

Protect Pennsylvania Tourism

Out Of State Online Travel Companies Should Remit Tax On Their Retail Prices As Pennsylvania Businesses Do



- Online travel companies (OTCs) such as Expedia, Orbitz, and Travelocity advertise hotel rooms and charge customers the same (or higher) retail price as hotels do.
- The final price which includes “taxes and fees” that OTCs charge their customers is generally equal to (or greater than) the retail price plus tax charged by hotels.
- However, OTCs choose to remit tax only on their wholesale cost, not the retail price they charge and collect from their customers.
- States and localities throughout the country and Pennsylvania contend that OTCs are not remitting taxes they are charging and collecting.
- Because out-of-state OTCs have been engaging in this disputed practice, the state has imposed a higher effective tax rate on Pennsylvania hotels, creating two different tax treatments for identical transactions.
- Pennsylvania has been receiving less revenue from OTC transactions than it otherwise would, depriving Pennsylvania communities and convention and visitors bureaus of the ability to promote tourism and to make our communities better.
- A report from one of the many court cases against the OTCs found "a conscious and deliberate effort to avoid the payment of its full measure of occupancy taxes, in violation of state and local law."
- Another report found "a concerted effort by [OTCs]...to misrepresent, obfuscate, and mislead taxing authorities...in order to avoid application of occupancy tax statues and ordinances."