

# City and County of Denver, Colorado

## TAX GUIDE

### Topic No. 52

## LODGER'S TAX

### **DENVER'S LODGER'S TAX – 10.75%**

Denver imposes a tax on the sale of lodging in Denver at the rate of 10.75%.

### **TOURISM IMPROVEMENT DISTRICT TAX – 1%**

Effective January 1, 2018, the Tourism Improvement District (TID) will impose a tax at the rate of 1% for stays in hotels that are located in the City and County of Denver and that have 50 or more rooms. The combined tax rate for stays in hotels that have more than 50 rooms is 11.75%. This additional 1% of taxable room revenue will be filed on the Denver Lodger's Tax Return for applicable hotels along with the regular lodger's tax through the online returns.

### **LODGER'S TAX RETURNS**

Lodger's tax returns are required to be filed by the 20th day of the month succeeding the sales for the reporting period.

- Taxpayers whose monthly tax liability is more than \$300.00 are required to file monthly lodger's tax returns.
- Taxpayers whose monthly tax liability falls between \$15.01 and \$300.00 are required to file quarterly lodger's tax returns.
- Taxpayers whose monthly tax liability is \$15.00 or less may file annually.

The entire amount charged to any person for a room (defined as sleeping accommodations in a hotel, apartment hotel, lodging house, motor house, motor hotel, guest house, guest ranch, resort, mobile home, auto camp, trailer court or park), who is not a permanent resident, and who has not entered into a written agreement for occupancy of a room or rooms or sleeping accommodations for a period of at least thirty (30) consecutive days (and actually pays to occupy the room or rooms or sleeping accommodations for at least (30) consecutive days) is taxable at the rate of 10.75% for hotels of less than 50 rooms and 11.75% for hotels with 50 or more rooms.

Lodger's tax does not apply to meeting rooms, display rooms, and banquet facilities where a specific charge is made for such facilities.

Lodger's tax license applications may be obtained by registering online through Denver's eBiz Tax Center at [www.denvergov.org/ebiztax](http://www.denvergov.org/ebiztax), from [www.denvergov.org/treasury](http://www.denvergov.org/treasury), or from the Taxpayer Service Unit of the Treasury Division at 720-913-9400.

### **EXEMPTIONS:**

The Denver Revised Municipal Code (DRMC) provides an exemption for the sale of lodging to a "natural person" who either continuously occupies or has the right to continuously occupy a room for a period of thirty (30) days or more. This exemption does not apply to the sale of lodging to legal entities, including corporations, limited liability companies, etc. An exemption is also provided on sales to governmental and charitable organizations. In order for the exemption to apply, the following conditions must be met.

- A. The sale must be made directly to the exempt entity. Evidence of this is billing made directly to the organization and not to an employee of the organization.
- B. Payment must be received directly from the exempt entity. Evidence of this is payment by organization check, or the

issuance of a purchase order. The transaction WILL NOT be considered exempt if an employee or member pays with a personal credit card, cash, or personal check, even though the employee or member may later be reimbursed by the organization. The use of a government issued credit card does not alter these rules. Those cards are normally issued as a convenience to the employee, and the employee is responsible for payment of the bill.

- C. The exempt organization cannot receive any reimbursement for such lodging, such as payment of a registration fee by the registrant that includes lodging.
- D. The charitable organization must have a valid IRS 501(c)(3) certification.
- E. Both charitable organization purchases and governmental purchases should be documented with the Affidavit of Exempt Sale form kept by the vendor granting exemption.

### **OTHER CHARGES TO LODGERS**

In-room movie charges, local telephone charges, and intrastate long-distance charges are subject to sales tax at Denver's general rate. Interstate long distance charges are not subject to Denver sales tax. Any charges related to food and beverage purchases are taxable at 4%. Room service charges, including any mandatory gratuities, are part of the purchase price of food and beverages and must be included in the amount subject to the 4% sales tax. Charges for food served from an in-room refrigerator are also subject to sales tax.

### **EXPENSES SPECIFIC TO THE HOTEL**

Guest supplies such as soap, shampoo, towels, etc., and room furnishings are not sold as part of the lodging transaction and are subject to sales/use tax when purchased by the hotel as they are used and consumed by the hotel in providing its lodging services.

### **SHORT-TERM SALE/RENTAL OF LODGING AT A PRIVATE RESIDENCE**

Effective July 1, 2016, Denver authorized short-term sales of lodging at a private residence (or a portion of the residence). Please see Short Term Rentals Tax Guide No. 97

### **LODGING PLATFORMS OR LODGING MARKETPLACES MAY BE VENDORS**

Depending upon the structure of a transaction, a Lodging Platform may also be a vendor for purpose of the DRMC.

A Lodging Platform is a vendor and responsible for the collection and remittance of lodger's tax to the Manger of Finance if the following are true:

- The payment for lodging is transacted via the Lodging Platform and
- The Lodging Platform appears as the merchant of record on the Guest's credit card or account statement.

### **EXAMPLES**

1. Martha works for the Department of Defense. She pays for most of her travel expenses with her government issued credit card. Even though the card bears both Martha's name and the name of the exempt entity, Martha is responsible for paying the monthly credit card bill. Martha paid for her room at the East Motor Inn with said credit card. Although she will be reimbursed for most of her expenses by the government, the transaction is still subject to taxation because the transaction was between Martha, an individual, and the hotel. The sale was not directly to the government.
2. The XYZ Church is having its annual convention in Denver. The Church pays the hotel directly for all expenses incurred by those attending such convention. The XYZ Church charges its members a registration fee of \$1,000 to attend the convention. The transaction between the hotel and the Church is subject to taxation because the exempt organization receives reimbursement from those in attendance. The attendees, who are not exempt, actually purchased the lodging and food via the registration fee.
3. George comes to Denver for an event at the Colorado Convention Center. He books a room at a hotel nearby that has 65 rooms. George pays 15.75% tax for his overnight accommodations. 10.75% for the City and County of Denver's tax rate and 1% collected for the Tourism Improvement District, plus the applicable 4.0% State of Colorado and Special District tax (separately remitted to the Department of Revenue).
4. Tom and Sara are hosts. As a result, they must obtain (1) a business license and (2) a lodger's tax license. They use the

online Lodging Platform RentAwayHome.com to list their primary residence for Short-Term Rental. RentAwayHome.com is a vendor as described in “LODGING PLATFORMS MAY BE VENDORS” above. RentAwayHome.com collects all the proceeds from Guests reserving Short-Term Rentals on their platform, including Denver’s lodger’s taxes.

RentAwayHome.com will remit Denver’s lodger’s taxes directly to Denver. If Tom and Sara choose to use other Lodging Platforms that do not require payment of Short-Term Rentals be transacted via the Lodging Platform (in other words, the Lodging Platform is not a vendor as described in “LODGING PLATFORMS MAY BE VENDORS” above), Tom and Sara must collect the Denver’s lodger’s tax for those lodging stays and report them on their own lodger’s tax returns.

- ❖ DRMC Sections 53-150 through 53-174. Lodger's Tax.
- ❖ DRMC Section 20-401 through 20-424. Tourism Improvement District
- ❖ Treasury Tax Rule 004 – Rules Relating to the Frequency of Sales, Use, Lodger’s, Employee Occupational Privilege, and Business Occupational Privilege Tax Returns.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.

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