

## Sales/Use/Indirect:

### Louisiana Appellate Court Affirms OTCs are Not Subject to Tax as Hotels or Dealers

*Case No. 2023 CA 0069*, La. Ct. App. (4/17/24). In a case involving “merchant model transactions” where online travel companies (OTCs) act as the merchant of record and facilitate the booking of hotel rooms from various hotels/hotel chains, a Louisiana Court of Appeal (Court) affirmed that the OTCs are *not* “hotels” or “dealers” in these transactions and thus do *not* owe Louisiana sales and use taxes on the hotel stay amounts or service fees they collect from consumers for facilitating the hotel reservations. In doing so, the Court explained that the OTCs have no responsibility to directly remit the anticipated taxes they collect in the hotel room transactions to the appropriate taxing authorities, noting that such remittance responsibility falls on the underlying hotels/lodging places as “dealers” based on the wholesale rather than retail room rates. The Court also noted that, in this case, the OTCs did not retain any Louisiana sales or occupancy taxes due to the taxing authorities that were *not* ultimately remitted by the underlying hotels/lodging places. Please contact us with any questions.

**URL:** <https://www.la-fcca.org/opiniongrid/opinionpdf/2023%20CA%200069%20Decision%20Appeal.pdf>

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