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OTA Example using \$100 room night example. Here's how the money flows.

\$100 room charge  
\$9 (9% R&M tax)  
\$1 (1% local option tax)  
\$8.50 OTA booking fee  
\$118.50 Total charge to guest

Of this \$118.50, flow of money is:

\$80 hotel  
\$10 tax  
\$28.50 OTA

Under tax department proposal:

10% tax would apply to \$108.50 (\$100 room rate plus \$8.50 booking fee) and the flow of money would be:

\$80 hotel  
\$10.85 tax  
\$27.65 OTA

If guest booked directly through hotel:

Cost would be \$110 and would flow as follows:

\$100 hotel  
\$10 to tax