Rhode Island Department of Revenue
Division of Taxation

NOTICE:
To all Hotels and Short-Term Rentals

This Notice is to inform you of changes enacted by the 2025 legislative session that impact the taxation of short-term lodging rentals. In Rhode Island, short-term rentals include all rentals of lodging where the rental period is 30 consecutive days or fewer. Two changes impacting such short-term rentals will go into effect January 1, 2026.

The first change applies to all short-term rentals. Effective January 1, 2026, Rhode Island's "local" hotel tax rate will increase from 1% to 2%. This tax applies to all short-term rentals, including hotels, rentals through hosting platforms, and other short-term lodging rentals.

In addition, a new whole home short-term rental tax on residential dwellings will also go into effect on January 1, 2026. Beginning January 1, 2026, a new 5% tax will apply to the short-term rental of a residential dwelling rented in its entirety.

This whole home short-term rental tax is distinct from the 5% state hotel tax on single room rentals, including hotel rooms and other short-term room rentals. No single short-term stay would be subject to both the 5% state hotel tax and the 5% whole home short-term rental tax.

All state and local taxes are based on date of occupancy, not the date of booking. Short-term rentals of a residential dwelling with an occupancy on or after 01/01/26 are subject to the new tax. For cases where the rental is booked in advance, if the rental period is on or after 01/01/26, this rental will still be subject to the new tax.

When a stay is booked and full payment is made in 2025 for a 2026 rental, the taxes collected at the time of booking should be at the 2025 rate, and the difference in the tax rate for 2026 should be charged at the time of checkout from the rental.

Tax on short-term rentals

Room or Residential dwelling rented in its entirety	**Rental period**	**Tax obligation on and after 1/01/2026**
Room	30 days or less	Collect and remit 7% sales tax, 5% statewide hotel tax, and 2% local hotel tax
Room	More than 30 days	Collect no sales tax, no hotel tax (with no break in occupancy)
Residential dwelling	30 days or less	Collect and remit 7% sales tax, 5% whole home short-term rental tax, and 2% local hotel tax
Residential dwelling	More than 30 days	Collect no sales tax, no whole home short-term rental tax (with no break in occupancy)

Save the Date - Save the date for an informational **online** presentation on **November 20, 2025** hosted by the Division of Taxation. A registration link will be posted shortly on our Taxpayer Experience Office webpage.

Contact Information
For questions about this Notice, contact the Rhode Island Division of Taxation's Excise Tax Section by email at Tax.Excise@tax.ri.gov, by mail: Rhode Island Division of Taxation, One Capitol Hill, Providence, R.I. 02908, or by phone at (401) 574-8955 between 8:30 a.m. and 3:30 p.m. on business days. For more information on Rhode Island taxes, and to sign up for email updates, visit https://tax.ri.gov.

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