taxes on Short-Term Vacation Rentals

Aloha Owners,

Over the course of the last two years, the County of Maui has taken action to ensure the correct collection and payment of Transient Accommodations taxes (TAT) and General Excise taxes (GET) on short-term vacation rentals. The County has memorialized guidelines that allow the Kuleana Club Association of Interval Owners and its individual owners the ability to rent intervals in the short-term rental market without a permit if these taxes are reported and paid accurately. This ability for short-term rentals is crucial to the financial solvency of the property and the value of individual timeshare intervals.

After review of the law, the Association has determined the following:

- 1. Owners that rent their intervals independently are required to collect and pay their own TAT and GET taxes to the County of Maui and State of Hawaii. The Association is not responsible for this process.**
- 2. Owners that rent independently will need to obtain TAT and GET tax ID numbers and file reports semi-annually if TAT due is \$2,000 or less, quarterly if TAT due is between \$2,001 and \$4,000, and monthly if TAT due is greater than \$4,000.**
- 3. Owners that rent their interval through the Kuleana/VRI rental program do not need to complete these steps.**

Earlier this year, the Association created a "Owner Guest Authorization Form". **All owners that will be allowing a guest to use their interval are required to complete the "Owner Guest Authorization Form" at least 72 hours prior to check-in.** The form is located in the "owners only" section of the kuleanaclub.com website. The password for the "owners only" section is *thehonulife*. Considering the requirements of short-term rental taxes for owners who rent independently discussed above, the following items have been added to the "Owner Guest Authorization Form":

- 1. Question asking, "Was revenue collected from any of your guests?"**
- 2. If applicable, a TAT tax number will be required.**
- 3. If applicable, a GET tax number will be required.**
- 4. Acknowledgment of the tax requirements will be required.**

Failure to timely complete the form accurately in its entirety may result in denial of a guest to check-in. Any known violations of these tax requirements may result in denial of access to a guest, a fine to the owners' account, and a report of the violation to the Hawaii Department of Taxation Special Enforcement Section.

The easiest way to ensure compliance when renting your week is to use the Kuleana/VRI rental program. Upon your approval, VRI will take ownership of a given week and market the week for rent and pay the appropriate taxes via the Association's TAT and GET ID numbers. VRI markets space for rent through a variety of channels with a very high success rate and steadily increasing nightly rates. VRI charges a 35% commission for this service. If you are interested in placing your week into VRI's rental program or have additional questions, please reach out to the front desk at **808-669-2002** or **frontdesk@kuleanaclub.com**.

Mahalo,

Thom Rogers
General Manager
Vacation Resorts International

