



Joseph M. Centorino, Inspector General

October 14, 2024

TO: Honorable Mayor and Members of the City Commission
FROM: Joseph M. Centorino, Inspector General

PROJECT Resort Tax Audit Activities Summary -
OIG No. 24-24

PERIOD: April 1, 2024, through September 30, 2024

In the City of Miami Beach Office of the Inspector General (OIG) Audit Division, there are Tax Auditors responsible for ensuring that registered businesses comply with the City Code's Resort Tax provisions. They conduct audits for both annual and monthly filers. Annual filers are usually apartment buildings that owe resort taxes to the City only for residencies not exceeding six months. Monthly filers include hotels, nightclubs, and restaurants, which have daily transactions and are required to collect and remit resort taxes to the City. Annual filers must file once per year for the period of May through April by May 20th (adjusted for weekends and holidays), while monthly filers must file each month prior to or on the twentieth (adjusted for weekends and holidays) for the previous month's transactions. The purpose of these audits is to verify if registered taxpayers have accurately reported their revenues and paid any taxes owed on time.

An analysis of the Resort Tax Database showed that by the date of this report, there were 4,283 active Resort Tax accounts, comprised of 943 annual filers and 3,340 monthly filers. The number of monthly accounts has increased significantly over the past several years due primarily to short-term rentals.

Since annual filers are expected to remit little or no resort taxes, the OIG primarily focuses on conducting audits of monthly filers. However, Tax Auditors also routinely conduct audits of annual filers, with a primary focus on determining whether tested tenants meet the residency requirement imposed by City Code Section 102-308. This requirement states that there must be a continuous residency for longer than six months to be exempt from taxation.

While the OIG determines the assessment based on its audit, it is not involved in the subsequent collection process managed by the Finance Department. This process may result in adjustments, appeals, settlements, or other resolutions involving different City processes and agencies. This ensures a proper segregation of duties between the department conducting the audit and those responsible for enforcing the assessment.

It is important to note that assessments are not always paid on time, which can lead the City to place liens on properties owned by delinquent taxpayers or corporate officers. These liens can remain in effect for up to twenty years. Any assessments collected as a result of OIG audits contribute additional revenue to the City that would not have been received without these audits.

In addition, City Code Section 102-311(6) states as follows: *If any operator charged in this section fails or refuses to make his records available for inspection so that no audit or examination has been made of the books and records of such operator or person, fails or refuses to register as an operator, or fails to make a report and pay the tax as provided by this division, or makes a grossly incorrect report, or makes a report that is false or fraudulent, it shall be the duty of the city to make an assessment from an estimate based upon the best information then available to it for the taxable period of sales or rentals, together with interest, plus penalty, if such have accrued, as the case may be. Then the city shall proceed to collect such taxes, interest and penalty on the basis of such assessment, which shall be considered prima facie correct; and the burden to show the contrary shall rest with the operator.*

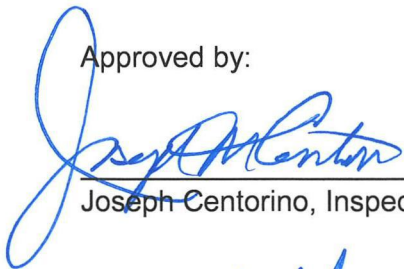
These estimated assessments are imposed when a taxpayer chooses not to cooperate after multiple attempts or fails to maintain the necessary documentation for the audit. If the taxpayer later provides adequate records, the assigned Tax Auditor will review the information and adjust the assessment as needed. Conversely, some taxpayers either pay the estimated assessments or do not respond, making the assessments final.

In total, the Tax Auditors completed 50 audits between April 1, 2024, and September 30, 2024, resulting in net assessments of \$808,724.79. The breakdown below provides more specific details:

- A. Annual Filers – 20 audits completed with assessments totaling \$154,022.40
 - Four completed audits resulted in assessments totaling \$45,397.93
 - Three taxpayers did not provide the requested records which resulted in estimated assessments totaling \$108,624.47
 - Thirteen completed audits resulted in \$0 assessments, as no material differences were noted from the amounts reported and remitted.

- B. Monthly Filers – 30 audits completed with assessments totaling \$654,702.39
 - Nineteen completed audits resulted in assessments totaling \$487,780.95
 - Six taxpayers did not provide the requested records, which resulted in estimated assessments totaling \$166,921.44
 - Five completed audits resulted in \$0 assessments, as no material differences were noted from the amounts reported and remitted.

Approved by:



Joseph Centorino, Inspector General

10/14/2024
Date

Completed by:



Norman Blaiotta, Chief Auditor

10/14/2024
Date

OFFICE OF THE INSPECTOR GENERAL, City of Miami Beach
1130 Washington Avenue, 6th Floor, Miami Beach, FL 33139
Tel: 305.673.7020 **Hotline: 786.897.1111**
Email: CityofMiamiBeachOIG@miamibeachfl.gov
Website: www.mbinspectorgeneral.com