

Local governments can't collect taxes from online travel firms

By Maura Dolan and Hugo Martin, Los Angeles Times

In a loss for local governments, the California Supreme Court decided Monday that online travel companies such as Expedia Inc. are exempt from paying hotel occupancy taxes.

The ruling came in one of several lawsuits filed by California cities and counties against the online firms, including Hotwire Inc. and Priceline.com.

The local governments have been attempting to get the firms to pay hundreds of millions of dollars in back taxes.

Lawyers for the government argued the tax should be based on the total amount the companies collect from consumers, not the lower dollar figure the hotels receive. Cities and counties wanted the online sites to pay the difference.

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